

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF VENICE, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

**PREPARED BY THE
OFFICE OF THE FINANCE DIRECTOR**

**Jeff Snyder, CPA
FINANCE DIRECTOR**



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ORGANIZATIONAL CHART**



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City of Venice, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

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March 5, 2009

Honorable Mayor, City Council, and Citizens of the City of Venice, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Venice, Florida (City) for the fiscal year ended September 30, 2008. The purpose of this report is to provide the City Council, citizens, representatives of financial institutions and others with detailed information concerning the financial condition and performance of the City of Venice. In addition, the report provides assurance that the City presents fairly, in all material respects, its financial position as verified by independent auditors.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principals (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by CPA Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
March 5, 2009

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

PROFILE OF THE GOVERNMENT

The City, incorporated during 1927, is located in Sarasota County, the southwestern part of the state. Venice, well known for its beautiful beaches, enjoys a semi-tropical climate with an average summer temperature of 83.5 degrees, and an average winter temperature of 63.6 degrees. The City currently occupies a land area of 16.73 square miles and serves a population of 22,149 (2008 estimated population). The City is empowered to levy a property tax on real property and personal property located within its boundaries. The City is also empowered by state statutes to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in a city council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve three-year staggered terms, with two council members elected every year. The mayor is elected to serve a three-year term. The mayor and the council members are elected at large.

The City provides a full range of services that include public safety, the construction and maintenance of streets and other infrastructure, solid waste services and recreational activities and cultural events. The City also provides utilities for water, wastewater, and storm water.

Public safety includes police protection and fire protection. Police protection is provided through the Police Department, which includes 53 authorized police officers. The City's Fire Department operates 3 fire stations and has 43 firefighters and officers.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to July 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for the general fund as part of the basic financial statements.

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
March 5, 2009

LOCAL ECONOMY

The City currently faces the same economic environment as the rest of the nation. The slow down in the economy and local indicators point to a significant slow down in new housing construction while home sales have plummeted. The economy of the City and Sarasota County is a blend of tourist and retirement industries, related service industries, light manufacturing and construction. The number of tourists visiting the County exceeds one million annually.

The combination of cultural and recreational facilities, together with the continuing expansion of programs and facilities makes Venice and Sarasota County an ideal retirement area. Retirees contribute an important stabilizing effect on the City's economy since their incomes are affected very little by the cyclical nature of the economy and by unemployment levels.

The population of Venice has steadily increased over the past eight years from 17,764 in 2001 to 22,149 as of January 1, 2009 (estimated). The population increase is due primarily to net migration versus natural increases. The taxable value on real property decreased 16.3 percent during the year. This trend has slowed considerably as the national housing market experiences a down turn. In Sarasota County housing prices have continued to fall and are estimated to be at 2002 prices. This will impact the fiscal year 2009-2010 operations.

LONG-TERM FINANCIAL PLANNING

The City uses a five-year model for long-range planning in the general fund and all enterprise funds. The plans, including a five-year capital improvement plan, are updated annually. The City Council's main objectives are: A) To preserve the quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, B) To respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect the City's financial well being, C) To protect the City from emergency fiscal crisis by ensuring the maintenance of service even in the event of an unforeseen occurrence, and D) To maintain a strong credit rating in the financial community through sound, conservative financial decision-making.

Additionally the City Council has established a preference for a pay-as-you-go financing as a significant capital financing source, but will ultimately determine the most appropriate financing structure for each capital project on an individual basis after examining all relevant factors of the project. Fund balances in excess of required debt and other continuing obligations may be used as a capital source for pay-as-you-go financing.

MAJOR INITIATIVES

The City is re-writing the Comprehensive Plan which provides the direction and guidance enabling Venice to maintain and enhance those attributes that make the City a desirable place to live, work, learn and play. The Comprehensive Plan, which is updated every 7 years, is designed to preserve and enhance the public health, safety and welfare through the management of growth, provision of adequate public services and the protection of natural resources. The Comprehensive Plan includes goals, objectives and policies for each of the State required elements including, land use, housing, transportation, utilities, and environmental issues for a 20

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
March 5, 2009

year planning horizon. Some of the elements contain level of service standards requiring that development be managed to maintain the adopted standard (concurrency). The Comprehensive Plan also plays a significant role within Florida's growth management system. It is required to be consistent with the State Comprehensive Plan (Chapter 187, Florida Statutes), and to be consistent with the Regional and Sarasota County Comprehensive Plans.

The City of Venice has begun an update to the Venice Municipal Airport Master Plan. The Airport Master Plan Update is an opportunity for the City of Venice City Council and the community to develop a consensus regarding the future of the Airport. During the process the community will be able to express their concerns and discuss issues regarding the future of the Airport. The Airport Master Plan Update process will continue into fiscal year 2009 in order to provide the community greater opportunities for input.

AWARDS AND ACKNOWLEDGEMENTS

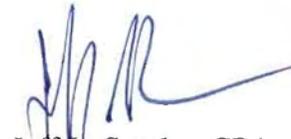
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Venice for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the twenty second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible 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 departments who assisted with and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their support for maintaining the highest standards of professionalism in the management of the City of Venice's finances.

Respectfully submitted,


Isaac D. Turner
City Manager


Jeff L. Snyder, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Venice
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



President

Executive Director

**CITY OF VENICE, FLORIDA
COUNCIL-MANAGER FORM OF GOVERNMENT**

**CITY COUNCIL
ED MARTIN, MAYOR**

**SUE LANG, VICE MAYOR
THOMAS “KIT” MCKEON
JOHN MOORE**

**ERNEST ZAVODNYIK
JOHN SIMMONDS, SR.
VICKI NOREN-TAYLOR**

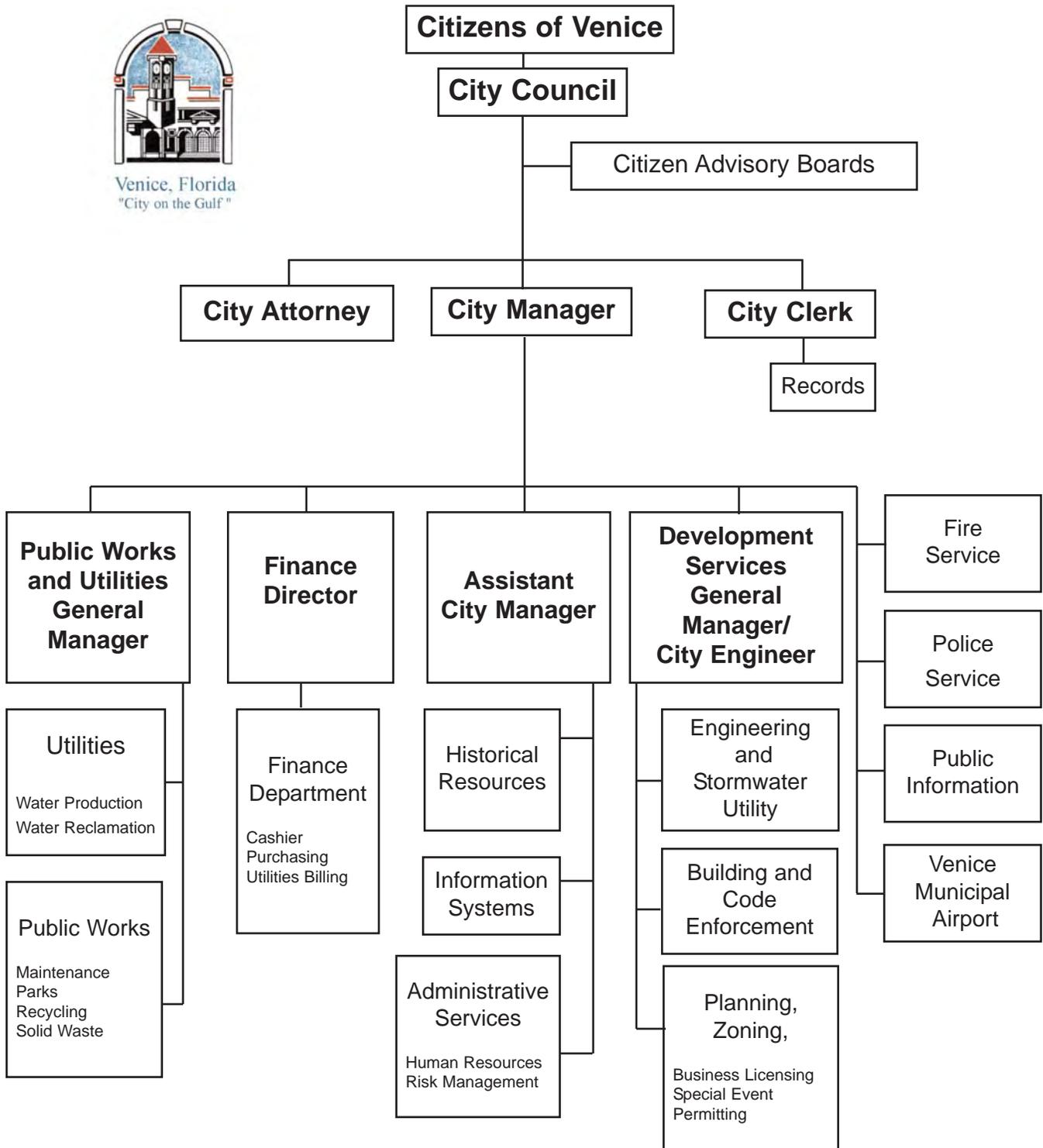
**INTERIM CITY MANAGER
DR. NANCY K. WOODLEY, PE**

**FINANCE DIRECTOR
JEFF SNYDER, CPA**

**CITY CLERK
LORI STELZER, MMC**

**CITY ATTORNEY
Hall & Anderson**

CITY OF VENICE ORGANIZATIONAL CHART





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FINANCIAL SECTION

- ◆ **INDEPENDENT AUDITOR'S REPORT**

- ◆ **MANAGEMENT'S DISCUSSION AND ANALYSIS**

- ◆ **BASIC FINANCIAL STATEMENTS**

- ◆ **FUND FINANCIAL STATEMENTS**

- ◆ **NOTES TO BASIC FINANCIAL STATEMENTS**

- ◆ **COMBINING FUND
STATEMENTS AND SCHEDULES**



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Venice, 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 Venice, Florida, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Venice's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Venice Firefighters' Pension Fund, which represent 23.3 percent, 24.3 percent, and .31 percent, respectively, of the assets, net assets/fund balances and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the other opinion units, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 Venice, Florida, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2009 on our consideration of the City of Venice's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The required supplementary information required by Governmental Accounting Standards Board Statements 25 and 27 on page 75 is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

CPA Associates

Bradenton, Florida
March 5, 2009

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2008
(unaudited)

As management of the City of Venice, Florida (City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008.

We encourage readers of these financial statements to consider the information included in the transmittal letter and in the other sections of the Comprehensive Annual Financial Report (CAFR) e.g., combining statements and the statistical section in conjunction with this discussion and analysis.

Financial Highlights

These financial highlights summarize the City's financial position and operations as presented in more detail in the Basic Financial Statements (BFS), as listed in the accompanying Table of Contents.

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$160.8 million (net assets). Of this amount, nearly \$27 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$12 million, or 16.5 percent, in comparison to the prior year.
- The ending unreserved fund balance for the General Fund was \$11.4 million or approximately 46.1% of total General Fund expenditures.
- All of the City's governmental funds reported combined ending fund balances of \$30.8 million. Of this amount, \$14 million is available for spending at the City's discretion.
- All of the City's business-type activities reported combined ending net assets of \$77.9 million. Of this amount, \$2.9 million is available for spending at the City's discretion.
- The City's enterprise funds net assets increased by \$1.4 million from \$76.5 million to \$77.9 million.

Overview of the Financial Statements

Basic Financial Statements. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's BFS. The BFS are comprised of three components: 1) Government-Wide Financial Statements (GWFS), 2) Fund Financial Statements (FFS), and 3) Notes to Basic Financial Statements (Notes). This CAFR also contains other supplementary information in addition to the BFS.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2008
(unaudited)

Government-Wide Financial Statements. The GWFS, shown on pages 19-21 of this report, contain the *statement of net assets* and the *statement of activities*, described below:

The *statement of net assets* presents information on all of the City's assets and liabilities (including capital assets and short and long-term liabilities), with the difference between the two reported as *net assets* using the accrual basis. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents a comparison between direct expenses and program revenues for each of the City's functions or programs (referred to as "activities"). Direct expenses are those that are specifically associated with an activity and are therefore clearly identifiable with that activity. Program revenues include charges paid by the recipient of the goods or services offered by the program, in addition to grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Revenues that are not directly related to a specific activity are presented as general revenues. The comparison of direct expenses with revenues from activities identifies the extent to which each activity is self-financing, or alternatively, draws from any City generated general revenues. The governmental activities (activities that are principally supported by taxes and intergovernmental revenues) of the City include administration of general government, public safety, culture and recreation, physical environment, transportation, and economic environment. The business-type activities (activities intended to recover all of their costs through user fees and charges) of the City include water and sewer utilities, solid waste, storm water, and airport. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs (accrual basis), 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, such as uncollected taxes and earned but unused vacation leave.

Fund Financial Statements. A *fund* is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The principal role of funds in the new financial reporting model is to demonstrate fiscal accountability. The City, as with other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the FFS is on major funds. Major funds are those that meet minimum criteria (a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), or those that the

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2008
(unaudited)

City chooses to report as major funds given their qualitative significance. Nonmajor funds are aggregated and shown in a single column in the appropriate financial statements. Combining schedules of nonmajor funds are included in the CAFR following the BFS. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

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

Because the focus of governmental funds is narrower than that of the GWFS (modified accrual versus accrual basis of accounting, and current financial resources versus economic resources), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate the comparison between governmental funds and governmental activities.

The City maintains 20 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. The General Fund and the Beach Renourishment Fund are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with the budgets. These schedules are presented in the FFS following the statement of revenues, expenditures, and changes in fund balances. The governmental FFS can be found on pages 22-26 of this report.

