

**CITY OF TREASURE ISLAND, FLORIDA
COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



**FOR THE
Fiscal Year Ended
September 30, 2003**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF TREASURE ISLAND, FLORIDA
for the
Fiscal Year Ended
September 30, 2003**



Prepared by The Finance Department

CITY OF TREASURE ISLAND, FLORIDA COMMISSION-MANAGER FORM OF GOVERNMENT

CITY COMMISSION

MARY H. MALOOF, Mayor

PHIL COLLINS, District 1

RICHARD KRAUS, District 3

IRVING S. "BUTCH" ELLSWORTH, District 2

BARBARA BLUSH, District 4

**CITY MANAGER
Charles S. Coward**

**FINANCE DIRECTOR
Darren LaFrance**

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I. INTRODUCTORY SECTION

This section contains the following:

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS



CITY OF
Treasure Island

120 - 108th AVENUE

FLORIDA 33706
INCORPORATED 1955

PHONE (727) 547-4575
FAX (727) 547-4582

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March 16, 2004

Honorable Mayor and Members
of the City Commission
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, 2003, 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.

This year, the CAFR was prepared implementing Government Accounting Standards Board (GASB) Statement #34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes the table of contents, this transmittal letter, the City's organizational chart and a list of principal officials. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information, Combining Financial Statements, and Other Supplementary Schedules. The Statistical section includes selected financial and demographic information, generally presented on a multiyear basis. Further descriptions of the new sections appear below.

The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of bridges, streets, and infrastructure; recreational activities and cultural events.

ECONOMIC CONDITION AND OUTLOOK

The City of Treasure Island is an affluent residential 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, i.e. lodging facilities, restaurants, small retail establishments, banks, and beach and water related recreation activities.

Treasure Island has long enjoyed a strong viable economic base, being affected, only slightly, by the cyclical fluctuations in the national economy. Real estate values have continued to increase despite any regression that may have been experienced in other parts of the County.

The economic future looks bright even though the City is "built out". We will continue to experience renovation and renewal of the housing stock and improvements to the business community in order to compete in the market area. While we do not expect to see the large increases in assessed valuation experienced in past years, we anticipate normal "market" growth.

Treasure Island property owners and residents enjoy one of the lowest tax rates in the County during a time when State and other municipalities are facing escalating taxes and budgetary problems. The tax rate has remained at approximately two (2) mills since 1982. User and impact fees have remained competitive.

The Mayor and City Commission are expected to continue to exercise fiscal constraint while addressing the present and future needs of the City.

MAJOR INITIATIVES

For the year: During 2002-2003, the City:

- Prepared to implement the financial reporting requirements of Governmental Accounting Standards Board Statement #34 (GASB #34). This financial report is prepared to conform to those requirements.
- Developed Sunset Vista Trailhead Park partially paid for with funds from NOAA relating to settlement from the 1993 oil spill.
- Continued work to replace the three bridges of the Treasure Island Causeway. Actual construction of the approach bridges began in early 2003 and is partially funded with a grant from the State of Florida's Transportation Outreach Program.

Mayor and City Commission
Page Three

For the future: In 2003-2004, the City will:

- Work towards completion of the final design of the new Treasure Island Causeway Drawbridge. Construction should begin in early 2005. The City was notified in November 2003 that we would receive a \$50 million Federal grant for construction of the drawbridge. Once that project is complete, the City will remove the tolls. The City hopes to have all three new bridges completed by 2008.
- Construct Phase II of Sunset Vista Trailhead Park, specifically dune restoration. The City hopes to have this funded with settlement funds from the 1993 oil spill, the same as the original park development.
- Hire a Civil Engineer Intern for two or three years to perform some of the Public Works Director's duties, allowing the Public Works Director to concentrate more of his time on the Causeway bridge project and construction.

DEPARTMENT FOCUS

Each year, the City of Treasure Island selects a department or division to highlight for its efforts and accomplishments. This year, the City's Recreation Department has been selected for review.

The Treasure Island Recreation Department is staffed by a Recreation Director, two (2) Recreation Aides and a part-time Clerical Assistant. In addition, numerous volunteers assist the department with City-wide special events.

The Recreation department has many functions. One of which, is the coordination of activities and the rental of the City facilities which include the City Hall Auditorium, the Municipal Marina, the Community Center and Garden Room, Treasure Bay Golf and Tennis and the Beach Pavilion. The department is also responsible for coordination of activities in the City's various parks including Rosselli Park on the Isle of Capri, Treasure Island Park at the Community Center, Isle of Palms park and playground, the park areas at Treasure Bay Golf and Tennis and the playground at the Beach Pavilion.

The City's facilities are used for many activities including exercise classes, the Art Guild, the Boca Ciega Power Squadron, cheerleading, gymnastics, ballroom dance, line dance and woodcarving classes and the 55 & Alive Mature Driving Course.

The department is also responsible for the operation and maintenance of Treasure Bay Golf and Tennis, a 17.5 acre, City-owned facility that provides golf, tennis and leisure park area to the general public. They offer a 9-hole, par 3 golf course, clay and asphalt tennis courts, basketball courts, volleyball courts, a children's playground and a meeting area available for rental. This facility is staffed with five (5) Recreation Center Aides and three (3) grounds maintenance employees. They also offer golf and tennis lessons taught by a golf pro and a tennis pro, respectively.

The department provides activities for the youth of Treasure Island during the summer school break. The ten (10) week Summer Program is open to all children ages 5 - 12. Activities include outdoor games, movies, arts and crafts, and cultural fieldtrips. During the program, children develop lasting friendships and learn how to better use their leisure time. The program is well regarded in the community for its organization and the diverse activities offered at a reasonable cost. For summer 2003, the fee was \$300 for residents and \$600 for nonresidents with discounts available for early enrollment.

Finally, the department is responsible for organizing Treasure Island's annual and special events. They include the Halloween Spooktacular, Santa's mailbox, the Christmas Tree Lighting Ceremony, the Easter Eggstravaganza, the Sun, Sand and Symphony at Memorial Day and the 4th of July activities, including the fireworks.

Treasure Island is a beach community and a tourist destination and, therefore, depends on having recreational activities available. The City has committed to having an extensive and diverse recreation program.

FINANCIAL INFORMATION

Reporting Entity: The City of Treasure Island is a Florida Municipal Corporation providing a full range of municipal services contemplated by statute or charter, which includes general government, public safety, public works, and recreation. In addition to these normal governmental functions which are carried in the General Fund, the City, in its Enterprise Funds, accounts for the operations of a causeway and toll bridge, a sewer system, a solid waste collection and disposal system, a transit system, a stormwater management program and a recreation center. 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. The City's independent CPAs complement these efforts with periodic evaluations.

Budget Controls: In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual 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 government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget.

The Management Discussion and Analysis (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. The Required Supplementary Information (RSI) presents budget to actual comparisons 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 finances of the City by a Certified Public Accountant selected by the Commission. This requirement has been complied with and the accounting firm of Grant Thornton LLP was selected. The Auditor's report on the basic financial statements and combining fund statements is included in the financial section of this report.

Mayor and City Commission
Page Seven

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, 2002. The Certificate of Achievement is a prestigious national award recognizing 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 unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable 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 twenty-two consecutive years (fiscal years ended 1981-2002). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department, and to the City's clerical personnel who assisted and contributed to its preparation. We would also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Charles S. Coward
City Manager



Darren LaFrance, CPFO, CGFO
Finance Director

CSC: DL/spc

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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, 2002

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



President

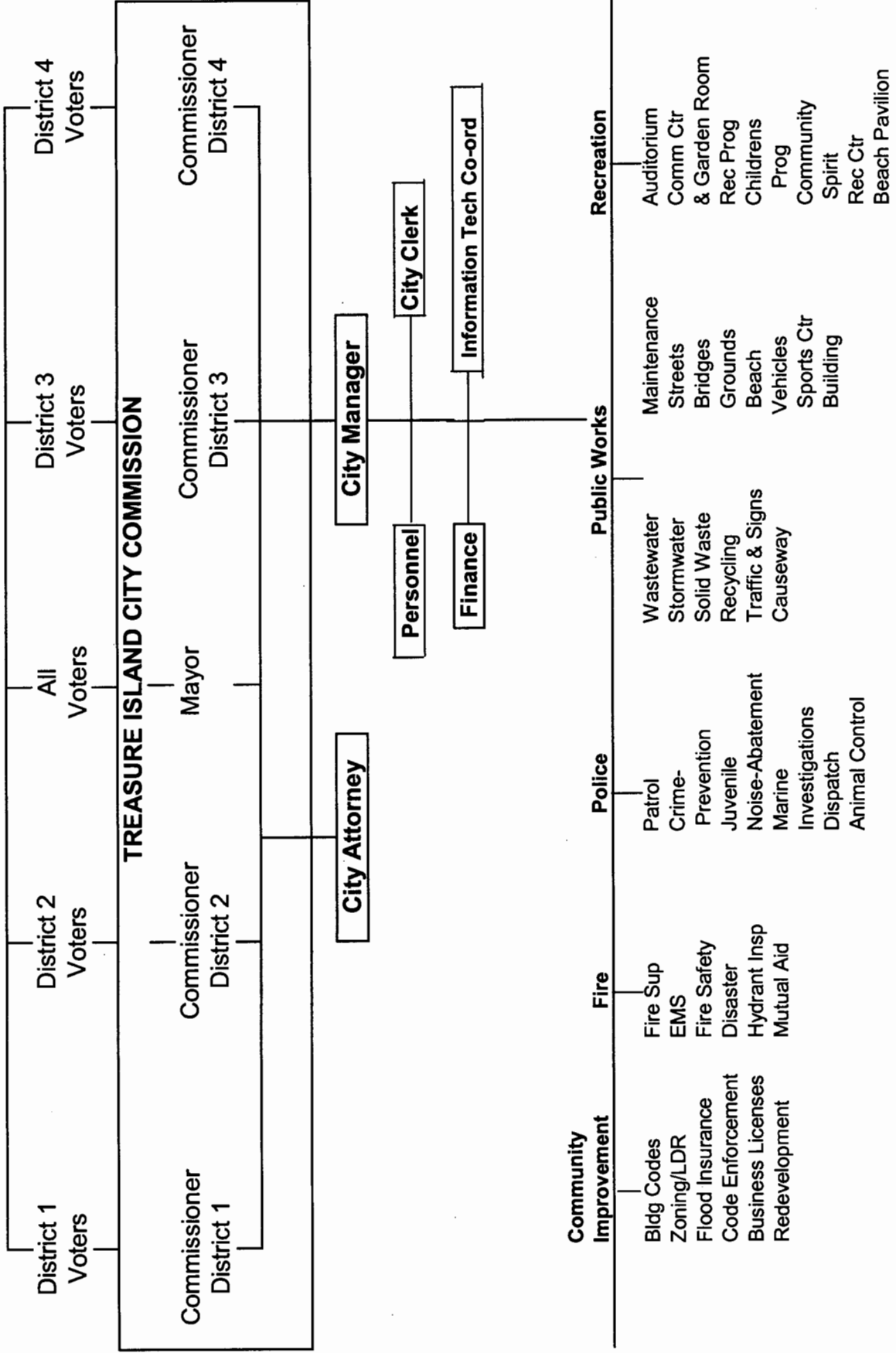
Executive Director

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CITY OF TREASURE ISLAND ORGANIZATIONAL CHART

RESIDENTS



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City of Treasure Island, Florida

List of Elected and Appointed Officials

September 30, 2003

Elected Officials

Mayor	Mary H. Maloof
Commissioner, District 1	Phil Collins
Commissioner, District 2	Irving "Butch" Ellsworth, Jr.
Commissioner, District 3	Richard Kraus
Commissioner, District 4/Vice Mayor	Barbara A. Blush

Appointed Officials

City Manager	Charles S. Coward
City Attorney	James W. Denhardt
Community Improvement Director	Michael Wichman
Deputy City Clerk	Jennifer L. Nye
Finance Director	Darren LaFrance
Fire Chief	Charles J. Fant
Information Technology Coordinator	Mark Santos
Personnel Director	Fred Turner
Police Chief	Joe Pelkington
Public Works Director	Donald Hambidge
Recreation Director	Cathy Hayduke

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II. FINANCIAL SECTION

This section contains the following subsections:

**AUDITOR'S REPORT-OPINION OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

MANAGEMENT'S DISCUSSION & ANALYSIS

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

OTHER SUPPLEMENTARY SCHEDULES

**AUDITOR'S REPORT-
OPINION OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Report of Independent Certified Public Accountants

Honorable Mayor and City Commissioners
City of Treasure Island, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Treasure Island, Florida (the City), as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's non-major governmental and non-major enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and non-major enterprise funds of the City of Treasure Island, Florida as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, effective October 1, 2002, the City adopted Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 9, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, beginning on page B3, and budgetary comparison information beginning on page E1 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we express no opinion on them.

Grant Thornton LLP

Tampa, Florida
February 9, 2004

**MANAGEMENT'S
DISCUSSION
&
ANALYSIS**

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, 2003. 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 A1 – A7 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$27,868,400 (*net assets*). Of this amount, \$8,536,139 (*unrestricted net assets*) 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 \$2,643,450. \$2,601,661 is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$914,263, or 15.27 percent of total general fund expenditures.

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

This year, this report was prepared implementing 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 D1 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 Assets*** and the ***Statement of Activities***.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 Causeway fund (for the Treasure Island Causeway bridge and toll facility), the Water Pollution Control fund (for collection, transmission and treatment of wastewater), the Solid Waste fund (for collection and disposal of all solid wastes), the Transit System fund (for the City's portion of the *Suncoast Beach Trolley*), the Stormwater Management fund (for managing the City's NPDES-approved stormwater management program), and the Recreation Center fund (for the operations and maintenance of Treasure Bay Golf & Tennis).

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, 2003.

The government-wide financial statements can be found on pages C1 – C3 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. 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 near-term financing requirements.

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the local option sales tax fund, both of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages C4-C7 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 Causeway, Water Pollution Control, Solid Waste, Transit System, Stormwater Management and Recreation Center funds.

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 the Causeway, Water Pollution Control and Solid Waste funds which are considered to be major funds of the City. The City's other three enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for these nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages C8-C13 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 D1 of this report.

The ***Required Supplementary Information*** is in addition to the basic financial statements and accompanying notes. It presents budgetary comparison schedules for the General fund and the Local Option Sales Tax fund. These schedules can be found beginning on page E1 of this report.

The ***Combining Statements*** referred to earlier in connection with nonmajor governmental and enterprise funds are presented immediately following the *required supplementary information*. Combining and individual fund statements and schedules can be found beginning on page F2 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Treasure Island, assets exceeded liabilities by \$27,868,400 at the close of the most recent fiscal year.

A large portion of the City's net assets (69.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, 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. Following is a summary chart of the City's net assets.

	Governmental Activities	Business- type Activities	Total
	-----	-----	-----
Current and other assets	\$5,485,439	\$6,667,407	\$12,152,846
Capital assets	7,637,366	12,540,229	20,177,595
	-----	-----	-----
Total assets	13,122,805	19,207,636	32,330,441
Long-term liabilities outstanding		891,788	891,788
Other liabilities	2,841,989	728,264	3,570,253
	-----	-----	-----
Total liabilities	2,841,989	1,620,052	4,462,041
Net assets:			
Invested in capital assets, net of related debt	7,637,366	11,648,441	19,285,807
Restricted		46,454	46,454
Unrestricted	2,643,450	5,892,689	8,536,139
	-----	-----	-----
Total net assets	\$10,280,816	\$17,587,584	\$27,868,400
	=====	=====	=====

Please refer to the *Statement of Net Assets* on page C1 for specific numerical data.

Governmental activities. Governmental activities decreased the City's net assets by \$88,911. Key elements of this decrease are as follows:

- Expenses exceeded Program revenues by \$4,867,744. By adding in the General revenues and transfers of \$4,778,833, the decrease to net assets from governmental activities was \$88,911.
- General revenues include ad valorem taxes which increased by \$285,759, or 13.99 percent, from the prior year all from increases in assessed valuation.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. Business-type activities increased the City's net assets by \$2,918,347. Key elements of this increase are as follows:

- Program revenues exceeded Expenses by \$2,663,666. By adding in the General revenues and transfers of \$254,681, the increase to net assets from business-type activities was \$2,918,347.
- There were capital grant revenues of \$2,715,506, all in the Causeway fund from the State of Florida's Transportation Outreach Program (TOPs). These funds are being used to pay for the construction of the two fixed bridges. The total awarded grant amount is \$5,200,000
- The rates for sewer services provided in the Water Pollution Control fund were adjusted for the anticipated decrease in potable water consumption due to the implementation of reclaimed water service. The City will continue to monitor actual consumption at six month intervals and adjust rates as necessary.
- Investment earnings decreased by \$175,291 for business-type activities due to (a) an overall decrease in the size of the investment portfolio (mostly due to the use of cash to plan and build the new Causeway bridges), and (b) low interest rates in the market.

Please refer to the *Statement of Activities* on pages C2 & C3 for specific numerical data for both governmental and business-type activities.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,643,450, a decrease of \$523,169 in comparison with the prior year. Most of this total amount (\$2,601,661) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance (\$41,789) is *reserved* for inventory balances.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$914,263, while total fund balance was \$956,052. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.27 percent of total general fund expenditures, while total fund balance represents 15.97 percent of that same amount.

The total fund balance of the City's general fund decreased \$78,526 during the current fiscal year. Following is a summary chart of the general fund's revenues, expenditures and changes in fund balance.

Revenues:

Ad valorem taxes	\$2,328,963	
Other taxes	1,194,209	
Licenses and permits	291,389	
Intergovernmental	928,348	
Charges for services	1,098,431	
Fines and forfeitures	146,409	
Miscellaneous revenues	<u>95,879</u>	
Total revenues		\$6,083,628

Expenditures:

General government	1,100,764	
Public safety	3,150,866	
Public works	1,266,420	
Culture and recreation	<u>469,904</u>	
Total expenditures		5,987,954

Other Financing Uses:

Transfer out		<u>(174,200)</u>
Net Change in Fund Balance		(78,526)
Fund Balance - beginning		<u>1,034,578</u>
Fund Balance - ending		956,052
		=====

Key factors in this change are as follows:

- Total general fund revenues increased by \$320,552, or 5.56 percent, from the prior year.
- As previously noted, ad valorem taxes increased by \$285,759, or 13.99 percent, from the prior year; all from increases in assessed valuation.
- Charges for services increased \$97,142, or 9.70 percent. Included in this category are recreation activity fees which increased \$14,537, or 21.08 percent, mostly due to an increase in the fee for the children's summer program.
- Total general fund expenditures increased by \$484,580, or 8.81 percent, from the prior year after factoring out the prior year's one time expenditure of \$1,938,915 which was to settle a lawsuit.
- Public safety increased by \$250,588, or 8.64 percent, from the prior year. This was mostly due to (a) a full year's participation in the Florida Retirement for the fire and police departments and, (b) the community improvement department's continued use of Pinellas County's building inspection services to supplement our in-house staff.

The City's other major governmental fund, the Local Option Sales Tax fund has a total fund balance of \$699,037, a decrease of \$171,277, or 19.68 percent. A major project using this funding was the completion of the Sunset Vista Trailhead Park at a cost of \$502,968 (including \$61,600 completed in the prior year). The City received \$225,000 (\$58,532 in the current year and \$166,368 subsequent to year end) through NOAA as part of the settlement of the 1993 oil spill.

Please refer to the *Balance Sheet - Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* on pages C4, C5 and C6 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 assets.

	Causeway	Water Pollution Control	Solid Waste	Nonmajor Enterprise	Total
Operating revenues	\$1,655,891	\$1,999,606	\$1,154,004	\$360,785	\$5,170,286
Operating expenses	<u>1,521,927</u>	<u>1,760,291</u>	<u>1,255,672</u>	<u>609,759</u>	<u>5,147,649</u>
Operating income (loss)	133,964	239,315	(101,668)	(248,974)	22,637
Nonoperating revenues	2,802,855	3,552	1,654	7,926	2,815,987
Nonoperating expenses		74,477			74,477
Transfers in				154,200	154,200
Net income (loss)	2,936,819	168,390	(100,014)	(86,848)	2,918,347
Total net assets- beginning	<u>11,145,362</u>	<u>2,365,631</u>	<u>382,434</u>	<u>775,810</u>	<u>14,669,237</u>
Total net assets-ending	<u>\$14,082,181</u>	<u>\$2,534,021</u>	<u>\$282,420</u>	<u>\$688,962</u>	<u>\$17,587,584</u>

Please refer to the *Statement of Net Assets – Proprietary Funds* and the *Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds* on pages C8-C11 for specific numerical data.

General Fund Budgetary Highlights

The general fund's original budget was \$6,058,910 with a supplemental appropriation of \$150,000 for a final budget of \$6,208,910. The supplemental appropriation can be briefly summarized as follows:

- \$112,000 increase in general government activities, including higher than anticipated general liability and property insurance premiums, additional legal expenses and an additional subsidy for our share of the *Suncoast Beach Trolley*.
- \$4,500 increase in the fire department.
- \$5,000 increase in the police department.
- \$23,500 increase in the community improvement department, mostly for higher than anticipated building inspection costs.

The funding for this increase came from revenues that exceed budgetary estimates and available fund balance. Despite the \$150,000 supplemental appropriation, the general fund's fund balance decreased only \$78,526.

Please refer to the *Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund* on page E1 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, 2003, amounts to \$19,285,807 (net of related debt). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Construction began on the two fixed bridges on the Treasure Island Causeway. The contract with Johnson Brothers, Inc is for \$7,703,841.59. \$2,975,839 was recorded as construction in progress at September 30, 2003. Construction is expected to be complete in late 2004. Funding for this construction comes from the Causeway fund and a grant from the State of Florida Department of Transportation. The City continues to plan and design the main drawbridge. More information is given below.
- As mentioned above, the City completed construction of Sunset Vista Trailhead Park at a total cost of \$502,968 (including \$61,600 completed in the prior year). The City received \$225,000 (\$58,532 in the current year and \$166,368 subsequent to year end) through NOAA as part of the settlement of the 1993 oil spill.

Additional information on the City's capital assets can be found in two sections of this report:

- Capital asset activity for both governmental and business-type activities can be found as part of Note D in the Notes to the Financial Statements on pages D10 & D11.
- Schedules for Capital Assets Used in the Operation of Governmental Funds can be found in the section so named on pages G1, G3 & G5 of this report.

Long-term debt. The City has one bonded debt issue outstanding at the end of the current fiscal year in the amount of \$110,000. Information on this debt issue can be found as part of Note D in the Notes to the Financial Statements on pages D14 & D15. The City did not incur any additional debt during the current fiscal year.

The City also has a capitalized lease with the City of St. Petersburg for treatment of its wastewater. The outstanding balance at the end of the current fiscal year is \$781,788. Information on this capitalized lease can be found as part of Note D in the Notes to the Financial Statements on page D14.

Economic Factors and Next Year's Budgets & Rates

The national economy is generally on the rebound from a recession and some of the negative effects of September 11, 2001. Since the economy of Treasure Island and the state of Florida in general, is tourist oriented, this rebound has positive effects. In addition, the Tampa Bay region, of which Treasure Island is a part, is experiencing rapid increases in property values. Those increases have an affect on ad valorem tax revenues and the corresponding millage rate.

At September 30, 2003, unreserved fund balance in the general fund was \$914,263. The City has appropriated \$23,240 of this amount for spending in the 2003-2004 fiscal year budget. It is intended that this use of available fund balance will avoid the need to increase the ad valorem millage or other charges during the fiscal year. As part of the regular budgeting 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. In addition, as of July 31st, an analysis of the budget estimates versus the actual results is done to assess the need for any supplemental appropriations. If necessary, the City Commission would consider passing a supplemental appropriations ordinance prior to the end of the fiscal year.

The City will continue to monitor revenues in the Water Pollution Control fund as part of the follow-up to last summer's rate increase implemented with the availability of reclaimed water. Any rate adjustments would be implemented after an analysis and a public hearing.

The 2003-2004 fiscal is year three in a three year rate adjustment program in the Solid Waste fund. After analyzing the fund's financial status and current performance, a rate adjustment may be implemented in the summer of 2004.

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.ci.treasure-island.fl.us or send email to CityHall@ci.treasure-island.fl.us.

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 nonmajor funds in the aggregate. The notes to the financial statements present information essential for a fair presentation of the financial statements that is not displayed on the face of the financial statements.

City of Treasure Island, Florida
Statement of Net Assets
September 30, 2003

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$2,514,880	\$2,902,115	\$5,416,995
Investments		2,421,559	2,421,559
Receivables	2,845,754	1,378,384	4,224,138
Internal balances	83,016	(83,016)	0
Inventory	41,789	1,911	43,700
Restricted assets:			
Cash		15,580	15,580
Cash with paying agent		30,874	30,874
Capital assets (net of accumulated depreciation)			
Land	3,546,244	715,734	4,261,978
Buildings and system Improvements	951,262	127,960	1,079,222
Machinery and equipment	2,470,106	4,557,667	7,027,773
Construction in progress	630,999	451,116	1,082,115
	38,755	6,687,752	6,726,507
Total assets	13,122,805	19,207,636	32,330,441
LIABILITIES			
Accounts payable	125,724	579,801	705,525
Accrued liabilities	142,190	39,828	182,018
Deferred revenue	2,574,075	106,069	2,680,144
Liabilities payable from restricted assets		2,566	2,566
Noncurrent liabilities:			
Due within one year		162,768	162,768
Due in more than one year		729,020	729,020
Total liabilities	2,841,989	1,620,052	4,462,041
NET ASSETS			
Invested in capital assets, net of related debt	7,637,366	11,648,441	19,285,807
Restricted for debt service		46,454	46,454
Unrestricted	2,643,450	5,892,689	8,536,139
Total net assets	\$10,280,816	\$17,587,584	\$27,868,400

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

City of Treasure Island, Florida
Statement of Activities
For the fiscal year ended September 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$1,374,166	\$958,950	\$0	\$0
Public Safety	3,308,478	832,025	7,986	92,855
Public Works	1,797,072	75,925	2,772	58,632
Culture and recreation	561,402	143,759	470	0
Total governmental activities	7,041,118	2,010,659	11,228	151,487
Business-type activities:				
Causeway	1,521,927	1,655,891	0	2,715,506
Water Pollution Control	1,834,768	1,999,606	0	0
Solid Waste	1,255,672	1,154,004	0	0
Transit System	114,610	20,477	0	0
Stormwater Management	178,138	159,056	0	0
Recreation Center	317,011	181,252	0	0
Total business-type activities	5,222,126	5,170,286	0	2,715,506
Total primary government	\$12,263,244	\$7,180,945	\$11,228	\$2,866,993