Proprietary FFS. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. Enterprise FFS provide the same type of information as the GWFS, only in more detail. The City uses enterprise funds to account for its Water and Sewer Utility, Solid Waste, Storm Water, and Airport activities, of which all of these activities are considered to be major funds by the City and are presented separately.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employees' group health and life insurance, workers' compensation

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2008
(unaudited)

self insurance, employee flexible spending, and property and liability insurance. The services provided by the internal service funds benefit both governmental and business-type activities, and accordingly, they have been included within governmental activities and business-type activities, as appropriate, in the GWFS. All internal service funds are combined into a single aggregated presentation in the proprietary FFS. Reconciliations are provided for both the proprietary fund statement of net assets and the proprietary fund statement of revenues, expenses, and changes in fund net assets to facilitate the comparison between enterprise funds and business-type activities. The proprietary FFS can be found on pages 28-39 of this report.

Fiduciary FFS. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the GWFS because the resources of those funds are not available to support the City's own programs. The City presents pension trust funds that represent the results of three defined benefit pension plans as fiduciary funds in the FFS. The fiduciary FFS can be found on pages 40-41 of this report.

Notes to Basic Financial Statements. The Notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The Notes can be found on pages 43-73 of this report.

Required Supplementary Information Other Than MD&A. The City has presented required supplementary information relating to its progress in funding its obligation to provide pension benefits to its employees. The Schedules of Funding Progress can be found on page 75 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of the City's financial position. For the City, assets exceeded liabilities by \$160.8 million (*net assets*) at the close of the fiscal year. This compared to assets exceeding liabilities by nearly \$148.8 million (*net assets*) at the end of the prior fiscal year. As a result of operations, total net assets increased by \$12 million during the period.

By far the largest portion of the City's net assets, 75.5%, reflect its investment in capital assets, e.g., land, buildings, infrastructure, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding at the close of the fiscal year. 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 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.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2008
(unaudited)

City of Venice Net Assets
September 30
(in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 37,197	\$ 34,337	\$ 9,770	\$ 8,189	\$ 46,967	\$ 42,526
Capital assets	58,739	53,233	96,216	98,496	154,955	151,729
Total assets	95,936	87,570	105,986	106,685	201,922	194,255
Current liabilities	2,729	2,991	2,534	3,286	5,263	6,277
Noncurrent liabilities	11,624	12,585	24,190	26,589	35,814	39,174
Total liabilities	14,353	15,576	26,724	29,875	41,077	45,451
Net assets:						
Invested in capital assets, net of related debt	48,817	42,034	72,556	72,372	121,373	114,406
Restricted	10,247	10,023	2,470	2,761	12,717	12,784
Unrestricted	22,518	19,937	4,236	1,676	26,754	21,613
Total net assets	\$ 81,582	\$ 71,994	\$ 79,262	\$ 76,809	\$ 160,844	\$ 148,803

An additional portion of the City's net assets, 7.9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$26.8 million may be used to meet the City's ongoing obligations to citizens and creditors.

The City also reports positive balances in all three categories of net assets for the City as a whole, as well as for its separate governmental activities, and business-type activities.

The City's governmental activities experienced an increase in net assets of \$9.6 million, while net assets increased by \$11.2 million during the prior fiscal year. This increase is primarily a result of a concentrated effort by City management to contain expenditures in light of the state mandated ad valorem tax rates affecting the current fiscal year. This is the sixth year in a row that the City Council has been able to cut property tax rates while streamlining City operations.

The City's business-type activities experienced an increase in net assets of nearly \$2.5 million during the current fiscal year as compared to an increase of nearly \$4.7 million during the prior fiscal year. This decrease of \$2.2 million, in earnings, is primarily due to a large Federal Aviation Administration (FFA) grant to the airport enterprise fund which was awarded and spent in the prior fiscal year.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2008
(unaudited)

Changes in Net Assets

Details of the following summarized information can be found on pages 20-21 of this report.

City of Venice Changes in Net Assets
For the Year Ended September 30
(in 000's)

	Governmental Activities		Business- Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$ 2,238	\$ 2,433	\$ 24,211	\$ 21,584	\$ 26,449	\$ 24,017
Operating grants and contributions	12	-	-	-	12	-
Capital grants and contributions	2,110	-	393	4,562	2,503	4,562
General Revenues:						
Property taxes	12,389	14,618	-	-	12,389	14,618
Sales taxes	4,741	3,810	-	-	4,741	3,810
Excise taxes	1,774	1,767	-	-	1,774	1,767
Franchise fees	2,029	1,862	-	-	2,029	1,862
Intergovernmental	2,582	5,356	-	-	2,582	5,356
Other	282	1,050	-	2	282	1,052
Interest earnings	1,000	1,552	312	639	1,312	2,191
Total revenues	29,157	32,448	24,916	26,787	54,073	59,235
Expenses:						
General government	6,300	6,114	-	-	6,300	6,114
Finance	1,000	1,117	-	-	1,000	1,117
Information services	810	771	-	-	810	771
Parks and recreation	2,349	1,359	-	-	2,349	1,359
Police	7,160	7,548	-	-	7,160	7,548
Fire	5,216	4,806	-	-	5,216	4,806
Public works	1,696	1,919	-	-	1,696	1,919
Interest on long-term debt	367	503	-	-	367	503
Water and sewer utility	-	-	13,360	13,077	13,360	13,077
Solid waste	-	-	4,004	3,853	4,004	3,853
Storm water drainage	-	-	1,616	590	1,616	590
Airport	-	-	580	1,617	580	1,617
Total Expenses	24,898	24,137	19,560	19,137	44,458	43,274
Change in net assets before special items and transfers	4,259	8,311	5,356	7,650	9,615	15,961
Pension migration	2,426	-	-	-	2,426	-
Transfers	2,903	2,903	(2,903)	(2,903)	-	-
Change in net assets	9,588	11,214	2,453	4,747	12,041	15,961
Net assets - beginning of year	71,994	60,780	76,809	72,062	148,803	132,842
Net assets - end of year	\$ 81,582	\$ 71,994	\$ 79,262	\$ 76,809	\$ 160,844	\$ 148,803

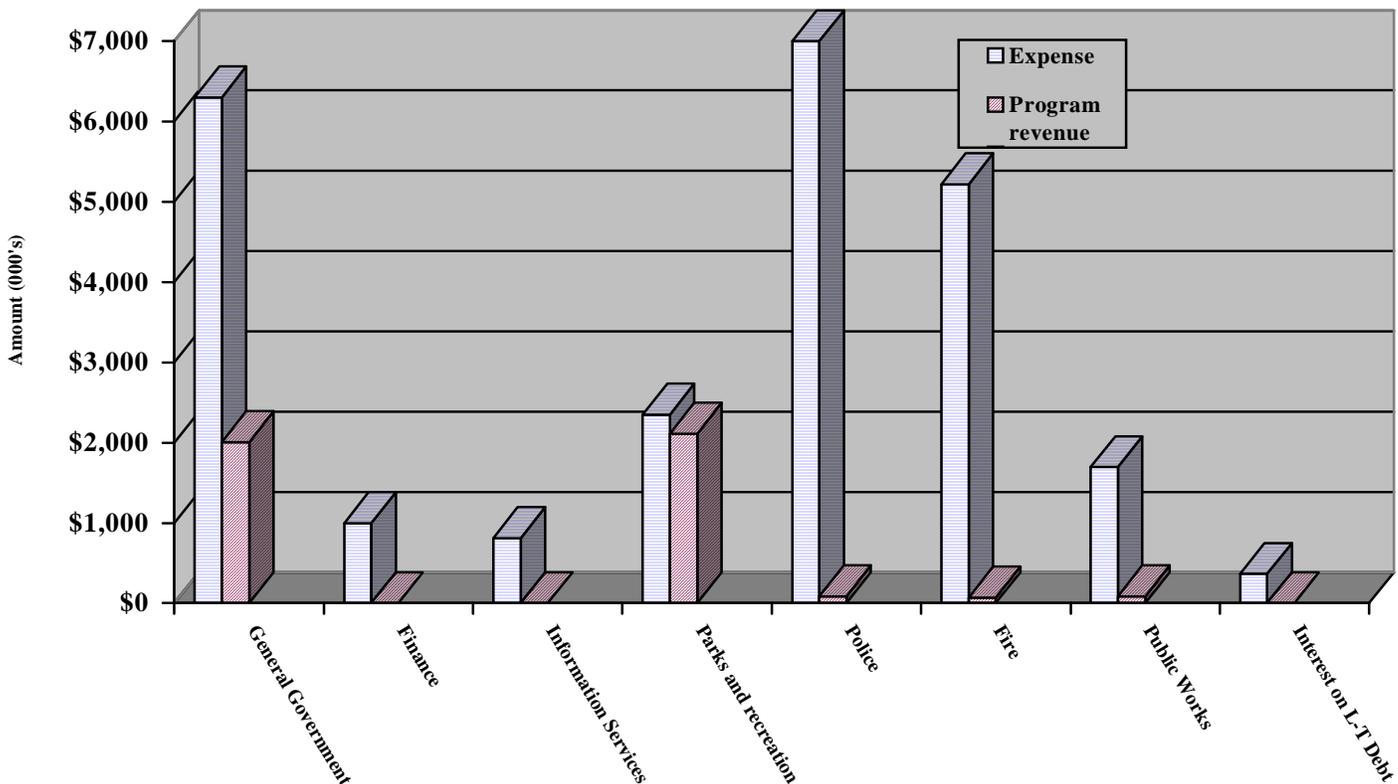
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Governmental activities. Governmental activities increased the City's net assets by \$9.6 million. Key elements of the increase follow:

- Total expenses increased by \$0.8 million from the prior year due primarily to cost of living increases based upon union contracts. The City continued with the process of cost containment by eliminating open positions, evaluating services provided and streamlining operations.
- Revenues decreased by approximately \$3.3 million. The key factors impacting this decrease include a state mandated roll back of property taxes by \$2.2 million. Also the City was awarded a grant from Sarasota County during the prior year of \$2.8 million for the purchase of property which is the amount of decrease in intergovernmental revenue. Offsetting these decreases were increases in capital grants and contributions for our beach renourishment project of \$2.1 million and sales taxes of \$0.9 million. During the current fiscal year the City closed our single employer pension plan for general employees and joined the Florida Retirement System. This move generated a \$2.4 million one time gain.

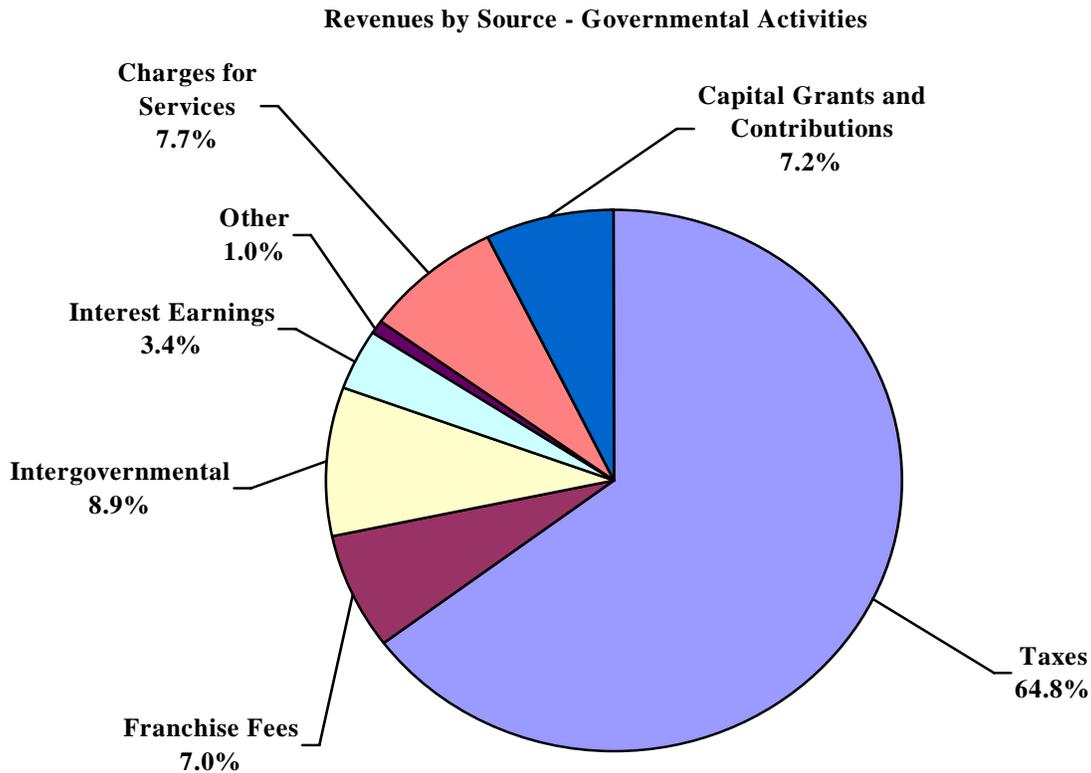
This graph depicts the expenses and program revenues generated through the City's various governmental activities.

Expenses and Program Revenues - Governmental Activities



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The following graph reflects the source of the revenue and the percentage each source represents of the total.