General Revenues:

Ad Valorem Taxes levied for general purposes
Sales Taxes
Franchise Fees
Utility Taxes
Occupational Taxes
Other Taxes
State Shared Revenues
Miscellaneous Revenues
Unrestricted investment earnings
Gain on sale of machinery and equipment

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated

Net assets - end of year

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

**Net (Expense) Revenue
and Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
(\$415,216)		(\$415,216)
(2,375,612)		(2,375,612)
(1,659,743)		(1,659,743)
(417,173)		(417,173)
(4,867,744)	0	(4,867,744)
	2,849,470	2,849,470
	164,838	164,838
	(101,668)	(101,668)
	(94,133)	(94,133)
	(19,082)	(19,082)
	(135,759)	(135,759)
0	2,663,666	2,663,666
(4,867,744)	2,663,666	(2,204,078)
2,328,963		2,328,963
1,092,246		1,092,246
533,156		533,156
480,546		480,546
51,744		51,744
181,957		181,957
162,786		162,786
63,916	25,646	89,562
34,273	74,835	109,108
3,446		3,446
(154,200)	154,200	0
4,778,833	254,681	5,033,514
(88,911)	2,918,347	2,829,436
10,369,727	14,669,237	25,038,964
\$10,280,816	\$17,587,584	\$27,868,400

**City of Treasure Island, Florida
Balance Sheet
Governmental Funds
September 30, 2003**

Major Governmental Funds

	General	Local Option Sales Tax	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$796,706	\$690,731	\$1,027,443	\$2,514,880
Receivables				
Taxes	2,705,400			2,705,400
Accounts	85,617	48,708	5,585	139,910
Interest	444			444
Due from other funds	83,016			83,016
Inventories	41,789			41,789
Total assets	\$3,712,972	\$739,439	\$1,033,028	\$5,485,439
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	40,655	40,402	44,667	125,724
Accrued Liabilities	142,190			142,190
Deferred revenue	2,574,075			2,574,075
Total liabilities	2,756,920	40,402	44,667	2,841,989
Fund balances:				
Reserved for encumbrances				0
Reserved for inventories	41,789			41,789
Unreserved, reported in				
General fund	914,263			914,263
Special revenue funds		699,037	249,491	948,528
Capital projects funds			738,870	738,870
Total fund balances	956,052	699,037	988,361	2,643,450
Total liabilities and fund balances	\$3,712,972	\$739,439	\$1,033,028	\$5,485,439

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

City of Treasure Island, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
September 30, 2003

Difference in amounts reported for the governmental activities in the
Statement of Net Assets on page C1

Fund balances - total governmental funds	\$2,643,450
--	-------------

Capital assets used in governmental activities are not financial resources and are therefore not reported in governmental funds	7,637,366
---	-----------

Net assets of governmental activities	----- \$10,280,816 =====
---------------------------------------	--------------------------------

The accompanying notes are an integral part of this statement.

City of Treasure Island
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended September 30, 2003

	Major Governmental Funds			Total Governmental Funds
	General	Local Option Sales Tax	Non Major Governmental Funds	
REVENUES				
Taxes:				
Ad Valorem Taxes	\$2,328,963	\$	\$	\$2,328,963
Sales Taxes		624,190		624,190
Franchise Fees	533,156			533,156
Utility Services Taxes	480,546			480,546
Communication Services Tax	180,507			180,507
Licenses and Permits	291,389			291,389
Intergovernmental	928,348		144,068	1,072,416
Charges for Services	1,098,431		82,179	1,180,610
Fines and Forfeitures	146,409		58,697	205,106
Miscellaneous Revenues	95,879	67,401	22,202	185,482
Total Revenues	6,083,628	691,591	307,146	7,082,365
EXPENDITURES				
Current:				
General Government	1,100,764			1,100,764
Public Safety	3,150,866		119,371	3,270,237
Public Works	1,266,420	107,527	306,688	1,680,635
Culture and Recreation	469,904			469,904
Capital Outlay		738,033	191,761	929,794
Total Expenditures	5,987,954	845,560	617,820	7,451,334
Excess (deficiency) of revenues over expenditures	95,674	(153,969)	(310,674)	(368,969)
Other Financing Sources (Uses)				
Transfers In			37,308	37,308
Transfers Out	(174,200)	(17,308)		(191,508)
Total other financing sources (uses)	(174,200)	(17,308)	37,308	(154,200)
Net Change in Fund Balances	(78,526)	(171,277)	(273,366)	(523,169)
Fund Balances - Beginning	1,034,578	870,314	1,261,727	3,166,619
Fund Balances - Ending	\$956,052	\$699,037	\$988,361	\$2,643,450

The accompanying notes are an integral part of this statement.

**City of Treasure Island, Florida
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the fiscal year ended September 30, 2003**

Difference in amounts reported for governmental activities in the Statement of Activities on pages C2 and C3

Net change in fund balances - total governmental funds (\$523,169)

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 exceeded depreciation in the current period. 410,216

Donations of capital assets increase net assets in the statement of net assets, but do not appear in the governmental funds because they are not financial resources 32,476

In the statement of activities, only the gain on the sale of machinery and equipment is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the:

Cost of machinery and equipment sold	55,993	
Less accumulated depreciation on the assets	(47,559)	
	(8,434)	
		(88,911)
		(\$88,911)

Change in net assets of governmental activities - page C3

The accompanying notes are an integral part of this statement.

City of Treasure Island, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2003

Business-type Activities-Enterprise Funds

	Major Enterprise Funds				
	Causeway	Water Pollution Control	Solid Waste	Non Major Enterprise Funds	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$2,760,782	\$8,632	\$35,201	\$97,500	\$2,902,115
Investments	2,248,072	66,491	28,382	78,614	2,421,559
Accounts receivable	943,562	406,281		24,647	1,374,490
Interest receivable	3,894				3,894
Inventories				1,911	1,911
Total current assets	5,956,310	481,404	63,583	202,672	6,703,969
Noncurrent Assets:					
Restricted cash		15,580			15,580
Cash with paying agent		30,874			30,874
Total restricted assets:		46,454	0	0	46,454
Capital assets:					
Land	701,849	13,885			715,734
Buildings and system Improvements	313,961			73,547	387,508
Improvements	5,755,492	6,151,958		780,455	12,687,905
Machinery and equipment	186,528	384,900	527,611	96,086	1,195,125
Capitalized leases-treatment plant		2,075,614			2,075,614
Construction in progress	6,687,752				6,687,752
Less accumulated depreciation	(4,975,678)	(5,605,887)	(254,636)	(373,208)	(11,209,409)
Total capital assets (net of accumulated depreciation)	8,669,904	3,020,470	272,975	576,880	12,540,229
Total noncurrent assets	8,669,904	3,066,924	272,975	576,880	12,586,683
Total assets	\$14,626,214	\$3,548,328	\$336,558	\$779,552	\$19,290,652

This statement continues on the following page.

City of Treasure Island, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2003

Business-type Activities-Enterprise Funds

	Major Enterprise Funds				
	Causeway	Water Pollution Control	Solid Waste	Non Major Enterprise Funds	Total
LIABILITIES					
Current Liabilities:					
Accounts payable	\$425,496	\$109,419	\$43,009	\$1,877	\$579,801
Due to other funds				83,016	83,016
Accrued compensated absences	7,693	7,530	7,475	3,202	25,900
Deferred revenue	106,069				106,069
Accrued wages payable	4,775	3,004	3,654	2,495	13,928
Revenue bonds-current		25,000			25,000
Capital lease obligation-current		137,768			137,768
Total current liabilities	544,033	282,721	54,138	90,590	971,482
Current liabilities payable from restricted assets:					
Accrued interest payable		2,566			2,566
Total current liabilities payable from restricted assets		2,566	0	0	2,566
Noncurrent liabilities:					
Revenue bonds (net of current portion)		85,000			85,000
Capital lease obligation		644,020			644,020
Total noncurrent liabilities		729,020	0	0	729,020
Total liabilities	544,033	1,014,307	54,138	90,590	1,703,068
NET ASSETS					
Invested in capital assets, net of related debt	8,669,904	2,128,682	272,975	576,880	11,648,441
Restricted for bond payments		46,454			46,454
Unrestricted	5,412,277	358,885	9,445	112,082	5,892,689
Total net assets	\$14,082,181	\$2,534,021	\$282,420	\$688,962	\$17,587,584

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

City of Treasure Island, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended September 30, 2003

Business-type Activities-Enterprise Funds

Major Enterprise Funds

	Causeway	Water Pollution Control	Solid Waste	Non Major Enterprise Funds	Total
OPERATING REVENUES					
Cash Tolls	\$1,238,977	\$	\$	\$	\$1,238,977
Passes	416,914				416,914
Charges for Services		1,999,606	1,154,004	340,308	3,493,918
Fares				20,477	20,477
Total operating revenues	1,655,891	1,999,606	1,154,004	360,785	5,170,286
OPERATING EXPENSES					
Personal Services	481,791	280,576	512,941	270,006	1,545,314
Contractual Services	570,799	965,353	589,773	161,755	2,287,680
Materials, Supplies, Repairs and Utilities	193,584	182,397	93,303	124,425	593,709
Depreciation	275,753	331,965	59,655	53,573	720,946
Total operating expense	1,521,927	1,760,291	1,255,672	609,759	5,147,649
Operating income (loss)	\$133,964	\$239,315	(\$101,668)	(\$248,974)	\$22,637

This statement continues on the following page.

City of Treasure Island, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended September 30, 2003

Business-type Activities-Enterprise Funds

Major Enterprise Funds

	Causeway	Water Pollution Control	Solid Waste	Non Major Enterprise Funds	Total
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	\$68,272	\$2,835	\$1,654	\$2,074	\$74,835
Interest and fees on bonds		(74,477)			(74,477)
Grants	2,715,506				2,715,506
Miscellaneous Revenues (Expense)	19,077	717		5,852	25,646
Total nonoperating revenues (expenses)	2,802,855	(70,925)	1,654	7,926	2,741,510
Income (loss) before transfers	2,936,819	168,390	(100,014)	(241,048)	2,764,147
Transfers in				154,200	154,200
NET INCOME (LOSS)	2,936,819	168,390	(100,014)	(86,848)	2,918,347
Total net assets - beginning	11,145,362	2,365,631	382,434	775,810	14,669,237
Total net assets - ending	\$14,082,181	\$2,534,021	\$282,420	\$688,962	\$17,587,584

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

City of Treasure Island, Florida
Statement of Cash Flows
Proprietary Funds
Fiscal year ended September 30, 2003

Business-type Activities - Enterprise Funds

Major Enterprise Funds

	Causeway	Water Pollution Control	Solid Waste	Non Major Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$1,674,798	\$1,971,173	\$1,154,004	\$360,530	\$5,160,505
Payments to suppliers	(618,554)	(1,239,519)	(679,239)	(\$239,751)	(2,777,063)
Payments to employees	(481,791)	(280,576)	(512,941)	(\$270,006)	(1,545,314)
Net cash provided by (used in) operating activities	574,453	451,078	(38,176)	(149,227)	838,128
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers to (from) other funds				154,200	154,200
Net cash provided by (used in) noncapital financing activities	0	0	0	154,200	154,200
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(3,990,784)	(308,529)	(126,000)		(4,425,313)
Proceeds from capital grant	1,772,914				1,772,914
Principal paid on revenue bonds and capital leases		(152,209)			(152,209)
Interest paid on revenue bonds and capital leases		(75,061)			(75,061)
Proceeds from sale of capital assets			9,570	5,850	15,420
Net cash provided by (used in) capital and related financing activities	(2,217,870)	(535,799)	(116,430)	5,850	(2,864,249)

This statement continues on the following page.

City of Treasure Island, Florida
Statement of Cash Flows
Proprietary Funds
Fiscal year ended September 30, 2003

Business-type Activities - Enterprise Funds

Major Enterprise Funds

	Causeway	Water Pollution Control	Solid Waste	Non Major Enterprise Funds	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(4,713,172)	(59,760)		(219,938)	(4,992,870)
Proceeds from sale and maturities of investment securities	7,638,536	158,828	141,708	269,532	8,208,604
Investment Earnings	73,986	3,346	1,654	2,074	81,060
Net cash provided by (used in) investing activities	2,999,350	102,414	143,362	51,668	3,296,794
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,355,933	17,693	(11,244)	62,491	1,424,873
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,404,849	37,393	46,445	35,009	1,523,696
END OF YEAR	\$2,760,782	\$55,086	\$35,201	\$97,500	\$2,948,569
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$133,964	\$239,315	(\$101,668)	(\$248,974)	22,637
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	275,753	331,965	59,655	53,573	720,946
Miscellaneous revenues (expenses)	19,077	717		2	19,796
Change in assets and liabilities:					
(Increase) Decrease in Accts receivable	(170)	(29,150)		(257)	(29,577)
Increase (Decrease) in Accts payable	145,829	(91,769)	3,837	47,237	105,134
(Increase) Decrease in Inventories				(808)	(808)
Total adjustments	440,489	211,763	63,492	99,747	815,491
Net cash provided by (used in) operating activities	\$574,453	\$451,078	(\$38,176)	(\$149,227)	\$838,128
Noncash Investing, Capital and Financing Activities:					
Increase (Decrease) in Fair Market Value of Investments	\$511	\$511			\$1,022

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

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NOTES TO THE FINANCIAL STATEMENTS

City of Treasure Island, Florida**NOTES TO FINANCIAL STATEMENTS****September 30, 2003****NOTE A - 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), all applicable statements, and the Financial Accounting Standards Board (FASB), statements issued on or before November 30, 1989, as applicable. 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, 2003.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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 to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service 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 to be measurable and available only when cash is received by the government.

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 required to be accounted for in another fund.

The *Local Option Sales Tax* fund accounts for the additional, voter approved, county-wide 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 City reports the following major proprietary funds:

The *Causeway* fund accounts for the operation and maintenance of the causeway toll collection and drawbridge facilities.

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.

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 Causeway fund are from cash tolls and the sale of annual passes. 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 ASSETS 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.

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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable financial resources.

The City considers all receivables at September 30, 2003 to be collectible; accordingly, no allowance for doubtful accounts is required. If any amounts are subsequently determined to be uncollectible, they are considered to be 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.

Restricted assets

Proceeds from debt and funds set aside for payment of enterprise fund general obligation debt and revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures.

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.

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 is 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	4-10

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 202 hours per year after 21 years of service. The maximum permissible accumulation is 80 hours per year. At termination, employees are paid for any accumulated annual leave. The liability for accumulated annual leave at September 30, 2003 is \$141,844 as reported in the Proprietary Funds and the General Fund (as the amounts would normally be liquidated with expendable available financial resources).

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. These benefits are paid only when taken and any accumulation of sick leave is lost upon termination. The unused sick leave pay benefit at September 30, 2003 is \$816,208. This amount has not been recorded in the accounts of the various funds as payment of the compensation is not probable.

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 assets.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND
FUND FINANCIAL STATEMENTS**

**EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND
BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statements. The reconciliation explains that "capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds". The details of this \$7,637,366 difference are as follows:

Capital assets	\$ 13,343,757
Accumulated depreciation	<u>(5,706,391)</u>
Net adjustment to increase fund balance -total governmental funds to arrive at net assets-governmental activities	\$ <u>7,637,366</u>

**EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The details of this \$ 410,216 difference are as follows:

Capital outlay	\$ 929,794
Depreciation expense	<u>(519,578)</u>
Net adjustment to increase-net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>410,216</u>

NOTE C – 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.
8. Budgets are legally adopted for the General, Local Option Sales Tax, Police Training, County Gas Tax, Transportation Trust, Public Works Equipment Sinking, Beach Improvement, EMS Equipment Sinking 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 30, 2002 plus a supplemental appropriations ordinance adopted during September 2003.

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 reservations of fund balances since they do not constitute expenditures or liabilities and carry over to the following year.

Encumbrances have been reflected in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Capital Projects Fund Types for a more meaningful budget comparison; however, they have not been considered expenditures in the other financial statements.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

- a) The County Gas Tax Fund had appropriations of \$110,000 and expenditures of \$136,526. The overage of \$26,526 is attributable to additional street overlays that were done. Most of the street paving was needed after completing the installation of reclaimed water lines.
- b) The Police Contraband Forfeiture Fund had appropriations of \$14,000 and expenditures of \$16,910. The overage of \$2,910 was for additional expenses associated with the Police department's forfeiture actions.
- c) There were no other expenditures or expenses exceeding appropriations for the fiscal year ended September 30, 2003. During August 2003, an analysis was performed to determine the necessity for any additional supplemental appropriations. This analysis showed the need for supplemental appropriations in the General, Police Training, EMS Equipment Sinking, and Police Contraband Forfeiture Funds. The City Commission approved these supplemental appropriations with ordinance 03-09, passed on September 23, 2003

DEFICIT FUND EQUITY

The Transit System enterprise fund had a deficit net assets balance of \$1,177. During the 2003-2004 fiscal year, the City will close this fund and settle all amounts to the General Fund.

NOTE D – DETAILED NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Cash resources of the individual funds are combined to form a pool of cash and investments, which is managed by the City Finance Director. Investments of pooled cash consist primarily of certificates of deposit and time deposits and are carried at fair value. Commercial paper and U.S. Instrumentalities maturing within one year of date of purchase are carried and amortized in accordance with GASB Statement #31. Interest income earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash and marketable securities of each fund. It is the City's intention to hold investments until maturity.

At year-end, the City had cash and cash equivalent balances on the books of \$5,463,449, (less \$40,494 in petty cash and cash with paying agents) and investments of \$2,421,559 (as detailed below) for a total of \$7,885,008. Cash balances per the bank totaled \$8,283,063. Governmental Accounting Standards Board (GASB) Statement Number 3 requires certain disclosures for deposits and investments, including management's determination of custodial credit risk, defined as follows:

Category 1 - Insured or collateralized with securities held by the City or its agent in the City's name. This includes federal depository insurance and collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes, which is considered insured for risk categorization purposes. The amount covered in this category is \$8,283,063.

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.

At year-end, the City's investments were as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>
Cash investments with Maturities greater than 90 days	\$2,377,409	\$2,377,409
U.S. Government Securities	<u>43,732</u>	<u>44,150</u>
TOTAL INVESTMENTS	<u>\$2,421,141</u>	<u>\$2,421,559</u>

All of the City's investments are insured or registered and are held by the City or its agents in the City's name.

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CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2003 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
	-----	-----	-----	-----
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$3,546,244	-	-	\$3,546,244
Construction in progress	61,600	38,755	(61,600)	38,755
	-----	-----	-----	-----
Total capital assets, not being depreciated	3,607,844	38,755	(61,600)	3,584,999
Capital assets, being depreciated:				
Buildings	1,245,456	-	-	1,245,456
Building improvements	4,868,254	689,636	-	5,557,890
Machinery and equipment	2,715,926	295,479	(55,993)	2,955,412
	-----	-----	-----	-----
Total capital assets, being depreciated	8,829,636	985,115	(55,993)	9,758,758
Less accumulated depreciation for:				
Buildings	(271,310)	(22,884)		(294,194)
Building improvements	(2,789,233)	(298,551)		(3,087,784)
Machinery and equipment	(2,173,829)	(198,143)	47,559	(2,324,413)
	-----	-----	-----	-----
Total accumulated depreciation	(5,234,372)	(519,578)	47,559	(5,706,391)
	-----	-----	-----	-----
Total capital assets being depreciated, net	3,595,264	465,537	(8,434)	4,052,367
	-----	-----	-----	-----
Governmental activities capital assets, net	\$7,203,108	\$504,292	(\$70,034)	\$7,637,366
	=====	=====	=====	=====

	Beginning Balance	Increases	Decreases	Ending Balance
	-----	-----	-----	-----
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$715,734	-	-	\$715,734
Construction in progress	2,728,968	3,958,784	-	6,687,752
	-----	-----	-----	-----
Total capital assets, not being depreciated	3,444,702	3,958,784	0	7,403,486
Capital assets, being depreciated:				
Buildings	387,508	-	-	387,508
Improvements other than buildings	12,405,254	282,651	-	12,687,905
Machinery and equipment	1,148,211	183,878	(136,964)	1,195,125
Systems	2,075,614	-	-	2,075,614
	-----	-----	-----	-----
Total capital assets, being depreciated	16,016,587	466,529	(136,964)	16,346,152
Less accumulated depreciation for:				
Buildings	(246,156)	(13,392)	-	(259,548)
Improvements other than buildings	(7,992,292)	(498,052)	-	(8,490,344)
Machinery and equipment	(695,785)	(107,118)	58,894	(744,009)
Systems	(1,628,794)	(86,714)	-	(1,715,508)
	-----	-----	-----	-----
Total accumulated depreciation	(10,563,027)	(705,276)	58,894	(11,209,409)
	-----	-----	-----	-----
Total capital assets being depreciated, net	5,453,560	(238,747)	(78,070)	5,136,743
	-----	-----	-----	-----
Business-type activities capital assets, net	\$8,898,262	\$3,720,037	(\$78,070)	\$12,540,229
	=====	=====	=====	=====

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

Governmental activities:	
General government	\$273,402
Public safety	38,241
Public works	116,437
Culture and recreation	91,498

Total depreciation expense - governmental activities	\$519,578
	=====
Business-type activities:	
Causeway	\$275,753
Water pollution control	331,965
Solid waste	59,655
Transit system	0
Stormwater management	22,611
Recreation center	30,962

Total depreciation expense - business-type activities	\$720,946
	=====

CONSTRUCTION COMMITMENTS

On January 28, 2003, the City Commission passed resolution 03-15 that awarded a contract to Johnson Brothers, Inc. for the construction of two fixed bridges on the Treasure Island Causeway at a cost of \$7,703,841.59. Actual construction commenced February 28, 2003. Funding for this construction will come from the Causeway Fund and a grant from the State of Florida Department of Transportation.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables

The composition of interfund balances as of September 30, 2003, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Transit Fund	\$ 6,914
	Recreation Center Fund	<u>76,102</u>
Total		\$83,016

Interfund transfers

	<u>Transfer In</u>			
	<u>Nonmajor Governmental</u>		<u>Nonmajor Enterprise</u>	
	<u>Police Training</u>	<u>EMS Equipment Sinking</u>	<u>Transit System</u>	<u>Recreation Center</u>
Transfer Out:				
General fund	\$ 20,000		\$ 87,000	\$ 67,200
Local Option Sales Tax		\$ 17,308		
Totals	\$ 20,000	\$ 17,308	\$ 87,000	\$ 67,200

The transfers from the General fund were for subsidies for the respective operations: for the Police Training fund to provide police officer training and related expenses; for the Transit System fund to provide funding for the *Suncoast Beach Trolley*; for the Recreation Center to provide funding for the operation of Treasure Bay Golf and Tennis. The transfer from the Local Option Sales Tax fund to the EMS Equipment Sinking fund is to provide funding for subsequent upgrades and replacements to the public safety communications system.

LEASES*Operating leases*

The City leases certain causeway toll equipment. The five year noncancellable lease, which commenced October 1, 1989, had the option of an automatic three year renewal clause. The three year renewal period began October 1, 1994 and expired September 30, 1997. The lease for this equipment met the criteria of an operating lease under Financial Accounting Standards Board (FASB) Statement No. 13 "Accounting for leases".

During the 1997-1998 fiscal year, the City negotiated an extension to the above lease. During the 1998-1999 fiscal year, the City reached agreement for a new lease with terms similar to the expired lease. The lease will officially begin once all new equipment has been installed and is working properly. It was anticipated to commence in early 2001 but due to continued equipment implementation issues, it has not. Therefore, the City continues to lease the equipment on a month to month basis under the terms of the expired lease.

Rental expense for the causeway toll equipment for the year ended September 30, 2003, was \$ 64,605.

*Capital leases*Water Pollution Control Fund

The City has entered into a 25-year lease agreement with the City of St. Petersburg, Florida, whereby St. Petersburg will treat the total wastewater flow from Treasure Island at the Northwest Treatment Plant of St. Petersburg. This agreement meets the criteria of capital leases under Financial Accounting Standards Board (FASB) Statement No. 13 "Accounting for Leases".

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of minimum lease payments at September 30, 2003

Year ended September 30,

2004	\$ 195,332
2005	195,332
2006	195,332
2007	195,332
2008	<u>164,438</u>
Total minimum lease payments	945,766
Less amount representing interest	<u>163,978</u>
	<u>\$ 781,788</u>
Present value of net minimum lease payments	
Current	\$ 137,768
Long Term	<u>644,020</u>
Total	<u>\$ 781,788</u>
Assets under Capital Lease	\$2,075,614
Less: Accumulated Depreciation	<u>1,715,508</u>
Total	<u>\$ 360,106</u>

LONG-TERM DEBT*Sewer Revenue Bonds*

In 1977, the State of Florida provided \$410,000 to the City of Treasure Island for improvements to the sewer system. Net revenues of the sewer system, after reduction for debt service requirements of the outstanding Sewer Revenue Bonds dated January 1, 1963, and investment income on the Bond Interest and Sinking Fund were pledged in payment of bond principal and interest. The bonds bear interest at 5.4%, 5.5% and 5.6% per annum, payable on May 1 and November 1. The bonds mature serially on each May 1 and November 1, and at September 30, 2003, \$300,000 of bonds had been paid leaving outstanding bonds payable as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
September 30, 2004	25,000	6,160	31,160
September 30, 2005	25,000	4,760	29,760
September 30, 2006	30,000	3,360	33,360
September 30, 2007	\$ 30,000	\$ 1,680	\$ 31,680
	\$ 110,000	\$ 15,960	\$ 125,960

The amount of interest costs incurred in the Water Pollution Control Fund, and charged to expense, was \$74,477, of which \$7,560 was interest payment on bonded indebtedness.