Business-type activities. Business-type activities increased the City's net assets by \$2.5 million as a result of operations. Key elements of this increase follow:

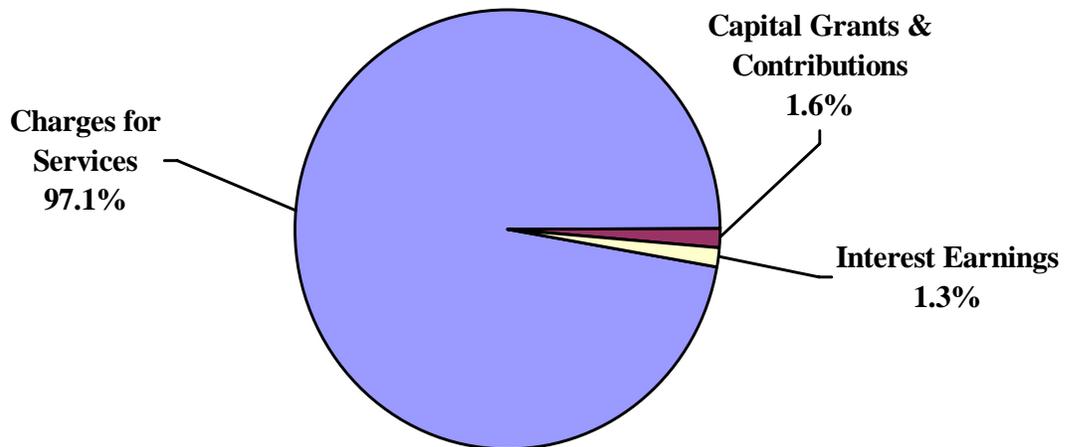
- Charges for services for business-type activities increased by \$2.6 million. Water and sewer charges were increased during the prior fiscal year and the effects of this increase is the primary reason for the increase in charges for services.
- Capital grants and contributions are normally a significant revenue source for the Water and Sewer Utility Fund, Airport Fund, and the Storm Water Fund however during the current fiscal year the City realized \$0.4 million in revenue. This is significantly less than the prior fiscal year's support of \$4.6 million. These contributions primarily come from federal grants and from water and sewer lines and taps that are funded by property owners.

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- Expenses and transfers for indirect costs remained static at \$2.9 million when compared to the prior fiscal year due to the implementation of an indirect cost allocation study.

The following graph reflects the revenue sources generated by the business-type activities. As noted earlier, these activities include Water and Sewer, Solid Waste, Airport, and Storm Water Drainage.

Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

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 serves as a useful measure of the City's resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of nearly \$30.8 million. This compared to \$29 million at the end of the prior fiscal

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year. This increase is primarily the result of the City's decision to migrate from a single employer pension plan, for the non-public safety employees, to the Florida Retirement System (FRS) for employee recruitment and retention reasons. The City received \$4.6 million from the close out of General Employees Pension Plan and paid \$2.2 million to the FRS to purchase past service credits for their retirement system to keep our employees whole. Of the ending governmental fund balance, \$14.0 million or 45.4% constituted unreserved fund balance, which is available for spending at the City's discretion. This compared to \$8.3 million or 28.8% at the end of the prior fiscal year. The remainder of the fund balance is reserved to indicate it has already been committed to, 1) pay debt service, 2) be used in construction of approved capital projects, or 3) other restricted purposes.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, unreserved fund balance in the General Fund was approximately \$11.4 million compared to \$6.4 million in the previous fiscal year, representing an increase of approximately \$5.0 million due primarily to the results of operations and a concentrated effort to curtail spending in light of the tax reform measures mandated by the state legislature. Total fund balance (reserved and unreserved) approximated \$18.0 million at the end of the fiscal year compared to \$17.0 million at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represented 46.1% of total General Fund expenditures compared to 23.1% of total General Fund expenditures in the prior year. Total fund balance represented 72.8% of total General Fund expenditures compared to 61.2% in the prior year. The increase in fund balance is primarily a result of the migration to FRS and an increase in sales taxes, coupled with a concentrated effort by City management to contain expenditures.

The beach renourishment fund is a capital projects fund which accounts for nourishing our public beaches about every 10 years. During the current year the City completed the final phase of renourishment by building 7.3 acres of reefs just offshore. This project was required by our Department of Environmental Protection permit to replace hard bottom that was lost by the renourishment. Building the reefs resulted in capital outlays of nearly \$4.7 million, which is over half of the City's governmental fund capital expenditures.

Proprietary funds. The City's proprietary funds provide essentially the same type of information found in the GWFS, but in more detail.

Unrestricted net assets of the major proprietary funds at the end of September 30 are shown next with amounts presented in 000s:

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	<u>2008</u>	<u>2007</u>
Water and Sewer Utility Fund	\$ (4,960)	\$ (5,672)
Solid Waste Fund	2,735	2,101
Airport Fund	3,587	3,250
Storm Water Drainage Fund	1,512	1,719
	<u>\$ 2,874</u>	<u>\$ 1,398</u>

The Water and Sewer Utility Fund reflected a current year increase in unrestricted net assets of nearly \$0.7 million compared to a decrease of \$2.0 million during the prior year. This is due to City Council adopted increases in the utility fees charged during the past fiscal year. City Management feels these rate increases will improve the financial outlook over time.

The Solid Waste Fund reflected a current year increase in unrestricted net assets of approximately \$0.6 million compared to a \$0.5 million increase during the prior year. This was due primarily to the results of operations.

The Airport Fund increased nearly \$0.5 million compared to the prior year's unrestricted net assets which increased nearly \$0.7 million. This was a result of delaying completing various planned capital projects.

The Storm Water Drainage Fund reflected a decrease in unrestricted net assets of nearly \$0.2 million during the current year compared to nearly a \$0.6 million increase during the prior year. This was a planned decrease to meet the City Council's goal to use "pay-as-you-go" financing with respect to storm water drainage projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were nearly \$1.1 million in increases to expenditures. The majority of this increase was a result of "rolling over" encumbrances \$0.9 million from the prior year for construction projects performed within the general fund, increased capital projects of \$0.6 million, and a reduction in general government of nearly \$0.2 million. Also impacting this number was contractually agreed changes in wage rates for represented and non-represented employees.

The General Fund ended the fiscal year with expenditures nearly \$1.4 million less than budgeted. This was a result of a concentrated effort by management to control costs during the year including a hiring freeze, reductions in force, eliminating open positions and curtailing spending.

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Due to stronger than anticipated interest rates obtained on investments of \$0.4 million and better than expected franchise fee revenue \$0.5 million, actual revenues were nearly \$1.2 million more than budgeted for the fiscal year.

The reduction in expenditures, stronger than anticipated revenues and the migration to FRS allowed the City to increase total fund balance during the current fiscal year.

Beach Renourishment Fund Budgetary Highlights

Differences between the original budget and the final amended budget were nearly \$6.2 million in increases to expenditures. The Beach Renourishment Fund ended the year with expenditures less than budgeted by approximately \$1.9 million due to the diligent efforts of the project manager to contain costs.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at September 30, 2008 amounted to \$155 million, net of accumulated depreciation. This was a \$3 million increase over the prior fiscal year's balance of \$152 million, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and infrastructure.

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

- Beach Renourishment project was completed during the current fiscal year at a cost of nearly \$10 million which is an effort supported by Federal, State and City funds.
- Building Fire Station # 3, a new station, was completed during the current fiscal year with an additional \$0.7 million expended. Total cost for this project was approximately \$4.2 million. This station will serve the northeast Venice area.
- North Pier parking and pavilion project was completed during this fiscal year with expenditures of \$1.4 million. Total costs of this project are approximately \$3.8 million.

At the end of the fiscal year, the City has construction commitments of nearly \$12.4 million.

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City of Venice Capital Assets
(Net of Accumulated Depreciation)
September 30
(in 000's)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 3,557	\$ 3,557	\$ 1,838	\$ 1,408	\$ 5,395	\$ 4,965
Buildings	14,167	9,572	3,648	3,833	17,815	13,405
Improvements other than buildings	25,057	12,407	84,396	86,717	109,453	99,124
Machinery and equipment	2,905	2,853	3,954	3,744	6,859	6,597
Infrastructure	11,256	11,614	-	-	11,256	11,614
Construction in progress	1,797	13,230	2,380	2,794	4,177	16,024
Total	\$ 58,739	\$ 53,233	\$ 96,216	\$ 98,496	\$ 154,955	\$ 151,729

Additional information about the City's capital assets can be found on pages 56-58 of this report.

Long-term debt. A summary of the City's total outstanding debt follows:

City of Venice Outstanding Debt
General Obligation and Revenue Bonds
September 30
(in 000's)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 8,850	\$ 9,145	\$ -	\$ -	\$ 8,850	\$ 9,145
Revenue bonds & notes	960	1,834	23,627	26,059	24,587	27,893
Total	\$ 9,810	\$ 10,979	\$ 23,627	\$ 26,059	\$ 33,437	\$ 37,038

There is no direct debt limitation in the City Charter or under State law. Article VII, Section 9 of the Constitution of the State of Florida provides that, exclusive of taxes levied for the payment of voter-approved general obligation bonds, cities may levy up to ten mills for municipal services. Pursuant to the Florida Constitution, there is no limit on the amount of ad valorem taxes a city may levy for the payment of debt service on voter-approved general obligation bonds. The current voter approved debt service millage rate tax rate per \$1,000 of assessed valuation is \$0.205.

As of September 30, 2008, the City's total outstanding debt has decreased by \$3.6 million or 9.7 percent over the prior fiscal year end. The decrease in outstanding debt is attributed to the payment of scheduled debt service totaling \$3.6 million.

City of Venice, Florida
Management's Discussion and Analysis
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The City purchases bond insurance to improve the bond ratings. During the current fiscal year the companies from which the City purchased this insurance were down graded. This resulted in the down grading of underlying bonds. The bond ratings continue to reflect that the City's bonds have the characteristics of investment quality (with the exception of Fitch Ratings for the revenue bonds) as shown below:

	Standard & Poor's	Moody's Investors Service	Fitch Ratings
General Obligation	A+	A1	AA
Water and Sewer	A	A3	CCC

Additional information on the City's long-term debt can be found on pages 61-64 of this report.

Economic Factors and the Next Fiscal Year's Budget and Rates

- At the end of the City's fiscal year the unemployment rate for the Sarasota County, (Venice area) was 7.6 percent. This is an increase from a rate of 4.6 percent one year earlier. This compares unfavorably to the state's average unemployment rate of 6.6 percent and the national average of 6.1 percent on September 2008.
- The City's population is estimated to have increased to 22,149 for 2008 from 21,584 just one year earlier, 2007.
- Building permits for new construction decreased from 4,303 during 2007 to 3,888 in 2008, or about a 9.6 percent decrease. This compares to an 18.2 percent decrease during the prior period.
- The assessed valuation of commercial and residential property decreased to \$3,653 billion in 2008 from \$4,369 billion in 2007. This is a 16.3 percent decrease during 2008 compared to a 5.6 percent increase during the prior year.
- The General Fund property tax millage rate remained constant \$2.779 per thousand for 2009 from \$2.779 per thousand for 2008. This will result in a significant drop in the revenue received from ad valorem taxes over and above the state legislative mandate to roll back taxes. The voter approved debt service property tax millage rate of \$0.205 took effect during the 2009 fiscal year.
- The economic melt down is anticipated to impact sales tax, gas tax and other tourism related revenues.

All of these factors were considered in preparing the City of Venice's budget for the 2008-2009 fiscal year.

City of Venice, Florida
Management's Discussion and Analysis
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During the just ended fiscal year, unreserved fund balance in the General Fund increased by \$5.0 million to \$11.4 million compared to \$6.4 million at the end of the prior fiscal year. It is intended that the unreserved undesignated fund balance be equal to 33.3% of annual General Fund expenditures, which equates to approximately \$8.3 million. The City intends to increase unreserved fund balance over the next four fiscal years to meet this fiscal goal of one third of expenditures.

During the year the City completed the final phase of the beach renourishment. This fund will not be a major fund during the 2008-2009 fiscal year. Monitoring of the beach profile and reefs will continue to ensure compliance with state permits.

Both the Water and Sewer Utility Fund rates were increased for the 2007-2008 fiscal year by 3 percent. This is in addition to a water rate increase of 35 percent and a sewer rate increase of 25 percent during the prior year. The water and sewer rates affected both residential and commercial consumers by the same percentage. These increases in rates will have a positive impact on the results of operations for the upcoming fiscal year.

The Solid Waste Fund rates remained unchanged for the 2007-2008 fiscal year. The City will be evaluating the results of operations to determine if a rate study is necessary during the next fiscal year. In addition the City will be evaluating the pros and cons of changing from our twice a week pickup to a once a week pickup during the 2008-2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Venice's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Finance Director, 401 West Venice Avenue, Venice, Florida, 34285.



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City of Venice, Florida
Statement of Net Assets
September 30, 2008

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 15,449,318	\$ 4,250,011	\$ 19,699,329
Investments	14,260,911	3,923,086	18,183,997
Receivables (net of allowance for uncollectibles)	1,290,853	2,483,418	3,774,271
Internal balance	5,300,066	(5,300,066)	-
Due from other governments	250,816	-	250,816
Inventories	257,166	506,853	764,019
Prepays expenses	274,379	2,264	276,643
Restricted assets:			
Cash and cash equivalents	-	2,012,180	2,012,180
Investments	-	1,445,395	1,445,395
Interest receivable	-	25,878	25,878
Capital assets (net of accumulated depreciation):			
Non-depreciable	5,353,509	4,217,793	9,571,302
Depreciable	53,385,111	91,998,155	145,383,266
Deferred charges	113,637	421,079	534,716
Total assets	<u>95,935,766</u>	<u>105,986,046</u>	<u>201,921,812</u>
LIABILITIES			
Accounts payable	1,128,053	649,693	1,777,746
Accrued liabilities	1,333,473	433,162	1,766,635
Due to other governments	196,291	123,863	320,154
Accrued interest payable	71,375	392,966	464,341
Customer deposits	-	933,315	933,315
Noncurrent liabilities:			
Due within one year:			
Bonds payable	1,065,000	1,847,296	2,912,296
Compensated absences	619,337	254,357	873,694
Capital leases payable and notes payable	185,305	355,540	540,845
Due in more than one year:			
Bonds payable	8,545,000	16,276,459	24,821,459
Compensated absences	1,082,870	276,128	1,358,998
Capital leases payable and notes payable	126,589	5,181,057	5,307,646
Total liabilities	<u>14,353,293</u>	<u>26,723,836</u>	<u>41,077,129</u>
NET ASSETS			
Invested in capital assets, net of related debt	48,816,977	72,556,158	121,373,135
Restricted for:			
Capital projects	9,400,486	-	9,400,486
Debt service	846,101	2,469,958	3,316,059
Unrestricted (deficit)	22,518,909	4,236,094	26,755,003
Total net assets	<u>\$ 81,582,473</u>	<u>\$ 79,262,210</u>	<u>\$ 160,844,683</u>

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Statement of Activities
For the Year Ended September 30, 2008

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 6,299,922	\$ 2,003,856	\$ -
Finance	999,886	-	-
Information services	810,482	-	-
Parks and recreation	2,349,277	-	-
Police	7,159,554	88,639	-
Fire	5,215,533	60,067	12,360
Public works	1,696,343	85,297	-
Interest on Long-Term Debt	366,977	-	-
Total governmental activities	<u>24,897,974</u>	<u>2,237,859</u>	<u>12,360</u>
Business-type activities:			
Water and sewer utilities	13,359,880	16,210,376	-
Solid waste	4,004,394	4,944,586	-
Airport	1,616,095	1,797,152	-
Storm water drainage	579,923	1,259,310	-
Total business-type activities	<u>19,560,292</u>	<u>24,211,424</u>	<u>-</u>
Total primary government	<u>44,458,266</u>	<u>26,449,283</u>	<u>12,360</u>
General revenues:			
Property taxes			
Sales taxes			
Excise taxes			
Franchise fees			
Intergovernmental - unrestricted			
Investment earnings			
Miscellaneous			
Transfers, net			
Special item - Migration to Florida Retirement System			
Total general revenues, special items, and transfers			
Change in net assets			
Net assets - beginning			
Net assets - ending			

See accompanying Notes to Basic Financial Statements.