SEGMENT INFORMATION

In 1997, the State of Florida provided \$ 410,000 to the City for improvements to the water pollution control system. Net revenues of the system, after reduction for debt service requirements and investment income on the bond interest and sinking fund are pledged for payment of bond principal and interest. Summary financial information for the Water Pollution Control fund is presented below :

CONDENSED STATEMENT OF NET ASSETS

ASSETS

Current Assets	\$481,404
Restricted assets:	46,454
Capital assets	3,020,470

Total assets	3,548,328

LIABILITIES

Current liabilities	282,721
Current liabilities payable from restricted assets	2,566
Noncurrent liabilities	729,020

Total liabilities	1,014,307

NET ASSETS

Invested in capital assets, net of related debt	2,128,682
Restricted for bond payments	46,454
Unrestricted	358,885

Total net assets	\$2,534,021
	=====

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Charges for services - sewer (pledged against bonds)	\$1,999,606
Depreciation expense	331,965
Other operating expenses	1,428,326

Operating income	239,315
Nonoperating revenues (expenses):	
Investment Earnings	\$2,835
Interest and fees on bonds	(74,477)
Miscellaneous Revenues (Expense)	717

Change in net assets	168,390
Total net assets - beginning	2,365,631

Total net assets - ending	\$2,534,021
	=====

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided by (used in):	
Operating activities	\$451,078
Noncapital financing activities	0
Capital and related financing activities	(535,799)
Investing activities	102,414

Net increase (decrease)	17,693
Beginning cash and cash equivalents	37,393

Ending cash and cash equivalents	\$55,086
	=====

RESTRICTED ASSETS

The balances in the restricted assets accounts of the Water Pollution Control enterprise fund are as follows:

Revenue bond current debt service account	\$ 15,580
Revenue bond renewal and replacement account	<u>30,874</u>
Total Restricted Assets	\$ <u>46,454</u>

NOTE E – 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 as shown in the schedule on pages S24 and S25 of the Statistical Section. 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.

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.

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. The plan is employer contributory only. 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 contributes slightly more than seven (7) percent. 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. Employees do not contribute to the system. The plan covers approximately 592,000 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. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to normal retirement 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.

Employer contributions are based upon rates established by the State. These rates for "special risk" employees were 16.01% from October 1, 2002 through June 30, 2003 and 18.53% from July 1, 2003 through September 30, 2003. The City's contribution to the System during the current fiscal year was approximately \$233,000, equal to the required contribution.

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, 2002. 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.

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 slightly more than seven 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, 2003, those options included four (4) classifications as follows:

- Actively Managed Funds
- Model Portfolio Funds
(predefined combinations of Actively Managed Funds)
- Index Fund Series
- Mutual Fund Series

Employees are fully vested with the City's contribution after five years. If the employee terminates with the City with less than five years 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.

CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENT

Effective October 1, 2002, the City implemented the provisions of Government Accounting Standards Board (GASB) Statement #34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement #37 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement #38, *Certain Financial Statement Note Disclosures*. These statements significantly change the financial reporting model and reporting requirements for the City.

The implementation of GASB Statement #34 resulted in certain retroactive adjustments to beginning net assets for governmental activities. The adjustment to beginning net assets of \$12,437,480, net of accumulated depreciation of \$5,234,372 resulted in a restatement of net assets as of September 30, 2002 of \$7,203,108.

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REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information consists of budgetary comparison schedules for the General Fund and the Local Option Sales Tax Fund.

City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad Valorem Taxes	\$2,299,700	\$2,299,700	\$2,328,963	\$29,263
Franchise Fees	545,000	545,000	533,156	(11,844)
Utility Services Taxes	482,500	482,500	480,546	(1,954)
Communication Services Tax	163,000	163,000	180,507	17,507
Licenses and Permits	277,000	277,000	291,389	14,389
Intergovernmental	919,490	919,490	928,348	8,858
Charges for Services	1,100,050	1,100,050	1,098,431	(1,619)
Fines and Forfeitures	175,000	175,000	146,409	(28,591)
Miscellaneous Revenues	74,900	74,900	95,879	20,979
Total Revenues	6,036,640	6,036,640	6,083,628	46,988
EXPENDITURES				
Current:				
General Government	1,004,000	1,114,000	1,100,764	13,236
Public Safety	3,136,800	3,164,800	3,150,866	13,934
Public Works	1,300,490	1,300,490	1,266,420	34,070
Culture and Recreation	455,420	455,420	469,904	(14,484)
Total Expenditures	5,896,710	6,034,710	5,987,954	46,756
Excess (deficiency) of revenues over expenditures	139,930	1,930	95,674	93,744
Other Financing Sources (Uses)				
Transfers Out	(162,200)	(174,200)	(174,200)	0
Total other financing sources (uses)	(162,200)	(174,200)	(174,200)	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	(22,270)	(172,270)	(78,526)	93,744
Fund Balance - Beginning	1,034,578	1,034,578	1,034,578	
Fund Balance - Ending	\$1,012,308	862,308	\$956,052	\$93,744

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City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Local Option Sales Tax Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Option Sales Tax	\$620,000	\$620,000	\$624,190	\$4,190
Miscellaneous Revenues:				
Grant Revenue	290,000	\$290,000	58,632	(231,368)
Investment Earnings	10,000	\$10,000	7,269	(2,731)
Other Miscellaneous Revenue	0	\$0	1,500	1,500
Total Revenues	920,000	920,000	691,591	(228,409)
EXPENDITURES				
Current:				
Public Works	10,000	10,000	107,527	(97,527)
Capital Outlay	1,218,670	1,218,670	738,033	480,637
Total Expenditures	1,228,670	1,228,670	845,560	383,110
Excess (deficiency) of revenues over expenditures	(308,670)	(308,670)	(153,969)	154,701
Other Financing Sources (Uses)				
Transfers Out	(16,000)	(16,000)	(17,308)	1,308
Total other financing sources (uses)	(16,000)	(16,000)	(17,308)	1,308
Excess (deficiency) of revenues and other sources over expenditures and other uses	(324,670)	(324,670)	(171,277)	153,393
Fund Balance - Beginning	870,314	870,314	870,314	
Fund Balance - Ending	\$545,644	545,644	\$699,037	\$153,393

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COMBINING FINANCIAL STATEMENTS

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

A description of each of the nonmajor funds follows on the next pages.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The ***Police Training Fund*** accounts for the police fines resource legally restricted to expenditure for advanced training for police officers. The fund is supplemented by a General Fund contribution designated for police training.

The ***County Gas Tax Fund*** accounts for the 6-cent county-wide 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 ***Transportation Trust Fund*** accounts for revenues received from the Transportation Impact Fee established by Pinellas County that are restricted to expenditure for capital improvements and expansion of transportation facilities.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The ***Public Works Equipment Sinking Fund*** accumulates interest income for subsequent purchases of Public Works capital equipment.

The ***Beach Improvement Fund*** is funded by parking meter and parking fines revenues plus interest. The funds are to be expended for the local share of beach renourishment projects, beach maintenance and parking meter maintenance.

The ***EMS Equipment Sinking Fund*** is funded by a portion of the funds the City receives from Pinellas County Emergency Medical Services. The funds are to be expended for subsequent purchases of EMS capital equipment.

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

NONMAJOR ENTERPRISE FUNDS

The ***Transit System Fund*** accounts for the operation of the City's transit system and its portion of Pinellas County's *Suncoast Beach Trolley*. The City has discontinued the operation of its transit system and will close this fund during the 2003-2004 fiscal year.

The ***Stormwater Management Fund*** accounts for the operation and maintenance of the City's separate stormwater management system, as required by the National Pollution Discharge Elimination System (NPDES).

The ***Recreation Center Fund*** accounts for the operation and maintenance of the Treasure Bay Golf and Tennis facility.

**City of Treasure Island, Florida
Combining Balance Sheet
Non Major Governmental Funds
September 30, 2003**

	Special Revenue	Capital Projects	Total Non Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$284,308	\$743,135	\$1,027,443
Receivables			
Accounts	5,585		5,585
	<hr/>		
Total assets	289,893	743,135	1,033,028
<hr/>			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	40,402	4,265	44,667
	<hr/>		
Total liabilities	40,402	4,265	44,667
<hr/>			
FUND BALANCES:			
Reserved for encumbrances			0
Unreserved, reported in			
Special revenue funds	249,491		249,491
Capital projects funds		738,870	738,870
	<hr/>		
Total fund balances	249,491	738,870	988,361
<hr/>			
Total liabilities and fund balances	\$289,893	\$743,135	\$1,033,028
<hr/>			

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

City of Treasure Island
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non Major Governmental Funds
For the fiscal year ended September 30, 2003

	Special Revenue	Capital Projects	Total Non Major Governmental Funds
REVENUES			
Intergovernmental	\$68,224	\$75,844	\$144,068
Charges for Services	0	82,179	82,179
Fines and Forfeitures	5,502	53,195	58,697
Miscellaneous Revenues	6,987	15,215	22,202
Total Revenues	80,713	226,433	307,146
EXPENDITURES			
Current:			
Public Safety	23,998	95,373	119,371
Public Works	136,526	170,162	306,688
Capital Outlay	133,576	58,185	191,761
Total Expenditures	294,100	323,720	617,820
Excess (deficiency) of revenues over expenditures	(213,387)	(97,287)	(310,674)
Other Financing Sources			
Transfers In	20,000	17,308	37,308
Total other financing sources	20,000	17,308	37,308
Net Change in Fund Balances	(193,387)	(79,979)	(273,366)
Fund Balances - Beginning	442,878	818,849	1,261,727
Fund Balances - Ending	\$249,491	\$738,870	\$988,361

The accompanying notes are an integral part of this statement.

**City of Treasure Island, Florida
Combining Balance Sheet
Non Major Governmental Funds
Special Revenue Funds
September 30, 2003**

	Police Training	County Gas Tax	Transportation Trust	Total
ASSETS				
Cash and cash equivalents	\$10,396	\$137,624	\$136,288	\$284,308
Receivables				
Accounts		5,585		5,585
Total assets	10,396	143,209	136,288	289,893
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable			40,402	40,402
Total liabilities	0	0	40,402	40,402
FUND BALANCES:				
Reserved for encumbrances				0
Unreserved, reported in Special revenue funds	10,396	143,209	95,886	249,491
Total fund balances	10,396	143,209	95,886	249,491
Total liabilities and fund balances	\$10,396	\$143,209	\$136,288	\$289,893

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

City of Treasure Island
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non Major Governmental Funds
Special Revenue Funds
For the fiscal year ended September 30, 2003

	Police Training	County Gas Tax	Transportation Trust	Total
REVENUES				
Intergovernmental	\$	\$68,224	\$	\$68,224
Fines and Forfeitures	5,502			5,502
Miscellaneous Revenues	78	2,814	4,095	6,987
Total Revenues	5,580	71,038	4,095	80,713
EXPENDITURES				
Current:				
Public Safety	23,998			23,998
Public Works		136,526		136,526
Capital Outlay			133,576	133,576
Total Expenditures	23,998	136,526	133,576	294,100
Excess (deficiency) of revenues over expenditures	(18,418)	(65,488)	(129,481)	(213,387)
Other Financing Sources				
Transfers In	20,000			20,000
Total other financing sources	20,000	0	0	20,000
Net Change in Fund Balances	1,582	(65,488)	(129,481)	(193,387)
Fund Balances - Beginning	8,814	208,697	225,367	442,878
Fund Balances - Ending	\$10,396	\$143,209	\$95,886	\$249,491

The accompanying notes are an integral part of this statement.

**City of Treasure Island, Florida
Combining Balance Sheet
Non Major Governmental Funds
Capital Projects Funds
September 30, 2003**

	Public Works Equipment Sinking	Beach Improvement	EMS Equipment Sinking	Police Contraband Forfeiture	Total
ASSETS					
Cash and cash equivalents	\$84,027	\$604,134	\$49,279	\$5,695	\$743,135
Total assets	84,027	604,134	49,279	5,695	743,135
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable				4,265	4,265
Total liabilities	0	0	0	4,265	4,265
FUND BALANCES:					
Reserved for encumbrances					0
Unreserved, reported in Capital projects funds	84,027	604,134	49,279	1,430	738,870
Total fund balances	84,027	604,134	49,279	1,430	738,870
Total liabilities and fund balances	\$84,027	\$604,134	\$49,279	\$5,695	\$743,135

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

City of Treasure Island
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non Major Governmental Funds
Capital Projects Funds
For the fiscal year ended September 30, 2003

	Public Works Equipment Sinking	Beach Improvement	EMS Equipment Sinking	Police Contraband Forfeiture	Total
REVENUES					
Intergovernmental	\$	\$	\$75,844	\$	\$75,844
Charges for Services		82,179			82,179
Fines and Forfeitures		43,605		9,590	53,195
Miscellaneous Revenues	1,157	7,535	6,447	76	15,215
Total Revenues	1,157	133,319	82,291	9,666	226,433
EXPENDITURES					
Current:					
Public Safety			78,463	16,910	95,373
Public Works		170,162			170,162
Capital Outlay	20,905		37,280		58,185
Total Expenditures	20,905	170,162	115,743	16,910	323,720
Excess (deficiency) of revenues over expenditures	(19,748)	(36,843)	(33,452)	(7,244)	(97,287)
Other Financing Sources					
Transfers In			17,308		17,308
Total other financing sources	0	0	17,308	0	17,308
Net Change in Fund Balances	(19,748)	(36,843)	(16,144)	(7,244)	(79,979)
Fund Balances - Beginning	103,775	640,977	65,423	8,674	818,849
Fund Balances - Ending	\$84,027	\$604,134	\$49,279	\$1,430	\$738,870

The accompanying notes are an integral part of this statement.

City of Treasure Island, Florida
Combining Statement of Net Assets
Non Major Enterprise Funds
September 30, 2003

	Transit System	Stormwater Management	Recreation Center	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$3,176	\$91,588	\$2,736	\$97,500
Investments	2,561	73,847	2,206	78,614
Accounts receivable		24,647		24,647
Inventories			1,911	1,911
Total current assets	5,737	190,082	6,853	202,672
Noncurrent Assets:				
Capital assets:				
Buildings and system Improvements			73,547	73,547
Machinery and equipment		385,657	394,798	780,455
Less accumulated depreciation		(82,911)	(290,297)	(373,208)
Total capital assets (net of accumulated depreciation)	0	376,357	200,523	576,880
Total noncurrent assets	0	376,357	200,523	576,880
Total assets	\$5,737	\$566,439	\$207,376	\$779,552

This statement continues on the following page.

City of Treasure Island, Florida
Combining Statement of Net Assets
Non Major Enterprise Funds
September 30, 2003

	Transit System	Stormwater Management	Recreation Center	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	\$	\$	\$1,877	\$1,877
Due to other funds	6,914		76,102	83,016
Accrued compensated absences			3,202	3,202
Accrued wages payable			2,495	2,495
Total current liabilities	6,914	0	83,676	90,590
Total liabilities	6,914	0	83,676	90,590
NET ASSETS				
Invested in capital assets, net of related debt		376,357	200,523	576,880
Unrestricted	(1,177)	190,082	(76,823)	112,082
Total net assets	(\$1,177)	\$566,439	\$123,700	\$688,962

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

City of Treasure Island, Florida
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non Major Enterprise Funds
For the fiscal year ended September 30, 2003

	Transit System	Stormwater Management	Recreation Center	Total
OPERATING REVENUES				
Charges for Services	\$	\$159,056	\$181,252	\$340,308
Fares	20,477			20,477
Total operating revenues	20,477	159,056	181,252	360,785
OPERATING EXPENSES				
Personal Services		74,103	195,903	270,006
Contractual Services	93,059	35,766	32,930	161,755
Materials, Supplies, Repairs and Utilities	21,551	45,658	57,216	124,425
Depreciation		22,611	30,962	53,573
Total operating expense	114,610	178,138	317,011	609,759
Operating income (loss)	(\$94,133)	(\$19,082)	(\$135,759)	(\$248,974)

This statement continues on the following page.

City of Treasure Island, Florida
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non Major Enterprise Funds
For the fiscal year ended September 30, 2003

	Transit System	Stormwater Management	Recreation Center	Total
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	\$	\$2,043	\$31	\$2,074
Miscellaneous Revenues (Expense)	5,850		2	5,852
Total nonoperating revenues (expenses)	5,850	2,043	33	7,926
Income (loss) before transfers	(88,283)	(17,039)	(135,726)	(241,048)
Transfers in	87,000		67,200	154,200
NET INCOME (LOSS)	(1,283)	(17,039)	(68,526)	(86,848)
Change in net assets	(1,283)	(17,039)	(68,526)	(86,848)
Total net assets - beginning	106	583,478	192,226	775,810
Total net assets - ending	(\$1,177)	\$566,439	\$123,700	\$688,962

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

City of Treasure Island, Florida
Combining Statement of Cash Flows
Non Major Enterprise Funds
Fiscal year ended September 30, 2003

	Transit System	Stormwater Management	Recreation Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$20,477	\$158,799	\$181,254	\$360,530
Payments to suppliers	(107,696)	(82,327)	(49,728)	(239,751)
Payments to employees	0	(74,103)	(195,903)	(270,006)
Net cash provided by (used in) operating activities	(87,219)	2,369	(64,377)	(149,227)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to (from) other funds	87,000		67,200	154,200
Net cash provided (used) by noncapital financing activities	87,000	0	67,200	154,200
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	5,850			5,850
Net cash used for capital and related financing activities	5,850	0	0	5,850

This statement continues on the following page.

City of Treasure Island, Florida
Combining Statement of Cash Flows
Non Major Enterprise Funds
Fiscal year ended September 30, 2003

	Transit System	Stormwater Management	Recreation Center	Total
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	(11,258)	(200,551)	(8,129)	(219,938)
Proceeds from sale and maturities of investment securities	8,780	253,189	7,563	269,532
Investment Earnings		2,043	31	2,074
Net cash provided by (used in) investing activities	(2,478)	54,681	(535)	51,668
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,153	57,050	2,288	62,491
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23	34,538	448	35,009
END OF YEAR	\$3,176	\$91,588	\$2,736	\$97,500
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(\$94,133)	(\$19,082)	(\$135,759)	(248,974)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		22,611	30,962	53,573
Miscellaneous revenues (expenses)			2	2
Change in assets and liabilities:				
(Increase) Decrease in Accts receivable		(257)		(257)
Increase (Decrease) in Accts payable	6,914	(903)	41,226	47,237
Increase (Decrease) in Cash w/agent				0
(Increase) Decrease in Inventories			(808)	(808)
Total adjustments	6,914	21,451	71,382	99,747
Net cash provided (used) by operating activities	(\$87,219)	\$2,369	(\$64,377)	(\$149,227)

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

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

City of Treasure Island, Florida

Capital Assets Used in the Operation of Governmental Funds

Schedules by Source

(1)

September 30, 2003

Governmental funds capital assets:

Land	\$3,546,244
Building	1,245,456
Other improvements	5,557,890
Machinery and equipment	2,955,412
Construction In Progress	38,755

Total governmental funds capital assets	\$13,343,757
	=====

Investments in governmental funds capital assets by source:

General fund	\$11,901,848
Capital projects funds	1,224,527
Special assessment fund	217,382

Total governmental funds capital assets	\$13,343,757
	=====

(1) This schedule presents only the capital asset balances related to governmental funds.

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City of Treasure Island, Florida

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

(1)

September 30, 2003

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery And Equipment	Construction In Progress	Total
GENERAL GOVERNMENT						
City Commission	\$	\$	\$	\$23,961	\$	\$23,961
Legal						0
Administration	1,424,236		286,234	158,962		1,869,432
Personnel						0
Finance				49,340		49,340
Other - Unclassified	748,950	758,372	2,303,396	1,267,382		5,078,100
Total - General Government	2,173,186	758,372	2,589,630	1,499,645		7,020,833
PUBLIC SAFETY						
Fire			36,106	484,744		520,850
Police			77,219	231,237		308,456
Marine Patrol				96,429		96,429
Community Improvement				56,162		56,162
Total Public Safety			113,325	868,572		981,897
PUBLIC WORKS						
Equipment and Vehicle maintenance				17,259		17,259
Beautification				102,868		102,868
Transit				121,998		121,998
Municipal Facilities			2,407,512	302,233	38,755	2,748,500
Total Public Works			2,407,512	544,358	38,755	2,990,625
CULTURE AND RECREATION	1,373,058	487,084	447,423	42,837		2,350,402
Total Governmental Funds Capital Assets	\$3,546,244	\$1,245,456	\$5,557,890	\$2,955,412	\$38,755	\$13,343,757

(1) This schedule presents only the capital asset balances related to governmental funds.

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City of Treasure Island, Florida

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes By Function and Activity

(1)

For the fiscal year ended September 30, 2003

Function and Activity	Governmental Funds Capital Assets 10/1/2002	Additions	Deletions	Governmental Funds Capital Assets 9/30/2003
GENERAL GOVERNMENT				
City Commission	\$23,961	\$	\$	\$23,961
Legal	0			0
Administration	1,869,432			1,869,432
Personnel	0			0
Finance	49,340			49,340
Other - Unclassified	5,078,100			5,078,100
Total General Government	7,020,833	0	0	7,020,833
PUBLIC SAFETY				
Fire	408,879	111,971		520,850
Police	231,995	118,630	42,169	308,456
Marine Patrol	88,208	8,221		96,429
Community Improvement	56,162			56,162
Total Public Safety	785,244	238,822	42,169	981,897
PUBLIC WORKS				
Equipment and Vehicle maintenance	17,259			17,259
Beautification	81,963	20,905		102,868
Transit	121,998			121,998
Municipal Facilities	2,169,247	593,077	13,824	2,748,500
Total Public Works	2,390,467	613,982	13,824	2,990,625
CULTURE AND RECREATION	2,240,936	109,466		2,350,402
Total Governmental Funds Capital Assets	\$12,437,480	\$962,270	\$55,993	\$13,343,757

(1) This schedule presents only the capital asset balances related to governmental funds.

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OTHER SUPPLEMENTARY SCHEDULES

The following supplementary schedules are presented to provide greater detailed information than reported in the preceding financial statements. These schedules are not necessary for a fair presentation in conformity with Generally Accepted Accounting Principles.

City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Police Training Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures:				
Police Education	\$4,000	\$4,000	\$5,502	\$1,502
Miscellaneous:				
Investment Earnings	100	\$100	78	(22)
Total Revenues	4,100	4,100	5,580	1,480
EXPENDITURES				
Current:				
Public safety	19,100	25,300	23,998	1,302
Total Expenditures	19,100	25,300	23,998	1,302
Excess (deficiency) of revenues over (under) expenditures	(15,000)	(21,200)	(18,418)	2,782
Other Financing Sources				
Transfers in	15,000	15,000	20,000	5,000
Total other financing sources	15,000	15,000	20,000	5,000
Excess (deficiency) of revenues and other sources over (under) expenditures	0	(6,200)	1,582	7,782
Fund Balance - Beginning	8,814	8,814	8,814	
Fund Balance - Ending	\$8,814	2,614	\$10,396	\$7,782

City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
County Gas Tax Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
County Gas Tax	\$67,500	\$67,500	\$68,224	\$724
Miscellaneous:				
Investment Earnings	5,000	\$5,000	2,814	(2,186)
Total Revenues	72,500	72,500	71,038	(1,462)
EXPENDITURES				
Current:				
Public works	110,000	110,000	136,526	(26,526)
Total Expenditures	110,000	110,000	136,526	(26,526)
Excess (deficiency) of revenues over (under) expenditures	(37,500)	(37,500)	(65,488)	(27,988)
Fund Balance - Beginning	208,697	208,697	208,697	
Fund Balance - Ending	\$171,197	\$171,197	\$143,209	(\$27,988)

City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Transportation Trust Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Transportation impact fees	10,000	\$10,000	1,772	(8,228)
Investment Earnings	2,000	\$2,000	2,323	323
Grant Revenue	140,000	\$140,000	0	(140,000)
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Total Revenues	152,000	152,000	4,095	(147,905)
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EXPENDITURES				
Capital Outlay	350,000	350,000	133,576	216,424
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Total Expenditures	350,000	350,000	133,576	216,424
<hr style="border-top: 1px dashed black;"/>				
Excess (deficiency) of revenues over (under) expenditures	(198,000)	(198,000)	(129,481)	68,519
<hr style="border-top: 1px dashed black;"/>				
Fund Balance - Beginning	225,367	225,367	225,367	
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Fund Balance - Ending	\$27,367	\$27,367	\$95,886	\$68,519
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City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Public Works Equipment Sinking Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Investment Earnings	3,000	\$3,000	1,157	(1,843)
Total Revenues	3,000	3,000	1,157	(1,843)
EXPENDITURES				
Capital Outlay	23,550	23,550	20,905	2,645
Total Expenditures	23,550	23,550	20,905	2,645
Excess (deficiency) of revenues over (under) expenditures	(20,550)	(20,550)	(19,748)	802
Fund Balance - Beginning	103,775	103,775	103,775	
Fund Balance - Ending	\$83,225	\$83,225	\$84,027	\$802

City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Beach Improvement Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services:				
Parking meters/permits	\$54,000	\$54,000	\$75,075	\$21,075
Other charges for services	3,500	3,500	\$7,104	3,604
Fines and forfeitures:				
Parking fines	30,000	30,000	43,605	13,605
Miscellaneous:				
Investment Earnings	25,000	25,000	7,535	(17,465)
Total Revenues	112,500	112,500	133,319	20,819
EXPENDITURES				
Current:				
Public Works	197,550	197,550	170,162	27,388
Total Expenditures	197,550	197,550	170,162	27,388
Excess (deficiency) of revenues over (under) expenditures	(85,050)	(85,050)	(36,843)	48,207
Fund Balance - Beginning	640,977	640,977	640,977	
Fund Balance - Ending	\$555,927	\$555,927	\$604,134	\$48,207

City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
EMS Equipment Sinking Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
EMS Funding	\$18,400	\$18,400	\$21,504	\$3,104
Grants	0	0	54,340	54,340
Miscellaneous:				
Investment Earnings	2,000	2,000	408	(1,592)
Contributions	0	0	6,039	6,039
Total Revenues	20,400	20,400	82,291	61,891
EXPENDITURES				
Current:				
Public safety	0	105,000	78,463	26,537
Capital Outlay	12,000	12,000	37,280	(25,280)
Total Expenditures	12,000	117,000	115,743	1,257
Excess (deficiency) of revenues over (under) expenditures	8,400	(96,600)	(33,452)	63,148
Other Financing Sources				
Transfers in	16,000	16,000	17,308	1,308
Total other financing sources	16,000	16,000	17,308	1,308
Excess (deficiency) of revenues and other sources over (under) expenditures	24,400	(80,600)	(16,144)	64,456
Fund Balance - Beginning	65,423	65,423	65,423	
Fund Balance - Ending	\$89,823	(15,177)	\$49,279	\$64,456

City of Treasure Island, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Police Contraband Forfeiture Fund
For the Fiscal Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures:				
Contraband forfeitures	\$0	\$0	\$9,590	\$9,590
Miscellaneous:				
Investment Earnings	500	500	76	(424)
Total Revenues	500	500	9,666	9,166
EXPENDITURES				
Current:				
Public safety	12,000	14,000	16,910	(2,910)
Total Expenditures	12,000	14,000	16,910	(2,910)
Excess (deficiency) of revenues over (under) expenditures	(11,500)	(13,500)	(7,244)	6,256
Fund Balance - Beginning	8,674	8,674	8,674	
Fund Balance - Ending	(\$2,826)	(\$4,826)	\$1,430	\$6,256

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III. STATISTICAL SECTION

STATISTICAL SECTION

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect social and economic data, and financial trends of the government.