**Net (Expenses) Revenues and
Changes in Net Assets**

Capital Grants and Contributions	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (4,296,066)	\$ -	\$ (4,296,066)
-	(999,886)	-	(999,886)
-	(810,482)	-	(810,482)
2,109,662	(239,615)	-	(239,615)
-	(7,070,915)	-	(7,070,915)
-	(5,143,106)	-	(5,143,106)
-	(1,611,046)	-	(1,611,046)
-	(366,977)	-	(366,977)
<u>2,109,662</u>	<u>(20,538,093)</u>	<u>-</u>	<u>(20,538,093)</u>
256,107	-	3,106,603	3,106,603
-	-	940,192	940,192
46,419	-	227,476	227,476
90,458	-	769,845	769,845
<u>392,984</u>	<u>-</u>	<u>5,044,116</u>	<u>5,044,116</u>
<u>2,502,646</u>	<u>(20,538,093)</u>	<u>5,044,116</u>	<u>(15,493,977)</u>
	12,389,422	-	12,389,422
	4,740,682	-	4,740,682
	1,774,534	-	1,774,534
	2,029,285	-	2,029,285
	2,581,898	-	2,581,898
	1,000,375	311,580	1,311,955
	281,828	-	281,828
	2,902,830	(2,902,830)	-
	<u>2,425,952</u>	<u>-</u>	<u>2,425,952</u>
	<u>30,126,806</u>	<u>(2,591,250)</u>	<u>27,535,556</u>
	9,588,713	2,452,866	12,041,579
	71,993,760	76,809,344	148,803,104
	<u>\$ 81,582,473</u>	<u>\$ 79,262,210</u>	<u>\$ 160,844,683</u>

City of Venice, Florida
Balance Sheet
Governmental Funds
September 30, 2008

	<u>General Fund</u>	<u>Beach Renourishment</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,602,647	\$ 808,919	\$ 6,189,175	\$ 12,600,741
Investments	5,171,674	746,695	5,713,087	11,631,456
Accounts receivable	1,050,018	-	39	1,050,057
Interest receivable	95,332	10,654	91,906	197,892
Due from other funds	1,533,000	-	-	1,533,000
Due from other governments	150,642	-	100,174	250,816
Prepaid assets	15,567	-	-	15,567
Inventory	257,166	-	-	257,166
Advances to other funds	5,414,305	-	-	5,414,305
	<u>5,414,305</u>	<u>-</u>	<u>-</u>	<u>5,414,305</u>
Total assets	<u>\$ 19,290,351</u>	<u>\$ 1,566,268</u>	<u>\$ 12,094,381</u>	<u>\$ 32,951,000</u>
LIABILITIES				
Accounts payable	\$ 485,511	\$ 94,753	\$ 309,834	\$ 890,098
Accrued payroll payable	659,099	-	18,925	678,024
Due to other funds	-	-	283,000	283,000
Due to other governments	12,578	161,023	22,690	196,291
Deposits and other liabilities	100,686	-	-	100,686
	<u>100,686</u>	<u>-</u>	<u>-</u>	<u>100,686</u>
Total liabilities	<u>1,257,874</u>	<u>255,776</u>	<u>634,449</u>	<u>2,148,099</u>
FUND BALANCES				
Reserved for:				
Prepaid items/inventory	272,733	-	-	272,733
Encumbrances	890,709	-	-	890,709
Advances to other funds	5,414,305	-	-	5,414,305
Debt service	-	-	846,101	846,101
Capital projects	50,000	1,310,492	8,039,994	9,400,486
Unreserved, reported in				
General fund	11,404,730	-	-	11,404,730
Special revenue funds	-	-	2,573,837	2,573,837
	<u>-</u>	<u>-</u>	<u>2,573,837</u>	<u>2,573,837</u>
Total fund balance	<u>18,032,477</u>	<u>1,310,492</u>	<u>11,459,932</u>	<u>30,802,901</u>
Total liabilities and fund balances	<u>\$ 19,290,351</u>	<u>\$ 1,566,268</u>	<u>\$ 12,094,381</u>	<u>\$ 32,951,000</u>

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
September 30, 2008

Total fund balance - governmental funds \$ 30,802,901

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 58,738,620

Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The portion of the assets and liabilities of the ISF's primarily serving governmental funds are included in governmental activities in the statement of net assets as follows:

Net assets 4,752,384
Amounts due from business-type ISFs for amounts overcharged (1,362,240)

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are as follows:

Bonds payable (9,610,000)
Deferred discount on bonds 113,637
Capital leases/notes payable (311,643)
Compensated absences (1,702,207)
Accrued interest on general obligation bonds (71,375)

Actual City contributions to the fire fighter's pension trust fund and the police pension trust fund are greater than the actuarially determined required contribution. This will reduce future funding requirements and is not recognized as an asset at the fund level but is a prepaid expense in the Statement of Net Assets. 232,396

Net assets of governmental activities \$ 81,582,473

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

	<u>General Fund</u>	<u>Beach Renourishment</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 11,715,363	\$ -	\$ 674,059	\$ 12,389,422
Sales taxes	1,220,357	-	3,520,325	4,740,682
Other taxes	1,774,534	-	-	1,774,534
Franchise fees	2,029,285	-	-	2,029,285
Fees and fines	66,659	-	21,980	88,639
Licenses and permits	345,442	-	1,146,306	1,491,748
Intergovernmental	2,482,416	2,109,662	197,138	4,789,216
Charges for services	192,120	-	380,055	572,175
Interest	616,430	45,042	268,525	929,997
Miscellaneous	219,200	-	62,628	281,828
Total revenues	<u>20,661,806</u>	<u>2,154,704</u>	<u>6,271,016</u>	<u>29,087,526</u>
EXPENDITURES				
Current:				
General government	4,421,535	-	817,089	5,238,624
Finance	1,041,692	-	-	1,041,692
Information services	799,291	-	-	799,291
Parks and recreation	1,187,762	-	193,901	1,381,663
Police	6,948,631	-	10,164	6,958,795
Fire	5,198,129	-	-	5,198,129
Public works	1,621,782	-	21,584	1,643,366
Debt service:				
Principal	245,144	-	1,031,990	1,277,134
Interest and fiscal charges	16,072	-	365,636	381,708
Capital outlay	3,283,425	4,650,629	712,431	8,646,485
Total expenditures	<u>24,763,463</u>	<u>4,650,629</u>	<u>3,152,795</u>	<u>32,566,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,101,657)</u>	<u>(2,495,925)</u>	<u>3,118,221</u>	<u>(3,479,361)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,595,786	250,000	4,737,939	10,583,725
Transfers out	(2,878,394)	(550,000)	(4,252,500)	(7,680,894)
SPECIAL ITEMS				
Pension plan migration	2,425,952	-	-	2,425,952
Net change in fund balances	1,041,687	(2,795,925)	3,603,660	1,849,422
Fund balances (deficits) at beginning of year	<u>16,990,790</u>	<u>4,106,417</u>	<u>7,856,272</u>	<u>28,953,479</u>
Fund balances (deficits) at end of year	<u>\$ 18,032,477</u>	<u>\$ 1,310,492</u>	<u>\$ 11,459,932</u>	<u>\$ 30,802,901</u>

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes
In Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds	\$ 1,849,422
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$8,646,485 exceeded depreciation of \$3,176,409 in the current period.	5,470,076
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds of \$0 exceeded repayments and debt defeasance of \$1,030,000.	1,030,000
Capital lease and notes payable transactions provide current financial resources to governmental funds and repayment of principal is an expenditure. This is the amount by which proceeds of \$0 exceeded repayments of \$247,385.	247,385
Bond premiums are recognized as an other financing source in the governmental funds, but are considered deferred assets on the Statement of Net Assets. Premiums are amortized over the life of the bonds. This is the amount by which bond premium issued of \$0 exceeded amortization of \$8,117.	(8,117)
Estimated long-term liabilities for compensated absences are recognized as expenses in the Statement of Activities as earned, but are recognized when current financial resources are used in the governmental funds. This amount is the net change in the estimated long-term liability for compensated absences during the year.	(315,972)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and worker's compensation, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	1,257,573
Accrued interest is recognized as expenses in the Statement of Activities as incurred, but is recognized when current financial resources are used in the governmental funds. This amount is the net change in the accrued interest this year.	22,848
The net effect of various miscellaneous transactions involving capital assets (e.g., sales and trade-ins) is to increase (decrease) net assets.	35,498
Change in net assets of governmental activities	<u>\$ 9,588,713</u>

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Budget Comparison Statement
General Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 11,554,915	\$ 11,554,915	\$ 11,715,363	\$ 160,448
Sales taxes	1,221,254	1,221,254	1,220,357	(897)
Other taxes	1,697,150	1,697,150	1,774,534	77,384
Franchise fees	1,498,644	1,498,644	2,029,285	530,641
Fees and fines	55,151	55,151	66,659	11,508
Licenses and permits	341,072	341,072	345,442	4,370
Intergovernmental	2,366,523	2,610,107	2,482,416	(127,691)
Charges for services	126,876	126,876	192,120	65,244
Interest	209,730	209,730	616,430	406,700
Miscellaneous	136,854	156,950	219,200	62,250
Total revenues	<u>19,208,169</u>	<u>19,471,849</u>	<u>20,661,806</u>	<u>1,189,957</u>
EXPENDITURES				
Current:				
General government	5,136,818	4,908,235	4,421,535	486,700
Finance	992,349	1,071,038	1,041,692	29,346
Information services	703,356	813,091	799,291	13,800
Parks and recreation	1,370,055	1,372,581	1,187,762	184,819
Police	7,065,970	7,240,649	6,948,631	292,018
Fire	5,053,293	5,269,868	5,198,129	71,739
Public works	1,749,572	1,809,483	1,621,782	187,701
Debt Service:				
Principal	245,177	245,428	245,144	284
Interest and fiscal charges	16,380	16,129	16,072	57
Capital outlay	2,756,366	3,397,493	3,283,425	114,068
Total expenditures	<u>25,089,336</u>	<u>26,143,995</u>	<u>24,763,463</u>	<u>1,380,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,881,167)</u>	<u>(6,672,146)</u>	<u>(4,101,657)</u>	<u>2,570,489</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,468,340	5,706,168	5,595,786	(110,382)
Transfers out	(1,755,400)	(2,878,396)	(2,878,394)	2
SPECIAL ITEMS				
Pension plan migration	-	2,422,415	2,425,952	3,537
Net change in fund balances	<u>(3,168,227)</u>	<u>(1,421,959)</u>	<u>1,041,687</u>	<u>2,463,646</u>
Fund balances (deficits) at beginning of year	<u>16,990,790</u>	<u>16,990,790</u>	<u>16,990,790</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 13,822,563</u>	<u>\$ 15,568,831</u>	<u>\$ 18,032,477</u>	<u>\$ 2,463,646</u>

See accompanying Notes to Basic Financial Statements.



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City of Venice, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2008

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 22,175	\$ 1,481,824	\$ 2,002,132
Investments	20,469	1,367,837	1,848,122
Accounts receivable	1,803,941	452,183	7,499
Interest receivable	19,456	22,038	29,969
Prepaid assets	2,063	-	201
Inventories	506,853	-	-
Total current assets	<u>2,374,957</u>	<u>3,323,882</u>	<u>3,887,923</u>
Noncurrent assets:			
Restricted cash and cash equivalents	2,012,180	-	-
Restricted investments	1,445,395	-	-
Restricted interest receivable	25,878	-	-
Deferred charges	421,079	-	-
Capital assets:			
Land	165,783	220,000	-
Construction in progress	1,585,045	-	667,549
Buildings	4,091,329	12,500	4,316,081
Improvements other than buildings	105,586,924	6,802	7,208,424
Machinery and equipment	6,162,530	4,443,923	427,536
Less accumulated depreciation	<u>(36,393,065)</u>	<u>(3,087,568)</u>	<u>(4,132,200)</u>
Total capital assets	<u>81,198,546</u>	<u>1,595,657</u>	<u>8,487,390</u>
Total noncurrent assets	<u>85,103,078</u>	<u>1,595,657</u>	<u>8,487,390</u>
Total Assets	<u>\$ 87,478,035</u>	<u>\$ 4,919,539</u>	<u>\$ 12,375,313</u>

See accompanying Notes to Basic Financial Statements.

Business-Type Activities		Governmental
Storm Water	Total Enterprise	Activities
Drainage	Funds	Internal Service
		Funds
\$ 743,880	\$ 4,250,011	\$ 2,848,577
686,658	3,923,086	2,629,455
137,270	2,400,893	1,559
11,063	82,526	41,346
-	2,264	26,416
-	506,853	-
<u>1,578,871</u>	<u>11,165,633</u>	<u>5,547,353</u>
-	2,012,180	-
-	1,445,395	-
-	25,878	-
-	421,079	-
1,451,835	1,837,618	-
127,581	2,380,175	-
-	8,419,910	-
4,427,787	117,229,937	-
676,126	11,710,115	-
(1,748,975)	(45,361,808)	-
<u>4,934,354</u>	<u>96,215,947</u>	<u>-</u>
<u>4,934,354</u>	<u>100,120,479</u>	<u>-</u>
\$ <u>6,513,225</u>	\$ <u>111,286,112</u>	\$ <u>5,547,353</u>

City of Venice, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2008

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 344,171	\$ 253,921	\$ 46,399
Accrued liabilities	212,586	62,970	153,342
Accrued interest payable	357,421	-	-
Accrued insurance claims	-	-	-
Due to other funds	1,250,000	-	-
Due to other governments	117,840	-	6,023
Customer deposits	838,355	94,960	-
Lease payable	322,409	-	-
Bonds payable	1,682,296	-	-
Total current liabilities	<u>5,125,078</u>	<u>411,851</u>	<u>205,764</u>
Noncurrent liabilities:			
Compensated absences	304,165	176,705	28,468
Advances from other funds	5,345,124	-	67,181
Contracts and leases payable	5,213,123	-	505
Bonds payable	14,916,459	-	-
Total noncurrent liabilities	<u>25,778,871</u>	<u>176,705</u>	<u>96,154</u>
 Total Liabilities	 <u>30,903,949</u>	 <u>588,556</u>	 <u>301,918</u>
NET ASSETS			
Invested in capital assets, net of related debt	59,064,259	1,595,657	8,486,888
Restricted for:			
Debt service	2,469,958	-	-
Unrestricted	<u>(4,960,131)</u>	<u>2,735,326</u>	<u>3,586,507</u>
 Total Net Assets	 <u>\$ 56,574,086</u>	 <u>\$ 4,330,983</u>	 <u>\$ 12,073,395</u>

See accompanying Notes to Basic Financial Statements.

Business-Type Activities		Governmental
Storm Water	Total Enterprise	Activities
Drainage	Funds	Internal Service
		Funds
\$ 5,202	\$ 649,693	\$ 237,955
4,824	433,722	7,449
35,545	392,966	-
-	-	547,565
-	1,250,000	-
-	123,863	-
-	933,315	-
-	322,409	-
165,000	1,847,296	-
<u>210,571</u>	<u>5,953,264</u>	<u>792,969</u>
21,147	530,485	-
-	5,412,305	2,000
-	5,213,628	-
1,360,000	16,276,459	-
<u>1,381,147</u>	<u>27,432,877</u>	<u>2,000</u>
<u>1,591,718</u>	<u>33,386,141</u>	<u>794,969</u>
3,409,354	72,556,158	-
-	2,469,958	-
1,512,153	2,873,855	4,752,384
<u>\$ 4,921,507</u>	<u>\$ 77,899,971</u>	<u>\$ 4,752,384</u>

City of Venice, Florida
Reconciliation of the Statement of Net Assets - Proprietary Funds
To the Statement of Net Assets
September 30, 2008

Total net assets - proprietary funds \$ 77,899,971

Amounts reported for business-type activities in the Statement of Net Assets are different because:

Internal service funds (ISFs) are used by management to charge the costs of certain activities, such as insurance and employee flexible spending, to individual funds. The portion of assets and liabilities of the ISFs primarily serving enterprise funds are included in business-type activities in the Statement of Net Assets as follows:

Amounts due from governmental ISFs for amounts overcharged 1,362,239

Net assets of business-type activities \$ 79,262,210

See accompanying Notes to Basic Financial Statements.



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City of Venice, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For Fiscal Year Ended September 30, 2008

	Business Type Activities		
	Water and Sewer Utilities	Solid Waste	Airport
OPERATING REVENUES			
Charges for services	\$ 15,879,445	\$ 4,925,977	\$ -
Provision for bad debts	(32,583)	(12,648)	-
Charges for services (net)	15,846,862	4,913,329	-
Rentals	-	-	1,743,192
Miscellaneous	363,514	31,257	53,960
Total operating revenues	<u>16,210,376</u>	<u>4,944,586</u>	<u>1,797,152</u>
OPERATING EXPENSES			
Personal services	4,464,486	1,709,687	492,183
Insurance	456,935	269,184	104,080
Supplies and materials	-	1,360,801	-
Professional services	1,735,691	10,817	249,788
Maintenance	795,742	399,950	64,959
Utilities	1,175,678	14,985	106,227
Other services and charges	902,146	26,552	121,962
Depreciation and amortization	3,392,785	245,597	702,780
Total operating expenses	<u>12,923,463</u>	<u>4,037,573</u>	<u>1,841,979</u>
Operating income (loss)	<u>3,286,913</u>	<u>907,013</u>	<u>(44,827)</u>
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	85,401	73,771	93,671
Federal and state grants	-	-	46,419
Disposition of assets	17,137	-	-
Interest expense	(1,176,630)	-	(21)
Net non-operating revenues (expenses)	<u>(1,074,092)</u>	<u>73,771</u>	<u>140,069</u>
Income (loss) before contributions and transfers	2,212,821	980,784	95,242
Capital contributions (reductions)	256,107	-	-
Transfers out	(1,714,935)	(592,417)	(151,660)
Change in net assets	753,993	388,367	(56,418)
Total net assets - beginning	<u>55,820,093</u>	<u>3,942,616</u>	<u>12,129,813</u>
Total net assets - ending	<u>\$ 56,574,086</u>	<u>\$ 4,330,983</u>	<u>\$ 12,073,395</u>

See accompanying Notes to Basic Financial Statements.

Business Type Activities		Governmental
Storm Water	Total Enterprise	Activities
Drainage	Funds	Internal Service
		Funds
\$ 1,266,518	\$ 22,071,940	\$ 6,964,718
(7,215)	(52,446)	-
1,259,303	22,019,494	6,964,718
-	1,743,192	-
7	448,738	114,143
1,259,310	24,211,424	7,078,861
180,514	6,846,870	172,635
13,820	844,019	4,204,513
-	1,360,801	-
49,836	2,046,132	369,463
72,160	1,332,811	-
518	1,297,408	-
66,660	1,117,320	59,835
209,483	4,550,645	-
592,991	19,396,006	4,806,446
666,319	4,815,418	2,272,415
58,737	311,580	81,097
40,248	86,667	-
-	17,137	-
(89,992)	(1,266,643)	(10,719)
8,993	(851,259)	70,378
675,312	3,964,159	2,342,793
50,210	306,317	-
(443,818)	(2,902,830)	-
281,704	1,367,646	2,342,793
4,639,803	76,532,325	2,409,591
\$ 4,921,507	\$ 77,899,971	\$ 4,752,384

City of Venice, Florida
Reconciliation of the Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
To the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund net assets - total enterprise funds \$ 1,367,646

Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds (ISFs) are used by management to charge the costs of certain activities such as employees' health and life insurance, workers' compensation self insurance, employee flexible spending, etc. to individual funds. The net revenue (expense) of certain ISFs is reported with business-type activities.

1,085,220

Change in net assets of business-type activities

\$ 2,452,866

See accompanying Notes to Basic Financial Statements.



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

	Business-type Activities - Enterprise Funds		
	Water and Sewer		
	Utility	Solid Waste	Airport
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 16,697,368	\$ 5,051,935	\$ 1,802,850
Payments to suppliers	(5,987,694)	(1,939,634)	(474,059)
Payments to employees	(4,464,486)	(1,709,687)	(492,183)
Net cash provided (used) by operating activities	<u>6,245,188</u>	<u>1,402,614</u>	<u>836,608</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers out to other funds	(1,714,935)	(592,417)	(151,660)
Short-term interfund borrowings	-	-	-
Advances from (to) other funds	(307,410)	-	-
Payments received/(made) on advances (to)/from other funds	-	-	(24,867)
Net cash provided (used) by noncapital and related financing activities	<u>(2,022,345)</u>	<u>(592,417)</u>	<u>(176,527)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(889,165)	-	(309,661)
Sale of capital assets	17,137	-	-
Receipts/payments) on leases and notes	(345,298)	-	(358)
Principal paid on revenue bonds	(1,958,458)	-	-
Interest paid on revenue bonds	(1,176,630)	-	-
Capital grants	-	-	46,419
Contributed capital	-	-	-
Net cash provided (used) for capital and related financing activities	<u>(4,352,414)</u>	<u>-</u>	<u>(263,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	595,981	15,204	306,867
Purchase of investments	(616,772)	(575,065)	(776,987)
Interest earnings on cash and investments	59,523	68,790	92,793
Net cash provided by (used for) investing activities	<u>38,732</u>	<u>(491,071)</u>	<u>(377,327)</u>
Net increase (decrease) in cash and cash equivalents	(90,839)	319,126	19,154
Cash and cash equivalents - beginning of year	2,125,194	1,162,698	1,982,978
Cash and cash equivalents - end of year	<u>\$ 2,034,355</u>	<u>\$ 1,481,824</u>	<u>\$ 2,002,132</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,286,913	\$ 907,013	\$ (44,827)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	3,392,785	245,597	702,780
Increase (decrease) in long-term assets/liabilities	-	-	-
Change in current assets and liabilities:			
Accounts receivable	523,279	107,349	5,698
Inventory	(156,292)	-	733
Prepaid expenses	(2,063)	1,134	(76)
Due from other governments	-	-	236,071
Accounts payable	(835,601)	91,478	(71,170)
Due from others	(50,000)	-	-
Other accrued expenses	7,733	15,989	(274)
Customer deposits	41,242	17,210	-
Increase (decrease) in compensated absences	37,192	16,844	7,673
Net cash provided (used) by operating activities	<u>\$ 6,245,188</u>	<u>\$ 1,402,614</u>	<u>\$ 836,608</u>
Supplemental cash flow information:			
Noncash capital improvements and other changes	<u>\$ 256,107</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

Business-type Activities		Governmental Activities	
Storm Water Drainage	Totals	Internal Service Funds	
\$ 1,218,669	\$ 24,770,822	\$ 7,077,705	
(219,619)	(8,621,006)	(4,609,428)	
(180,514)	(6,846,870)	(172,635)	
<u>818,536</u>	<u>9,302,946</u>	<u>2,295,642</u>	
(443,818)	(2,902,830)	-	
1,250,000	1,250,000	(11,370)	
-	(307,410)	-	
-	(24,867)	-	
<u>806,182</u>	<u>(1,985,107)</u>	<u>(11,370)</u>	
(487,370)	(1,686,196)	-	
-	17,137	-	
-	(345,656)	-	
(160,000)	(2,118,458)	-	
(89,992)	(1,266,622)	-	
-	46,419	-	
<u>40,248</u>	<u>40,248</u>	<u>-</u>	
<u>(697,114)</u>	<u>(5,313,128)</u>	<u>-</u>	
277,488	1,195,540	503,310	
(779,091)	(2,747,915)	(1,850,982)	
51,581	272,687	67,460	
<u>(450,022)</u>	<u>(1,279,688)</u>	<u>(1,280,212)</u>	
477,582	725,023	1,004,060	
266,298	5,537,168	1,844,517	
<u>\$ 743,880</u>	<u>\$ 6,262,191</u>	<u>\$ 2,848,577</u>	
\$ 666,319	\$ 4,815,418	\$ 2,272,415	
209,483	4,550,645	-	
-	-	(120,839)	
(40,641)	595,685	(1,156)	
-	(155,559)	-	
-	(1,005)	(26,416)	
-	236,071	-	
(17,404)	(832,697)	173,923	
-	(50,000)	-	
(2,493)	20,955	(2,285)	
-	58,452	-	
3,272	64,981	-	
<u>\$ 818,536</u>	<u>\$ 9,302,946</u>	<u>\$ 2,295,642</u>	
<u>\$ 50,210</u>	<u>\$ 306,317</u>	<u>\$ -</u>	

City of Venice, Florida
Statement of Fiduciary Net Assets
Pension Trust Funds
September 30, 2008

	ASSETS	<u>Total Pension Funds</u>
Cash and cash equivalents		\$ 1,636,079
Interest and dividends receivable		131,462
Contributions receivable		313,331
Prepaid expenses		1,997
Investments, at fair value:		
U.S. Government obligations		2,747,775
Mortgage obligations		1,827,353
Domestic corporate bonds		5,218,031
Domestic stocks		22,336,706
Pooled real estate investment fund		1,108,531
Mutual funds		<u>795,913</u>
Total investments		<u>34,034,309</u>
Total Assets		<u>36,117,178</u>
	LIABILITIES	
Accounts payable		<u>784,850</u>
Total Liabilities		<u>784,850</u>
	NET ASSETS	
Held in trust for pension benefits		<u><u>\$ 35,332,328</u></u>

See accompanying Notes to Basic Financial Statements.

City of Venice, Florida
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended September 30, 2008

	<u>Total Pension Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,560,436
Plan member	493,886
State of Florida (passed through general fund)	<u>597,058</u>
Total contributions	<u>2,651,380</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	(7,038,779)
Interest and dividends	<u>1,201,020</u>
Total investment income (loss)	(5,837,759)
Less investment expenses	<u>214,280</u>
Net investment income (loss)	<u>(6,052,039)</u>
Total additions	<u>(3,400,659)</u>
DEDUCTIONS	
Benefits	3,523,026
Lump sum payments upon termination of plan	583,794
Administrative expense	<u>152,137</u>
Total deductions	<u>4,258,957</u>
Change in net assets	(7,659,616)
Transfer of assets to general fund	(4,641,917)
Purchase of annuities for non electing retirees	(282,224)
Net assets reserved for employees' pension benefits - beginning of year	47,916,085
Net assets reserved for employees' pension benefits - end of year	<u>\$ 35,332,328</u>

See accompanying Notes to Basic Financial Statements.



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City of Venice, Florida
Notes to Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Venice, Florida (City) have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. The financial reporting entity

The City of Venice, Florida was established in 1927 as a municipality in the County of Sarasota, Florida, by Chapter 11776, Special Acts of 1925, Extraordinary Session, as amended. The City is functionally organized under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, water and sewer utilities, solid waste collection, public improvements, municipal airport administration, culture-recreation, building and zoning, storm water drainage, and general administrative services.

As required by GAAP, these financial statements present the activities of the City of Venice, Florida. No component units are included in these financial statements, as no entity meets the criteria for inclusion as a component unit.