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS
	-----	-----	-----
1994	\$763,588	\$1,774,310	\$803,669
1995	715,794	1,946,893	957,392
1996	663,383	2,014,770	950,249
1997	714,292	2,144,310	988,014
1998	801,429	2,309,221	1,094,827
1999	967,745	2,367,023	1,064,285
2000	854,163	2,428,151	1,041,936
2001	949,201	2,730,759	1,104,809
2002	1,010,571	2,911,268	3,182,211
2003	1,100,764	3,174,864	1,510,473

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

CULTURE & RECREATION	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
-----	-----	-----	-----
\$226,185	\$38,844	-0-	\$3,606,596
221,654	225,535	-0-	4,067,268
261,642	109,725	-0-	3,999,769
294,706	1,590,516	-0-	5,731,838
298,198	361,689	-0-	4,865,364
334,787	172,243	-0-	4,906,083
375,294	922,976	-0-	5,622,520
370,106	2,364,286	-0-	7,519,161
432,075	1,109,838	-0-	8,645,963
469,904	871,609	-0-	7,127,614

CITY OF TREASURE ISLAND, FLORIDA
FINANCIAL STATISTICS
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

	TAXES -----	LICENSES & PERMITS -----	INTER- GOVERNMENTAL REVENUE -----
1994	\$2,289,596	\$78,210	\$818,809
1995	2,352,142	75,110	841,485
1996	2,470,214	99,290	844,111
1997	2,468,732	130,249	846,783
1998	2,579,590	126,805	897,627
1999	3,097,870	167,237	953,480
2000	3,167,827	162,882	951,018
2001	3,373,748	181,998	972,298
2002	3,958,403	247,858	983,076
2003	4,147,362	291,389	996,572

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

CHARGES FOR SERVICE	FINES & FORFEITURES	MISCELLANEOUS REVENUE	TOTAL
-----	-----	-----	-----
\$736,700	\$162,568	\$163,294	\$4,249,177
755,406	185,199	233,907	4,443,249
759,543	175,466	298,313	4,646,937
788,152	175,769	272,738	4,682,423
779,756	184,025	218,509	4,786,312
789,702	166,392	181,890	5,356,571
786,070	166,768	319,413	5,553,978
815,449	192,484	1,761,774	7,297,751
1,001,289	178,366	498,304	6,867,296
1,098,431	151,911	170,267	6,855,932

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CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

	TOTAL TAXES	AD VALOREM TAXES	SALES TAXES		FRANCHISE TAXES	UTILITY SERVICE TAXES
	-----	-----	-----		-----	-----
1994	\$2,289,596	\$921,926	\$404,070	(2)	\$531,431	\$432,169
1995	2,352,142	925,749	437,596	(2)	541,945	446,852
1996	2,470,214	929,841	461,542	(2)	586,611	492,220
1997	2,468,732	933,523	486,618	(2)	577,514	471,077
1998	2,579,590	946,752	537,135	(2)	602,144	493,559
1999	3,097,870	1,420,296	564,334	(2)	613,110	500,130
2000	3,167,827	1,462,116	601,663	(2)	614,015	490,033
2001	3,373,748	1,586,253	611,881	(2)	680,709	494,905
2002	3,958,403	2,043,204	616,698	(2)	643,695	654,806
2003	4,147,362	2,328,963	624,190	(2)	533,156	661,053

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

(2) The local option sales tax was implemented in 1990 and was due to expire in 2000. A county-wide referendum in 1997 extends the tax until 2010.

CITY OF TREASURE ISLAND, FLORIDA
FINANCIAL STATISTICS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDING -----	TAX LEVY -----	CURRENT TAX COLLECTIONS -----	PERCENT OF LEVY COLLECTED -----
1994	\$950,230	\$919,087	96.7%
1995	954,588	923,242	96.7%
1996	959,857	928,757	96.8%
1997	963,454	932,187	96.8%
1998	978,617	945,351	96.6%
1999	1,464,646	1,415,909	96.7%
2000	1,502,291	1,459,384	97.1%
2001	1,609,612	1,582,945	98.3%
2002	2,090,724	2,042,079	97.7%
2003	2,362,898	2,327,491	98.5%

DELINQUENT TAX COLLECTIONS -----	TOTAL TAX COLLECTIONS -----	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY -----
\$2,839	\$921,926	97.0%
2,507	925,749	97.0%
1,084	929,841	96.9%
1,336	933,523	96.9%
1,401	946,752	96.7%
4,387	1,420,296	97.0%
2,732	1,462,116	97.3%
3,308	1,586,253	98.5%
1,125	2,043,204	97.7%
1,472	2,328,963	98.6%

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

**ASSESSED VALUE, EXEMPTIONS AND
ESTIMATED ACTUAL VALUE
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)**

	GOVERNMENTAL EXEMPT	INSTITUTIONAL EXEMPT	DISABILITY EXEMPT	WIDOW(ER)S' EXEMPT	(1) OTHER EXEMPT
1994	\$135,225	\$2,233	\$1,893	\$154	\$5
1995	135,293	3,646	1,516	158	6
1996	138,834	3,691	1,867	151	7
1997	138,535	3,545	1,794	149	6
1998	138,769	3,571	1,893	143	0
1999	138,837	3,643	1,836	144	0
2000	139,437	3,663	1,724	147	0
2001	139,740	3,856	1,471	145	0
2002	142,962	3,870	1,728	140	0
2003	147,566	4,388	2,072	143	0

NOTES: (1) Other includes Inventory Exemptions, County Held Certificates and Energy Service Exemptions.

(2) Beginning with 1996, tax roll increases on homestead properties were capped at the rate of inflation, not to exceed 3%.

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

CONSTITUTIONAL TAX EXEMPT	(2) ASSESSMENT DIFFERENTIAL VALUE OF CAPPED PARCELS	TAXABLE ASSESSED VALUE	JUST VALUE	ESTIMATED MARKET VALUE	RATIO OF JUST VALUE TO MARKET VALUE
\$56,677	\$0	\$587,577	\$783,764	\$922,075	85%
57,188	0	607,399	805,206	947,301	85%
56,842	5,193	622,072	828,657	974,891	85%
57,131	5,396	630,863	837,419	985,199	85%
56,948	5,748	640,792	847,864	997,487	85%
58,182	16,529	657,618	876,789	1,031,516	85%
58,876	19,620	674,520	897,987	1,056,455	85%
59,517	41,332	722,707	968,768	1,139,727	85%
59,698	84,287	795,799	1,088,484	1,280,569	85%
60,043	153,373	899,398	1,266,983	1,490,568	85%

CITY OF TREASURE ISLAND, FLORIDA
FINANCIAL STATISTICS
PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	CITY	SCHOOL DISTRICT	COUNTY	TOTAL
TAX RATES (IN MILLS)				
1994	1.6172	9.0820	7.7231	18.4223
1995	1.5716	9.3590	8.0218	18.9524
1996	1.5430	9.3290	7.9221	18.7941
1997	1.5272	9.1760	7.9071	18.6103
1998	1.5272	9.1330	7.9071	18.5673
1999	2.2272	9.1100	7.9071	19.2443
2000	2.2272	8.6660	8.1582	19.0514
2001	2.2272	8.4330	8.4072	19.0674
2002	2.6272	8.4870	8.4572	19.5714
2003	2.6272	8.4490	8.4572	19.5334
TAX LEVIES				
1994	950,230	5,336,374	4,537,916	10,824,520
1995	954,588	5,684,647	4,872,433	11,511,669
1996	959,857	5,803,310	4,928,117	11,691,283
1997	963,454	5,788,799	4,988,297	11,740,550
1998	978,617	5,852,351	5,066,804	11,897,772
1999	1,464,646	5,990,898	5,199,849	12,655,393
2000	1,502,291	5,845,390	5,502,869	12,850,550
2001	1,609,612	6,094,586	6,075,940	13,780,138
2002	2,090,724	6,753,949	6,730,234	15,574,907
2003	2,362,898	7,599,014	7,606,389	17,568,301

SOURCE: Pinellas County Property Appraiser's Office

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

SPECIAL ASSESSMENT COLLECTIONS

	CURRENT ASSESSMENTS DUE	CURRENT ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNTS DUE	TOTAL OUTSTANDING ASSESSMENTS
1994	\$535	\$535	100.00%	0
1995	0	0	N/A	0
1996	0	0	N/A	0
1997	0	0	N/A	0
1998	0	0	N/A	0
1999	0	0	N/A	0
2000	0	0	N/A	0
2001	0	0	N/A	0
2002	0	0	N/A	0
2003	0	0	N/A	0

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

**COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2003**

LEGAL DEBT MARGIN - TOTAL DEBT (1)

Assessed Taxable Valuation - 2002 (2)		\$899,398,010

Debt Limit-3.5% of Assessed Valuation		31,478,930
Amount of Debt Applicable to Debt Limit:		
State of Florida Sewer Revenue Bond	\$110,000	
Sewer G.O. Bond 1977	0	110,000

LEGAL DEBT MARGIN		31,368,930

LEGAL DEBT MARGIN - ANNUAL DEBT (1)

Revenues Applicable to Debt Limit		
Total City Revenues		14,994,161
Less: State Revenue Sharing	151,262	
Causeway Revenue	4,458,746	4,610,008

Total Revenues Applicable to Debt Limit:		10,384,153
Debt Limit: 20% of Total Revenues		2,076,831
Annual Debt Service Applicable to Debt Limit		
Debt Service Fund Appropriations		32,660

LEGAL DEBT MARGIN		\$2,044,171

NOTES: (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 2002-2003 were based on the assessment roll for 2002.

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

**RATIO OF GENERAL OBLIGATION DEBT SERVICE
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS**

	DEBT SERVICE REQUIREMENTS			GENERAL FUND EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
	PRINCIPAL	INTEREST	TOTAL		
1994	(1)				
1995	(1)				
1996	(1)				
1997	(1)				
1998	(1)				
1999	(1)				
2000	(1)				
2001	(1)				
2002	(1)				
2003	(1)				

NOTES: In years subsequent to 1987, all general obligation debt of the City is being repaid through revenues of the Water Pollution Control Enterprise Fund without the use of any ad valorem tax proceeds.

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CITY OF TREASURE ISLAND, FLORIDA
FINANCIAL STATISTICS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2003

Not Applicable

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

**REVENUE BOND COVERAGE
CAUSEWAY FUND
LAST TEN FISCAL YEARS**

	GROSS REVENUE	EXPENSE (1)	NET REVENUE AVAILABLE FOR DEBT SERVICE
	-----	-----	-----
1994	\$1,678,329	\$721,577	\$956,752
1995	1,924,366	912,444	1,011,922
1996	1,966,835	884,984	1,081,851
1997	1,958,345	944,405	1,013,940
1998	1,996,300	836,982	1,159,318
1999	1,951,481	935,167	1,016,314
2000	2,055,116	998,950	1,056,166
2001	2,358,175	1,085,443	1,272,732
2002	1,859,804	1,158,263	701,541
2003	4,458,746	1,246,174	3,212,572

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

DEBT SERVICE REQUIREMENTS

PRINCIPAL	INTEREST	TOTAL	COVERAGE
\$180,000	\$103,544	\$283,544	3.37
190,000	94,356	284,356	3.56
195,000	82,921	277,921	3.89
205,000	71,377	276,377	3.67
215,000	58,661	273,661	4.24
230,000	44,546	274,546	3.70
240,000	29,106	269,106	3.92
255,000	11,534	266,534	4.78
0	0	0	n/a
0	0	0	n/a

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

**REVENUE BOND COVERAGE
WATER POLLUTION CONTROL FUND
LAST TEN FISCAL YEARS**

	GROSS REVENUE	EXPENSE (1)	NET REVENUE AVAILABLE FOR DEBT SERVICE
	-----	-----	-----
1994	\$1,368,840	\$1,007,532	\$361,308
1995	1,428,180	1,021,861	406,319
1996	1,445,791	1,091,742	354,049
1997	1,482,958	1,203,868	279,090
1998	1,435,293	1,311,179	124,114
1999	1,398,811	1,554,874	(156,063)
2000	1,446,838	1,730,935	(284,097)
2001	1,725,328	1,758,290	(32,962)
2002	1,956,740	1,190,134	766,606
2003	2,003,158	1,428,326	574,832

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

DEBT SERVICE REQUIREMENTS

PRINCIPAL	INTEREST	TOTAL	COVERAGE
\$15,000	\$15,713	\$30,713	\$12
15,000	15,300	30,300	13.41
15,000	14,063	29,063	12.18
15,000	13,237	28,237	9.88
17,500	12,413	29,913	4.15
20,000	11,450	31,450	(4.96)
10,000	10,350	20,350	(13.96)
20,000	9,240	29,240	(1.13)
30,000	9,270	39,270	19.52
25,000	7,560	32,560	17.65

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

**DEMOGRAPHIC STATISTICS
POPULATION FROM 1960 TO 2000**

YEAR (1)	POPULATION (CENSUS)	PERCENT INCREASE (DECREASE)
1960	3,506	-----
1970	6,120	74.6
1980	6,316	3.2
1990	7,568	19.8
2000	7,450	(1.6)

POPULATION ESTIMATES FROM 2001 THROUGH 2009 (2)

YEAR	POPULATION ESTIMATE	PERCENT INCREASE (DECREASE)
2001	7,471	0.3
2002	7,503	0.4
2003	7,508	0.1
2004		
2005		
2006		
2007		
2008		
2009		

NOTES:

- (1) The City was incorporated on May 3, 1955. Data prior to 1960 is unavailable.
- (2) University of Florida, Bureau of Economic & Business Research

CITY OF TREASURE ISLAND

FINANCIAL STATISTICS

**PROPERTY VALUE, CONSTRUCTION
AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(IN THOUSAND OF DOLLARS)**

	JUST PROPERTY VALUE (1)	BUILDING PERMIT VALUE (2)	COMMERCIAL BANK DEPOSITS (3)	SAVINGS BANK DEPOSITS (4)
	-----	-----	-----	-----
1994	\$783,764	\$6,034	\$90,000	N/A
1995	805,206	5,203	90,472	N/A
1996	828,657	4,895	49,857	15,835
1997	837,419	5,863	80,245	N/A
1998	847,864	2,152	84,367	N/A
1999	876,789	4,578	71,900	N/A
2000	897,987	5,423	75,850	N/A
2001	968,768	20,286	81,964	N/A
2002	1,088,484	22,378	90,768	N/A
2003	1,266,983	37,823	91,628	N/A

NOTES: (1) Pinellas County Property Appraiser's Office.