The Mayor and/or City Council are responsible for appointing members of the Venice Planning Commission and the Venice Housing Authority. However, the City's accountability for these organizations does not extend beyond these appointments.

2. Government-wide and fund financial statements

The City's financial statements are prepared using the reporting model specified in GASB Statement No. 34 – *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. As specified by Statement No. 34, the Basic Financial Statements (BFS) include both Government-Wide and Fund Financial Statements.

The Government-Wide Financial Statements (GWFS) (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements by allocation of the activities of the various internal service funds to the governmental and business-type activities on a fund basis based on the predominant users of the services. Governmental activities, which are primarily 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. All activities, both governmental and business-type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

City of Venice, Florida Notes to Financial Statements

The Government-Wide Statement of Net Assets reports all financial and capital resources of the City, excluding those reported in the fiduciary funds. It is displayed in the format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: (1) invested in capital assets net of related debt, (2) restricted, and (3) unrestricted. Invested in capital assets net of related debt equals capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as invested in capital assets net of related debt or restricted, are shown as unrestricted. Reservations or designations of net assets imposed by the City, whether by administrative policy or legislative actions of the City Council that does not otherwise meet the definition of restricted net assets, are not shown in the GWFS.

The Government-Wide Statement of Activities demonstrates the degree to which the direct expenses for a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include; (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also part of the BFS are Fund Financial Statements (FFS) for governmental funds, proprietary funds, and the fiduciary pension funds, even though the latter is excluded from the GWFS. The focus of the FFS is on major funds, as defined by GASB Statement No. 34. Although GASB Statement No. 34 sets forth minimum criteria for determination of major funds, i.e., a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined. It also gives governments the option of displaying other funds as major funds. The City can elect to add some funds as major funds because of outstanding debt or community focus. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the FFS. Other non-major funds are combined in a single column in the appropriate FFS.

3. Measurement focus, basis of accounting, and financial statement presentation

Fund Financial Statements

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary FFS. The City's fiduciary FFS includes three pension trust funds that use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Because the enterprise funds are combined into a single business-type activities column on the GWFS, certain interfund activities between these funds are eliminated in the consolidation for the GWFS, but are included in the fund columns in the proprietary FFS. The effect of inter-fund activity has been

City of Venice, Florida Notes to Financial Statements

eliminated from the GWFS. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental FFS are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is necessary, (1) to demonstrate legal and covenant compliance, (2) to demonstrate the sources and uses of liquid resources, and (3) to demonstrate how the City's actual revenues and expenditures conform to the annual budget. 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 government considers revenues to be available, generally, if they are collected within 45 days of the end of the current fiscal period, with the exception of sales taxes which are considered to be available if they are collected within 60 days of year end. The City considers the grant availability period to be one year for revenue recognition. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when the liability has matured. Because the governmental FFS are presented on a different basis of accounting than the GWFS, a reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to convert the FFS into the governmental activities column of the GWFS.

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

Fund Accounting

The City uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund balance/net assets, revenues and expenditures/expenses.

Governmental funds are those through which most of the governmental functions of the City are financed. The City reports two major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The beach renourishment fund is a capital project fund used to accumulate financial resources for the City's beach nourishment project. It accounts for all financial transactions for this ongoing effort.

Enterprise Funds are used to account for operations: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital

City of Venice, Florida
Notes to Financial Statements

maintenance, public policy, management control, accountability, or other purposes. The City reports the following major enterprise funds:

The water and sewer utility fund accounts for the activities associated with providing water and sewer services to the residents of the City. The City operates a sewage treatment plant, sewage pumping stations and collection systems, and a water distribution system.

The solid waste fund accounts for the activities associated with providing waste removal services to the residents of the City.

The airport fund accounts for the activities associated with the operations of the City's municipal airport.

The storm water drainage fund accounts for the activities of the storm water utility, which provides storm water drainage for the City. While this fund does not meet the threshold to require inclusion as a major fund the City believes that the information presented is of significant importance to the public to report as a major fund.

Additionally, the government reports the following non-major fund types:

The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

The debt services funds account for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

The internal service funds account for group health and life, workers' compensation, property and liability self-insurance, and employee flexible spending accounts. These funds provide insurance and other services to other departments on a cost reimbursement basis.

The pension trust funds account for the activities of the City's fire, police, and general employees' pension trust funds, which accumulate resources for pension benefit payments to qualified pension employees.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the

City of Venice, Florida Notes to Financial Statements

government's water and sewer function and various other functions of the government. 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 water and sewer enterprise fund, storm water drainage, the solid waste enterprise fund, and the government's internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, liabilities, and net assets or equity

a) Deposits and investments

The government'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.

The City maintains a pool of cash and investments in which each fund participates on a dollar equivalent and transaction basis. The balance of the pooled cash is reflected in the balance sheets or statements of net assets, and each fund's portion of the pooled investments is reflected in the balance sheets or statements of net assets as "Cash and cash equivalents." Interest is distributed monthly based upon an average monthly balance. The investments of the pension trust funds are held by an investment banker selected by the respective individual pension board's investment committee.

State statutes and local ordinances authorize the government to invest its surplus public funds in the Local Government Surplus Fund's Trust Fund, obligations of the U. S. Treasury, agencies and instrumentalities of the U. S. Government, and interest-bearing time deposits with banks and/or savings and loans who qualify as "authorized depositories" under Florida law. The pension trust funds are also authorized to invest in corporate stocks, bonds, commercial paper, and other investments subject to certain restrictions.

City of Venice, Florida
Notes to Financial Statements

Investments for the government are reported at fair value. The State Board of Administration Pooled Trust Fund operates in accordance with appropriate state laws and regulations. Securities traded on a national or international exchange are valued at the last reported sales quote at current exchange rates. Investments that do not have an established market are reported at estimated fair value based on market indicators regarded as measures of equity or fixed income performance results. The City does not have a significant amount of investments valued at other than quoted market prices. Amortization of premium and accretion of discount on investments purchased are not recorded over the term of the investment. The effect of this policy on the financial statements of the various funds is not significant. The reported value of the pool is the same as the fair value of the pool shares.

b) 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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans.) All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and 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 in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

c) Inventories and prepaid items

All inventories are valued at cost (using average cost) in governmental type funds and the lower of cost (average cost) or market in business-type funds. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

d) Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

e) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-

City of Venice, Florida
Notes to Financial Statements

type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Building improvements	10-20
Water and sewer systems	10-50
Public domain infrastructure	50
Equipment	4-10

f) Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation, sick pay, and other employee benefit amounts. These amounts are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

g) Long-term obligations

In the government-wide financial statements and propriety fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Venice, Florida
Notes to Financial Statements

h) Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation (such as prepaid items or inventory) 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.

5. Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

Not later than two months prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them, by fund. The Council holds public hearings to obtain taxpayer comments and a final budget must be prepared and adopted by October 1, thru the passage of an ordinance.

The appropriated budget is prepared by fund, function, and department. The City Manager has the authority to make line item transfers within departmental budgets except for salaries and capital items. Transfers of appropriations between departments require the approval of Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council made several supplementary budgetary appropriations throughout the year including approving migrating from a single employer retirement system to the Florida Retirement System (FRS) of \$4 million. The remaining supplemental budgetary appropriations made in the general fund were not material.

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

City of Venice, Florida
Notes to Financial Statements

NOTE C – DEPOSITS AND INVESTMENTS

The City's investment policies are governed by state statute and City ordinances. State law requires collateralization of all deposits with federal depository insurance, eligible securities, or a surety bond having an aggregate value at least equal to the amount of the deposits. The City's Investment Policy requires the minimum collateral level to be 102% of market value of principal and accrued interest.

The City historically has invested surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (State Pool). The State Pool is administered by the Florida State Board of Administration (SBA), who provides (questionable) regulatory oversight. During the year, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools (LGIP and Fund B).

The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio. The book value at September 30, 2008 was written down \$127,651 from \$633,140 to \$505,489 as a mark to market adjustment.

Credit risk - This risk results from potential default of investments that are not financially sound. The City (excluding the pension trust funds and Fund B) invests funds throughout the year with several area banks, money market funds and government sponsored agencies. There is risk of loss of interest on the investments if there are changes in the underlying indexed base. It is the City's policy to invest in securities with the highest credit ratings. The Fund B is not rated by a nationally recognized statistical rating agency.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments to those that can be held to maturity and by limiting final maturity to no more than five (5) years. The money market mutual funds and investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. As noted above the City was forced to become a participant in the SBA's Fund B. The weighted average life (WAL) of Fund B at September 30, 2008 was 9.36 years which is significantly outside our investment policy. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments are held in the city's name at the City's depository institution as evidenced by safekeeping receipts.

Concentration of Credit Risk - The City places limits on the amount that may be invested in any one issuer with the exception of United States Treasury obligations.

Foreign Currency Risk - This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The City has no foreign currency risk.

The City's policy allows investment in direct obligations of and other obligations guaranteed as to principal of the U.S. Treasury and U.S. agencies and instrumentalities with the exception of mortgage

City of Venice, Florida
Notes to Financial Statements

backed securities. It may also invest in bank repurchase agreements, investment pools, and to a limited extent in certificates of deposit, commercial paper and bank acceptances.

All of the City's pooled investments (excluding the pension trust funds) were allocated as detailed below as of September 30, 2008. The City does have a formal comprehensive investment policy for the investment of surplus funds which guides the investment type, length of term, the investment goals, etc.

Investment Type	Fair Market	Less than 1		
		year	Years 1-5	Years 6-10
Cash equivalent mutual fund	\$21,455,144	\$21,455,144	\$ -	-
U.S. Government Securities	13,946,470	-	13,946,470	-
Bond Reserve	1,101,750	-	1,101,750	-
Certificates of Deposit	4,053,056	4,053,056	-	-
SBA Fund "B"	505,489	-	-	505,489
Total fair value	<u>\$41,061,909</u>	<u>\$25,508,200</u>	<u>\$15,048,220</u>	<u>\$ 505,489</u>

Police Pension Trust Fund

The Plan has established an investment policy where the general investment objective is to obtain a reasonable total rate of return. In order to obtain this objective, the Plan is authorized to invest the funds in certain types of investments. Authorization for investment type is determined by Ordinance 2004-22 and Florida Statutes Chapter 185.06.

Investment Type	Fair Market	Less than 1			Greater than
		year	Years 1-5	Years 6-10	10 Years
Cash equivalent mutual fund	\$ 834,727	\$ 834,727	\$ -	\$ -	\$ -
U.S. Government Securities	1,065,379	203,766	333,536	344,907	183,170
Corporate bonds	4,686,258	1,482,855	1,261,709	1,277,201	664,493
Corporate securities	16,780,022	16,780,022	-	-	-
Total fair value	<u>\$ 23,366,386</u>	<u>\$ 19,301,370</u>	<u>\$ 1,595,245</u>	<u>\$ 1,622,108</u>	<u>\$ 847,663</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Police Pension Fund realizes that reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, the volatility of interest rates and securities markets make it necessary to judge results within the context of several years rather than over short periods of one or two years or less.

Credit risk – The investments held by the plan are in accordance with Venice City Ordinance 2000-17. Of the investments the Plan holds, \$866,379 is in U.S. Government securities with a Standard and Poor's rating of AAA; \$199,000 is in U.S Treasury Notes with a Standard and Poor's rating of AAA; \$4,352,633 is in corporate bonds rated by Standard and Poor's with a range of BB- to AAA; \$333,625 is in unrated Foreign Bonds; \$16,780,022 is in common stock; and \$834,727 is in an unrated money market fund.

City of Venice, Florida
Notes to Financial Statements

Custodial credit risk – is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The plan investments are held in the name of Salem Trust Company as Custodian for the City of Venice Police Officers' Pension Plan.

Other limitations – The Plan limits its investments as follows: No more than 5% of the Plan's assets can be invested in common or capital stock of any one issuing company nor should it exceed 5% of the outstanding capital stock of that company. The aggregate of its investments in common stock, capital stock, and convertible bonds cannot exceed 65% of the assets of the Plan. No more than 10% of the Plan's assets valued at cost may be invested in foreign securities. The Plan has complied with all of these requirements.

Fire Pension Trust Fund

The Fire Pension Board recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general objective is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the Prudent Investor Rule and Chapter 175 of the Florida Statutes.

Permissible investments include obligations of the U. S. Treasury and U. S. agencies, annuities and life insurance contracts, time deposits insured by the FDIC, bonds issued by the State of Israel, real estate (limited to ten percent of Plan assets), common or preferred stocks and high quality corporate bonds or notes. The Board may invest up to ten percent of the Plan's assets, at cost, in foreign securities.

The Fire Pension Plan held the following fixed income investments as of September 30, 2008:

Investment Type	Fair Value	Rating S&P	Effective Duration (Years)
U. S. government & agency	\$ 1,682,396	AAA	2.77
Mortgage obligations	1,827,353	A-AA	2.17
Corporate obligations	531,773	A-AA	4.83
Temporary investment funds	801,352	N/R	Daily
	\$ 4,842,874		

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Plan limits the effective duration of its fixed investment portfolio through the adoption of nationally accepted risk measure benchmarks.

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as 1) Government National Mortgage Association, 2) Federal National Mortgage Association, and 3) the Federal Home Loan Mortgage Corporation.

City of Venice, Florida
Notes to Financial Statements

Concentration of credit risk is the risk of loss attributable to the quality of the government's investment in a single issuer. The Plan does not have more than 5% invested in any one investment.

Credit risk results from potential default of investments that are not financially sound. Consistent with state law, the Plan guidelines limit its fixed income investments to a quality rating of "A" or equivalent as rated by one or more recognized bond rating service at the time of purchase.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan's investments are uninsured and unregistered and are held in a custodial account in the Plan's name.

Other limitations include 1) no more than 5% of the Plans assets may be invested in the common or capital stock of any single corporation, 2) the Plan's investment in common stock of any single corporation shall not exceed 5% of such corporation's outstanding common or capital stock, and 3) no more than 65% of the Plan's assets (at cost) are to be invested in common or capital stock or convertible stock. The Plan has complied with these limitations for the year ended September 30, 2008.

City of Venice, Florida
Notes to Financial Statements

NOTE D – PROPERTY TAX

Property taxes are levied on November 1 of each year and are due and payable upon receipt of the notice of levy. The Sarasota County, Florida, Tax Collector's office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services and general obligation debt service for the fiscal year ended September 30, 2008 was \$2.939 per \$1,000 of assessed taxable property value. Property tax revenues are recognized currently in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction and the proceeds thus collected are remitted to the City.

No accrual for the property tax levy becoming due in November 2008 is included in the accompanying financial statements since such taxes do not meet the necessary criteria.

The property tax calendar is as follows:

July 1	Assessment roll validated
September 30	Millage resolution approved
October 1	Beginning of fiscal year for which tax is to be levied
November 1	Tax bills rendered and due
November 1 – March 31	Property taxes due with various discount rates
April 1	Taxes delinquent
May 31	Tax certificates sold by County

City of Venice, Florida
Notes to Financial Statements

NOTE E – CAPITAL ASSETS

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

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,556,993	\$ -	\$ -	\$ 3,556,993
Construction in progress	13,229,693	7,298,388	18,731,565	1,796,516
Total capital assets not being depreciated	16,786,686	7,298,388	18,731,565	5,353,509
Other capital assets:				
Buildings	12,919,528	4,954,528	30,242	17,843,814
Other improvements	18,587,021	14,018,669	189,905	32,415,785
Machinery and equipment	8,843,631	1,082,847	1,276,303	8,650,175
Infrastructure	21,789,585	59,116	-	21,848,701
Total other capital assets at historical cost	62,139,765	20,115,160	1,496,450	80,758,475
Less accumulated depreciation for:				
Buildings	3,347,493	359,870	30,242	3,677,121
Other improvements	6,180,019	1,368,622	189,905	7,358,736
Machinery and equipment	5,990,076	1,031,437	1,276,303	5,745,210
Infrastructure	10,175,817	416,480	-	10,592,297
Total accumulated depreciation	25,693,405	3,176,409	1,496,450	27,373,364
Governmental activities capital assets, net	<u>\$ 53,233,046</u>	<u>\$ 24,237,139</u>	<u>\$ 18,731,565</u>	<u>\$ 58,738,620</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
General government	\$ 1,269,828
Finance	1,692
Information services	44,568
Parks and recreation	1,014,459
Police	490,768
Fire	234,462
Public works	120,632
Total governmental activities depreciation expense	<u>\$ 3,176,409</u>

City of Venice, Florida
Notes to Financial Statements

Business-type activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,407,618	\$ 430,000	\$ -	\$ 1,837,618
Construction in progress	2,794,219	363,080	777,124	2,380,175
Total capital assets not being depreciated	4,201,837	793,080	777,124	4,217,793
Other capital assets:				
Buildings	8,419,910	-	-	8,419,910
Other improvements	115,983,443	1,259,479	12,984	117,229,938
Machinery & equipment	11,227,212	1,004,489	521,586	11,710,115
Total other capital assets at historical cost	135,630,565	2,263,968	534,570	137,359,963
Less accumulated depreciation for:				
Buildings	4,587,298	185,082	-	4,772,380
Other improvements	29,265,880	3,567,768	-	32,833,648
Machinery & equipment	7,483,481	734,261	461,962	7,755,780
Total accumulated depreciation	41,336,659	4,487,111	461,962	45,361,808
Business-type activities capital assets, net	\$ 98,495,743	\$ (1,430,063)	\$ 849,732	\$ 96,215,948

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water and sewer utility	\$ 3,329,251
Solid waste	245,597
Airport	702,780
Storm water drainage	209,483
Total business-type activities depreciation expense	<u>\$ 4,487,111</u>

City of Venice, Florida
Notes to Financial Statements

Commitments

Commitments under uncompleted construction projects at September 30, 2008 consist of the following:

	Amounts Authorized	Expended to Date	Committed
General	\$ 8,849,653	\$ 8,799,653	\$ 50,000
General capital projects	6,055,856	345,181	5,710,675
Streets	2,080,264	283,003	1,797,261
Buildings & renovations	448,890	126,498	322,392
2004 bond construction	3,276,619	1,041,833	2,234,786
Storm water drainage construction	1,184,370	127,581	1,056,789
Airport	2,065,242	1,075,329	989,913
Utilities	2,147,543	1,926,849	220,694
Total	<u>\$ 26,108,437</u>	<u>\$ 13,725,927</u>	<u>\$ 12,382,510</u>

NOTE F – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at September 30, 2008 is as follows:

Due to/from other funds:

	Due to other funds		
	Water & Sewer Utilities	Non-major Governmental Funds	Totals
Due from other funds:			
General Fund	\$ 1,250,000	\$ 283,000	\$ 1,533,000

Interfund balances, specifically the due to and due from other funds, are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. Net interfund receivables and payables amount to \$1.5 million. These outstanding balances are paid within the following year.

City of Venice, Florida
Notes to Financial Statements

Advances from/to other funds:

	Advances to other funds:	
	General	Totals
	Fund	
Advances from other funds:		
Airport Fund	\$ 67,181	\$ 67,181
Water & Sewer Utility Fund	5,345,124	5,345,124
Internal Service Funds	2,000	2,000
Totals	\$ 5,414,305	\$ 5,414,305

Interfund balances, specifically advances to and from other funds, are longer-term loans to cover City Council directed internal financing of certain projects. At September 30, 2008 the City has \$5.4 million of this type of internal financing. These balances are assessed an interest charge and repaid over time through operations and transfers.

Interfund transfers:

	Transfers - In:			
	General	Beach	Non-major	Totals
	Fund	Renourishment	Governmental Funds	
Transfers - Out:				
General Fund	\$ -	\$ 250,000	\$ 2,628,394	\$ 2,878,394
Beach Renourishment	-	-	550,000	550,000
Non-major Governmental Funds	2,692,956	-	1,559,545	4,252,501
Airport Fund	151,660	-	-	151,660
Water & Sewer Utility Fund	1,714,935	-	-	1,714,935
Solid Waste Fund	592,417	-	-	592,417
Storm Water Drainage Fund	443,818	-	-	443,818
Totals	\$ 5,595,786	\$ 250,000	\$ 4,737,939	\$ 10,583,725

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move indirect costs from the user departments to the general fund, and (4) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Venice, Florida
Notes to Financial Statements

NOTE G – CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of copiers, a fire pumper truck, and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Machinery and equipment	\$ 499,767	\$ 154,884
Less: Accumulated depreciation	(450,680)	(154,884)
Totals	<u>\$ 49,087</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

	Governmental Activities	Business-Type Activities
Year Ended September 30, 2009	114,859	33,983
Total minimum lease payments	114,859	33,983
Less: Amounts representing interest	(3,002)	(852)
Present value of minimum lease payments	<u>\$ 111,857</u>	<u>\$ 33,131</u>

City of Venice, Florida
Notes to Financial Statements

NOTE H – LONG-TERM LIABILITIES

Long-Term Liability Activity

Long-term liability activity for the year ended September 30, 2008 was as follows:

	Beginning			Ending	Amounts
Governmental activities:	Balance	Additions	Reductions	Balance	Due Within
					One Year
General obligation bonds	\$ 9,145,000	\$ -	\$ 295,000	\$ 8,850,000	\$ 305,000
Revenue bonds	1,495,000	-	735,000	760,000	760,000
Notes payable	338,688	-	138,651	200,037	73,448
Capital leases	220,340	-	108,483	111,857	111,857
Compensated absences	1,386,235	967,368	651,396	1,702,207	619,337
Unamortized issue costs	(121,754)	-	8,117	(113,637)	(8,117)
Totals	\$ 12,463,509	\$ 967,368	\$ 1,920,413	\$ 11,510,464	\$ 1,861,525
Business-type activities:					
Revenue bonds	\$ 20,501,584	\$ -	\$ 2,150,879	\$ 18,350,705	\$ 1,847,296
Notes payable	5,817,075	-	313,609	5,503,466	322,409
Capital leases	64,597	-	31,466	33,131	33,131
Compensated absences	465,504	290,106	225,125	530,485	254,357
Bond discounts/(premiums)	(259,372)	-	(32,421)	(226,951)	(32,421)
Totals	\$ 26,589,388	\$ 290,106	\$ 2,688,658	\$ 24,190,836	\$ 2,424,772

Payments on bonds and notes that pertain to the City's governmental activities are made by the debt service fund and the general fund. The compensated absence liability attributed to the governmental activities will be liquidated by the general fund.

City of Venice, Florida
Notes to Financial Statements

Description of Debt	Governmental	Business-Type
\$5,120,000 2001 Capital Improvement Refunding Revenue Bonds, due in annual installments of \$510,000 - \$760,000 beginning July 1, 2002 through July 1, 2009; interest at 3.0% - 4.20%; payable solely from and secured by an irrevocable pledge of the City's local government one-cent sales tax. Purpose: City Hall renovations.	\$ 760,000	\$ -
\$10,000,000 2004 General Obligation Bonds, due in annual installments of \$280,000 - \$655,000 beginning February 1, 2005 through February 1, 2028; interest at 2.00% - 4.60%; payable from the full faith, credit and taxing authority of the City. Purpose: construct a park, beach renourishment, community center improvements.	8,850,000	-
\$3,130,000 Storm Water and Drainage Revenue Bonds, due in annual installments of \$115,000 - \$220,000 beginning May 1, 1997 through May 1, 2016; interest at 3.85% - 5.6%; payable solely from and secured by future revenues of the City's storm water management utility system. Purpose: Various drainage projects.	-	1,525,000
\$665,000 promissory note, due in monthly installments of \$8,563 - \$5,564 beginning April 1, 2000 through March 1, 2010; interest at 5.35%; payable solely from and secured by certain appropriated non ad valorem revenues. Purpose: Equipment and vehicles.	53,538	47,478
\$577,297 promissory note, due in monthly installments of \$62,725 beginning July 10, 2001 through January 10, 2011; interest at 5.07% - 5.18%; payable from certain appropriated non ad valorem revenues per City resolution. Purpose: Vehicles.	51,077	-
\$7,396,610 1991 Utilities Revenue Bonds, due in installments of \$975,000 - \$1,808,000 through July 1, 2011; interest yielding 5.95% - 7.05%; secured by future water and sewer revenues. Purpose: Utility upgrades and improvements.	-	1,215,705
\$19,355,000 City of Gulf Breeze, Florida Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 E, due in installments of \$60,000 - \$2,680,000 through December 1, 2015; interest at 3.875% - 5.125%; secured by future water and sewer revenues. Purpose: Relocation of waste water plant.	-	15,610,000
\$577,000 promissory note, due in semi-annual installments ranging from \$55,365 to \$10,293, beginning January 11, 2004 thru July 11, 2013; interest at 2.68%; secured by equipment. Purpose: Vehicles.	95,422	-
\$683,392 Clean Water State Revolving Fund Loan Agreement CS12066115P, due in semi-annual installments of \$23,179 through August 15, 2023; interest at 1.58%; secured by future water and sewer revenues. Purpose: Utility upgrades and improvements.	-	550,396
\$6,035,500 Clean Water State Revolving Fund Loan Agreement WWG12066115L, due in semi-annual installments of \$204,543 over 20 years; interest at the current rate when the loan is finalized; secured by future water and sewer revenues. Purpose: Project A waste water re-use.	-	4,905,593
Total bonds and notes	\$ 9,810,037	\$ 23,854,172

City of Venice, Florida
Notes to Financial Statements

Debt Maturity

Debt service requirements at September 30, 2008 were as follows:

Year Ended September 30,	Governmental Activities					
	GO Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 305,000	\$ 366,685	\$ 760,000	\$ 31,920	\$ 73,448	\$ 9,072
2010	310,000	359,148	-	-	57,147	3,359
2011	320,000	350,638	-	-	29,672	1,772
2012	330,000	341,208	-	-	19,608	979
2013	340,000	330,733	-	-	20,162	425
2014-18	1,885,000	1,463,151	-	-	-	-
2019-23	2,360,000	995,375	-	-	-	-
2024-28	3,000,000	351,011	-	-	-	-
Totals	\$ 8,850,000	\$ 4,557,949	\$ 760,000	\$ 31,920	\$ 200,037	\$ 15,607

Year Ended September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2009	\$ 1,847,296	\$ 1,086,634	\$ 322,408	\$ 167,829
2010	2,012,426	1,043,719	315,657	157,884
2011	1,635,983	996,527	309,189	148,309
2012	2,055,000	594,313	318,839	138,659
2013	2,510,000	487,525	328,790	128,708
2014-18	8,290,000	670,290	1,804,431	483,059
2019-23	-	-	2,104,152	183,339
	\$ 18,350,705	\$ 4,879,008	\$ 5,503,466	\$ 1,407,787

Other Long-Term Debt Information

In various years, the City has refinanced several bond issues. Under the terms of the refunding issues, sufficient assets to pay all principal and interest on the refunded issues have been put into special irrevocable escrow accounts at financial institutions. The financial transactions, assets, and liabilities of these special escrow agent accounts are not reflected in the financial statements of the City.

City of Venice, Florida
Notes to Financial Statements

Balances at September 30, 2008 are as follows:

Enterprise Defeased Issues

Utilities Revenue Bonds, Series 1989	<u>\$ 2,110,000</u>
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General Government Debt

Capital Improvement Bonds, Series 1988	<u>\$ 2,275,000</u>
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From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

During this fiscal year the City has allowed to be issued \$3.2 million in Industrial Revenue Bonds for the Village Montessori Charter School for capital construction.

As of September 30, 2008, there are two series of Industrial Revenue Bonds outstanding with principal amounts payable of \$4.25 million (hospital bonds) and \$2.77 million (charter school bonds).

NOTE I – EMPLOYEE RETIREMENT SYSTEMS

The City maintains two single-employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans. Each plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are due and a formal commitment has been made by the employer. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Firefighters' and Police Officers' Pension Plans issue financial reports that include financial statements and required supplementary information. The reports may be obtained from the City of Venice Finance Director.