(2) City of Treasure Island, Community Improvement Department.

(3) Includes, for current year, Bank of America and Southern Exchange.

(4) "N/A" indicates no Savings Bank Deposits for that year.

**CITY OF TREASURE ISLAND, FLORIDA
FINANCIAL STATISTICS
SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2003**

TYPE OF POLICY	PROVIDER	TYPE OF COVERAGE
Worker's Compensation	Florida Municipal Insurance Trust	Provisions of Florida's Worker's Compensation Act.
Comprehensive General	Trust	Contractual liability, incidental malpractice, personal injury, comprehensive automobile, police liability, errors & omissions, ambulance drivers' malpractice and athletic participation liability.
Property Insurance	"	Fire, extended coverages, vandalism and malicious mischief, special office contents on all buildings and contents, physical damage to automobiles.
Police & Fire Accident	"	Accidental death, disability and bodily injury sustained while Police Officer or Fire Fighter is acting in an official capacity for the City.
Windstorm & Flood	Florida Windstorm Underwriting	Peril of windstorm & flood on property and contents of building.
Underground Storage Tank Liability	Commerce & Industry	Accidental leakage from underground fuel tanks. Provides participation in State of Florida Recovery Program
Bonds	Florida Municipal Insurance Trust	Honesty Blanket Bond

LIMITS OF COVERAGE	TERM OF POLICY	ANNUAL PREMIUM
Statutory - Florida's Worker's Compensation Act	10/1/2002 to 9/30/2003	\$355,098
\$5,000,000 combined single limit for bodily injury and property damage liability coverage.	10/1/2002 to 9/30/2003	224,358
Stated Value	10/1/2002 to 9/30/2003	28,157
\$25,000 - Accidental Death & Dismemberment \$75,000 - Homicide Death Benefit	10/1/2002 to 9/30/2003	2,003
Stated Value	10/1/2002 to 9/30/2003	38,665
\$1,000,000 Each Incident	7/27/2003 to 7/27/2004	1,722
Honesty Blanket Bond - \$10,000 Money & Securities - Loss inside/outside premises \$ 5,000 Tollbooth - \$ 6,500 Depositors' Forgery - \$10,000	10/1/2002 to 9/30/2003	*

* Included in Property Insurance Coverage.

CITY OF TREASURE ISLAND, FLORIDA**FINANCIAL STATISTICS****PRINCIPAL TAXPAYERS**

TOTAL CITY TAXABLE ASSESSED VALUE - 2002 (1) \$899,398,010

TAXPAYERS	TYPE OF BUSINESS	2000 TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Bilmar Hotel	Hotel	\$9,002,000	1.00%
Sand Pebble Resort	Hotel	\$7,421,000	0.83%
Agnes E. Rice Enterprises	Restaurant/Marina	\$6,172,400	0.69%
Holiday Inn	Hotel	\$6,097,100	0.68%
Ramada Inn	Hotel	\$5,300,000	0.59%
Thunderbird	Hotel	\$3,300,000	0.37%
Buccaneer Beach Resort	Hotel	\$3,299,200	0.37%
Richard M Slezak	Apartments	\$3,164,900	0.35%
Trail's End	Motel	\$2,700,000	0.30%
Best Western Treasure Island	Motel	\$2,500,000	0.28%

NOTES: (1) The 2002 assessment roll was the basis for ad valorem tax receipts received during 2002-2003.

SOURCE: Pinellas County Property Appraiser's Office.

CITY OF TREASURE ISLAND, FLORIDA

FINANCIAL STATISTICS

GENERAL INFORMATION

The City of Treasure Island, Florida is located in Pinellas County on the Gulf of Mexico approximately halfway down the west coast of Florida and due west of the mainland City of St. Petersburg. The City is bounded on the west by the Gulf of Mexico, on the north by John's Pass, on the east by Boca Ciega Bay and on the south by Blind Pass. Treasure Island encompasses approximately 1.3 square miles of land, or 840 acres.

Pinellas County is a peninsula bounded on the east by Tampa Bay and on the west by the Gulf of Mexico. It is the second smallest county in land area (179,314 acres), but the most densely populated (4.8 persons per acre) of all Florida counties.

Although a relatively small city, it is an active community of involved citizens who take a genuine interest in the social, business and governing aspects of their island. The City uses several volunteer boards and committees, such as the Planning and Zoning Board, the Personnel Advisory Board and the Library Trustees. Also, the Treasure Island Volunteer Fire Company is active and conducts an annual fund drive, returning funds and equipment to our fire department. The Treasure Islettes is a City-wide organization that contributes to the City's beautification department and funds a scholarship fund for local residents. Each of the City's five neighborhoods has an active civic association that works with the City to keep the neighborhoods at their best.

Warm and relatively humid summers and mild and relatively dry winters characterize the climate of Treasure Island. The annual average high temperature of 82.8 degrees and low of 62 degrees results in a mean average year-round temperature of 72.4 degrees. The weather is most cooperative, with an amazing 98.9% probability of sunshine year-round.

Treasure Island was officially incorporated on May 3, 1955, consolidating the smaller communities of Sunshine Beach, Boca Ciega, Sunset Beach and Treasure Island. The government is the Commission/Manager form with the Mayor being elected at large for a three year term and four commissioners elected by districts for staggered two year terms. The City Manager serves the city as full-time chief executive officer providing day-to-day administration of policies determined by the City Commission. The present charter was adopted March 7, 1978.

The City has all governmental corporate and proprietary powers to enable it to conduct municipal government, perform municipal functions, and provide municipal services contemplated by statute or charter. These services include police and marine patrol, fire, building inspection, public works, recreation, causeway operations, storm and wastewater management, solid waste disposal, transit system, and general administrative services.

Police: Protection of persons and property is efficiently provided by a well-staffed police department, supplied with modern vehicles and equipment. A brief summary of employees and equipment follows:

Employees	21 sworn 9 civilian 1 Reserve Officer
Vehicles	4 Marked cars 3 Unmarked cars 2 patrol boats 2 4-wheel Drive Beach Patrol 1 Crime Watch van

The Police Department has a ratio of one police officer for every 350 residents, which is consistent with the recommended F.B.I. standard of one officer per 500 residents, and has contributed to the historically low crime rate in the city. In addition a reserve officer who accompanies patrolling officers on a regular basis supplements the police force. The police department further maintains periodic boat patrol of the twenty-three miles of shoreline. The Department maintains a holding cell for temporary holding of arrestees.

Fire: The Fire Department provides fire protection and emergency medical services with combination paid and volunteer personnel. The fire protection rating for Treasure Island is ISO Class 4.

Emergency Medical Services, under contract with Pinellas County, provides Paramedics and EMT's for first response with transport provided by the County's Ambulance Contractor.

All Fire and EMS dispatching is consolidated through the 911 emergency communications centers

Employees	13 paid 20 Volunteer
Vehicles	1 1,000 GPM Pumper 1 1,250 GPM Pumper 1 Rescue Truck 1 Squad Truck 1 Chief's Truck

Community Improvement: The Community Improvement Department provides services to builders, contractors and the general public through permits, inspections and assistance in code and zoning information. The department further enforces codes and ordinances that require permitting and licensing.

Public Works: The Public Works Department consists of six divisions: Equipment and Vehicle Maintenance, Beautification, Municipal Facilities, Solid Waste, Stormwater Management and Water Pollution Control.

- 1) **Equipment and Vehicle Maintenance:** This division provides maintenance on all city equipment, which includes 430 refuse dumpsters, riding mowers, lawn mowers and fifty vehicles.
- 2) **Beautification:** This division maintains the grounds on the Treasure Island Causeway and the parks within the city. There is a total of fifteen acres of turf and park areas, two acres of shrubs and three acres of street ends maintained.
- 3) **Municipal Facilities:** This division maintains the streets owned by the city. These include 18.5 miles of paved, two lane streets, 1.6 miles of paved, four lane streets and .2 miles of unimproved street ends. Assisted by Water Pollution Control personnel, they also perform special projects as approved in the operating budget. Also located in this division is the administration of the Public Works Department.
- 4) **Solid Waste:** this division provides the solid waste collection system and pick-ups occur on a regular schedule. 10,644 tons of solid waste were generated by the 2,400 users in Treasure Island during 2002/2003, including 1,081 tons of yard waste, 439 tons of recyclable material and 9,124 tons of other solid waste. Four packer trucks (rear loading) and ten city employees accomplish this collection. Yard wastes are taken to a yard waste-to-mulch facility, recyclable materials are taken to a separation facility, and all other solid wastes are hauled to the Pinellas County Refuse-to-Energy Facility in St. Petersburg, which is a forty mile round-trip.
- 5) **Stormwater Management:** This division maintains the City's separate stormwater sewer system as mandated under the National Pollution Discharge Elimination System. They perform projects related to stormwater management including preventive maintenance such as street sweeping. They swept 672 miles of streets and cleaned 11,380 lineal feet of storm drains during the fiscal year.
- 6) **Water Pollution Control:** Public Works operates and maintains the City's sewer collection and distribution system. The collection system consists of 22.2 miles of various sized gravity lines and 495 manholes. The distribution system consists of 11.7 miles of force mains, 12 pump stations and a master pump station which pumps an average of 1.8 million gallons of sewage a day to the Northwest Treatment Plant in St. Petersburg. They also assist Municipal Facilities in special projects. Statistical data for this division follows:

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<u>FISCAL YEAR ENDED</u>	<u>GALLONS PROCESSED (IN MILLIONS)</u>	<u>LINES CLEANED (LINEAL FT)</u>
1994	559.77	54,726
1995	607.00	81,890
1996	543.78	87,185
1997	535.86	130,539
1998	555.88	150,548
1999	547.96	146,880
2000	664.50	88,253
2001	542.92	47,261
2002	547.06	44,615
2003	577.33	53,991

Recreation: Recreational facilities and open space are of the utmost importance to the City of Treasure Island. The City is a resort and retirement community with a local economy which is heavily oriented to the service industries. This tourist and service industry is almost totally dependent upon access to recreation. Over 200 acres within Treasure Island are devoted to both active and passive recreation activities. These are summarized as follows.

<u>TYPE OF FACILITY</u>	<u>SIZE</u>	<u>REMARKS</u>
Rosselli Park	1.9 acres	Softball & Little League baseball field, tennis courts, playground, basketball hoop, pedestrian path, restrooms and a concession building.
City Hall Auditorium	4,500 sq. ft.	Operates as a shared facility with the City's Administrative Services.
T.I. Community Ctr. & Park	9,000 sq. ft. 3.5 acres	Operates as an all-purpose facility Jogging course, pavilion, open space & Community Center.
Treasure Bay	17.5 acres	Public facilities with tennis courts and Par 3 golf course.
Boat Landing Facilities	N/A	Primarily at street ends, they provide access to the water surrounding the city.
Public Beach	181 acres	The City's major recreational attraction, includes a beach sidewalk.
Municipal Marina	N/A	14 leased slips.
Isle of Palms Park	.25 acre	Playground and bocce ball.
T. I. Beach Pavilion	1.3 acres	City-owned Beach front.

In addition to the active recreational facilities as identified, there is also provision for more passive recreational pursuits. These passive pursuits are managed by the Recreation Department and range from physical education classes, such as aerobics, to cultural activities, such as the Art Guild. The recreational opportunities thus offered provide a broad range of opportunity and take place throughout the day and evening.

Causeway Operations: The City of Treasure Island owns, operates and maintains a causeway which spans Boca Ciega Bay between the City and St. Petersburg. Originally constructed in 1939, this causeway provides primary access to the city from the mainland. A ten-year history of vehicles passing over the bridge and number of bridge openings follows:

<u>FISCAL YEAR ENDING</u>	<u>VEHICLES PASSING</u>	<u>BRIDGE OPENINGS</u>
1994	6,221,797	11,105
1995	6,424,387	10,209
1996	6,862,200	9,899
1997	6,613,604	10,413
1998	6,251,725	10,315
1999	6,251,013	12,028
2000	6,120,566	12,758
2001	6,042,796	12,025
2002	6,113,558	12,844
2003	5,923,997	12,869

Transit System:

The Suncoast Beach Trolley is operated by the Pinellas Suncoast Transit Authority and serves all of the beach communities in Pinellas County. It allows passengers to travel from the southern tip of Pass-A-Grille Beach to Sand Key. The trolley has been in operation since December 31, 2000 and has proven itself very popular with residents and tourists alike.

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