The plans have adopted Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. In addition to other disclosures, the GASB requires for the current year and each of the two preceding years, annual pension cost, percentage of annual pension cost contributed, and the net pension obligation at the end of the year. This information is presented later in this note.

City of Venice, Florida
Notes to Financial Statements

1. Plan description

GENERAL EMPLOYEES' RETIREMENT PLAN

As a cost savings measure the City Council closed this pension plan on December 31, 2007. All current employees have been enrolled in the Florida Retirement System. All past service credits have been purchased for these employees. All retirees have been offered the option of a payout equal to the present value of future benefits or to have an annuity purchased to continue with their retirement payments. All terminated vested employees have been provided the option of receiving payment for the present value of the accrued benefits or rolling this amount over into a qualified retirement plan.

FIREFIGHTERS' PENSION PLAN

The City of Venice Firefighters' Pension Plan, a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 175. The City's total current year payroll for fire personnel for the year ended September 30, 2008 was \$2,854,016 compared to total actual payroll for the entire City of \$15,941,344. At September 30, 2008 membership consisted of:

Retirees, disabled participants, and beneficiaries:	
Currently receiving benefits and terminated employees not yet receiving benefits	35
Terminated employees entitled to benefits but not yet receiving them	1
Current employees:	
Vested	14
Nonvested	<u>27</u>
Total	<u>77</u>

The Plan covers permanent City of Venice firefighters. Any participant who has creditable service of 10 years and has attained age 55, or 25 years of credited service is eligible to receive benefits. Such a retiree would receive a normal retirement benefit of 3.50% of average final compensation for each year of credited service, plus \$175 per month, provided however, in no event shall the monthly benefit exceed one hundred percent of the average final compensation. Early retirement provisions are also available subject to certain modifications to the benefit paid.

The Plan provides disability benefits for both duty related and off-duty related disabilities. The benefit for line of duty disabilities is computed at 50% of the average final salary at the time of disability. The benefit for off-duty disabilities is computed at 50% of the average final salary at the time of disability, provided there are five or more years of credited service. The Plan provides for early retirement upon obtaining the age of 44 and having 15 years of credited service. The Plan also provides death benefits for both duty related and off-duty related deaths. For deceased employees with less than five years of credited service, the benefit is equal to 100% of the participant's contributions. If the participant has five or more years of service, the benefit is computed at 50% of average final compensation.

City of Venice, Florida
Notes to Financial Statements

Participants are required to contribute 9.75% of their annual salary to the Plan. If an employee separates service from the City before achieving ten years of credited service, the employee will receive 100% of their contributions. Other contributions are received from the State of Florida and the City of Venice. The State of Florida contribution results from the City's share of insurance tax. The City contributes an amount equal to the difference between the total aggregate employee and state contributions for the year and the total cost for the year as shown by the most recent actuarial valuation.

POLICE OFFICERS' PENSION PLAN

The City of Venice Police Officers' Pension Plan, a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 185. The City's total current year payroll for police personnel for the year ended September 30, 2008 was \$4,660,078, compared to \$15,941,344 for the entire City's payroll. At September 30, 2008 membership consisted of:

Retirees, disabled participants, and beneficiaries:	
Currently receiving benefits and terminated employees not yet receiving benefits	50
Members in DROP	6
Current employees:	
Vested	27
Nonvested	<u>15</u>
Total	<u>98</u>

The Plan covers permanent City of Venice police officers. Normal eligibility for retirement benefits is based on 10 years of creditable service if the participant has attained age 50, or 25 years of credited service. Such a retiree would receive a normal retirement benefit of 3.50% of average monthly earnings times credited service, plus \$175 per month. Average (monthly) final compensation is one-twelfth (1/12) of the average salary of the highest five years of service during the last ten years of credited service prior to retirement, termination, or death, or the career average as a full-time police officer, whichever is greater.

The Plan provides disability benefits for both duty related and non-duty related disabilities. The benefit is computed at 62.5% (service incurred) or 50% (nonservice incurred) of salary at time of disability, plus \$175 per month, only after five years of credited service. The Plan also provides for early retirement upon obtaining the age of 50 and having 10 years of credited service or having 20 years of credited service with deferred benefits payable at the normal retirement date or an actuarially reduced benefit payable immediately. Death benefits are similar to disability benefits, with payments being made to surviving spouse or dependent children.

Participants are required to contribute 7.25% of their annual salary to the Plan. If an employee separates service from the City before achieving ten years of credited service, the employee will receive 100% of their contributions. Other contributions are received from the State of Florida and the City of Venice. The State of Florida contribution results from the City's share of insurance tax. The City of Venice is

City of Venice, Florida
Notes to Financial Statements

required to fund any deficiencies between the total actuarial contribution requirement and the State Casualty Insurance premium tax and the employee contributions.

A deferred retirement option plan (DROP) is provided to members who are age 50 and have 10 years of credited service, or who have 25 years of credited service. To electing participants, the receipt of their service pension, calculated as of the DROP date, is deferred for up to 60 months. A cash lump sum payment (options available) is made at termination of employment.

2. Funding status and progress

The amount shown below as the actuarial accrued liability is a measure intended to help users assess (a) a pension fund's funded status on a going concern basis and (b) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the individual entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the fund's level percent of payroll annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

FIREFIGHTERS' PENSION PLAN

As of September 30, 2007, the actuarial accrued liability in excess of assets was \$10,578,905 determined as follows:

Total Actuarial Accrued Liability	\$24,372,764
Actuarial Value of Assets (Book value was \$12,638,997)	<u>13,793,859</u>
Actuarial Accrued Liability in Excess of Assets	<u>\$10,578,905</u>

For the actuarial report dated September 30, 2007, the Plan experienced a net change of \$1,710,598 in the actuarial accrued liability. There were no changes in benefit provisions or in actuarial assumptions.

POLICE OFFICERS' PENSION PLAN

As of October 1, 2008, the actuarial accrued liability in excess of assets was \$6,445,687, determined as follows:

Actuarial Accrued Liability	\$ 32,540,029
Actuarial Value of Assets (Book value was \$23,478,181)	<u>26,094,342</u>
Actuarial Accrued Liability in Excess of Assets	<u>\$ 6,445,687</u>

For the actuarial report dated October 1, 2008, the Plan experienced a net change of \$1,960,917 in the actuarial accrued liability. There were no changes in benefit provisions or in actuarial assumptions.

City of Venice, Florida
Notes to Financial Statements

FIREFIGHTERS' PENSION PLAN

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

The annual required contribution for the current year was determined as part of the September 30, 2007 actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 6.5% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include postretirement benefit increases, which are funded by State appropriation when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2007 was 30 years.

During the year ended September 30, 2008 contributions totaling \$1,395,972 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of September 30, 2007. The City contributed \$725,317, members contributed \$278,961, and the State contributed \$391,694. Payments of fringe benefits and salaries on-behalf of the City's employees are recognized as revenues and expenditure/expense during the period.

**Firefighters' Pension Plan
Recent development of the Net Pension Obligation**

	9/30/2004	9/30/2005	9/30/2006
Actuarially Determined Contribution (A)	376,029	506,784	651,714
Interest on NPO	(11,372)	(12,638)	(13,452)
Adjustment to (A)	12,933	14,372	10,260
Annual Pension Cost	377,590	508,518	648,522
Contributions Made	393,412	518,701	698,590
Increase in NPO	(15,822)	(10,183)	(50,068)
NPO Beginning of Year	(142,150)	(157,972)	(168,155)
NPO End of Year	(157,972)	(168,155)	(218,223)

POLICE OFFICERS' PENSION PLAN

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

The annual required contribution for the current year was determined as part of the October 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 7.0% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include

City of Venice, Florida
Notes to Financial Statements

-postretirement benefit increases, which are funded by State appropriation when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2008 was 28 years.

During the year ended September 30, 2008, contributions totaling \$996,277 were to be made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2007. The City's actual contribution was \$575,988, the State's was \$205,364, and members contributed \$214,925. Payments of fringe benefits and salaries on-behalf of the City's employees are recognized as revenues and expenditure/expense during the period.

Police Officers' Retirement Trust Fund
Recent Development of the Net Pension Obligation

	9/30/2006	9/30/2007	9/30/2008
Actuarially Determined Contribution (A)	516,240	514,553	575,988
Interest on NPO	-	(1,134)	(2,529)
Adjustment to (A)	-	1,289	2,876
Annual Pension Cost	516,240	514,708	576,335
Contributions Made	530,413	532,143	575,988
Increase in NPO	(14,173)	(17,435)	347
NPO Beginning of Year	-	(14,173)	(31,608)
NPO End of Year	(14,173)	(31,608)	(31,261)

3. Investments

Investments are reported at fair value in accordance with GASB Statement No. 25. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

City of Venice, Florida
Notes to Financial Statements

The fair value of the investments of each of the pension plans at September 30, 2008 is as follows. Investments that represent five percent or more of the Plan's net assets are separately identified.

	Fair Value
Firefighters' Pension Plan:	
U.S. Treasury	\$ 1,682,396
Corporate bonds	531,773
Equities	5,556,684
Mortgages/Mortgage backed securities	1,827,353
Pooled real estate investments	1,108,531
Mutual funds international equity	795,913
Temporary investment funds	801,352
Totals	\$ 12,304,002
Police Officers' Pension Plan:	
U.S. Treasury & agency	\$ 1,065,379
Corporate bonds	4,686,258
Equities	16,780,022
Totals	\$ 22,531,659

Other Employees' Pension Plans

FLORIDA RETIREMENT SYSTEM

All full-time City employees, with the exception of our public safety officers, are participants in the Florida Retirement System, "The System," a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the State of Florida.

The System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to this retirement system.

There is a deferred retirement option program (DROP) available to members when the member first reaches eligibility for normal retirement.

The City has no responsibility to the System other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, FL 32399-1560.

City of Venice, Florida
Notes to Financial Statements

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to regular employee salaries at a rate of 9.85%. During the year ended September 30, 2008, contributions totaling \$859,160 were to be made in accordance with contribution requirements determined by the Florida Retirement System. The prior two years' contributions equaled \$403,060 for the year ended September 30, 2007 and \$339,741 for the year ended September 30, 2006.

NOTE J – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Plan amendments have been made so that the plan is in compliance with IRC Section 457, as amended by the 1996 changes to the tax code. The assets are now held in various custodial accounts. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the various participants of the plan.

NOTE K – SELF-INSURANCE INTERNAL SERVICE FUNDS

The City maintains a self-insurance program with regard to medical benefits for employees and dependents. The City pays the entire cost of the program for active employees. Dependent and retiree coverage is optional and the cost is paid by employee contributions. Risks in excess of fixed individual limits of \$70,000 annually are coinsured with an outside insurance carrier. The carrier is also responsible for excess costs over an aggregate limit.

The plan is accounted for through a separate internal service fund. Revenues for this fund consist of amounts contributed by employees and by other City funds. Both revenues and the related charges are recorded as quasi-external transactions. Accordingly, the related charges are reflected as expenditure, or expense items, in the appropriate General Fund department, or in the enterprise funds.

The plan is reviewed annually by an actuarial firm and the actuary's report is used to determine both the basis for premiums charged to other departments and for determining the liability for claims incurred but not reported.

The City also maintains self-insurance programs with regard to workers' compensation and property and general liability risks. The City carries stop loss coverage for workers' compensation, general liability, and insurance policies for property. These plans are also accounted for as separate internal service funds.

The plans are reviewed annually by management to determine the basis for premiums charged to all departments.

There have been no significant reductions in insurance coverage for the current fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

City of Venice, Florida
Notes to Financial Statements

The self-insurance funds establish a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the City from September 30, 2006 to September 30, 2008:

	Employees' Group Health Life Insurance Program	Workers' Compensation Self Insurance Program
Liability balance, September 30, 2006	\$ 490,500	\$ 314,942
Claims and changes in estimates	3,990,348	434,560
Claims payments	(4,032,848)	(529,098)
Liability balance, September 30, 2007	448,000	220,404
Claims and changes in estimates	2,980,254	283,238
Claims payments	(3,076,254)	(308,077)
Liability balance, September 30, 2008	\$ 352,000	\$ 195,565
Assets available to pay claims at September 30, 2008	\$ 3,245,090	\$ 1,895,289

NOTE L – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which 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, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE M – SPECIAL ITEM

As a cost savings measure the City Council closed the General Employee's Pension Plan on December 31, 2007. All current employees have been enrolled in the Florida Retirement System. All past service credits have been purchased for these employees. All retirees have been offered the option of a payout equal to the present value of future benefits or to have an annuity purchased to continue with their retirement payments. All terminated vested employees have been provided the option of receiving payment for the present value of the accrued benefits or rolling this amount over into a qualified retirement plan. The City received final payment from the General Employee's Pension Board of approximately \$4.6 million. The purchase of past service credits for all qualifying employees required a payment of \$2.2 million which resulted in a one time gain of \$2.4 million.

City of Venice, Florida
Notes to Financial Statements

NOTE N – SUBSEQUENT EVENTS

Purchase of Land for Legacy Park

The City purchased land to create Legacy Park near the Legacy Trail. This park was purchased at a cost of nearly \$7.4 million, half being paid by one cent sales tax money (dedicated funds) and half with a grant from Florida Communities Trust (FCT).

Ratings Change - Recreation Capital Improvement General Obligation Bonds, Series 2004:

On November 5, 2008, Moody's Investors Service ("Moody's") downgraded the rating assigned to Ambac Assurance Corporation ("Ambac") from "Aa3" to "Baa1." Ambac is the Bond Insurer for the City of Venice, Florida, Recreation Capital Improvement General Obligation Bonds, Series 2004 (the "Series 2004 Bonds"). The downgrade of Ambac's rating has caused the insured rating assigned by Moody's to the Series 2004 Bonds to likewise be downgraded to "Baa1." An explanation of the significance of the rating downgrade may be obtained only from such rating agency.

Ratings Change - Capital Improvement Refunding Revenue Bonds, Series 2001:

On December 19, 2008, Moody's Investors Service ("Moody's") downgraded the rating assigned to the Financial Guaranty Insurance Corporation ("FGIC") from "B1" to "Caa1." FGIC is the Bond Insurer for the City of Venice, Capital Improvement Refunding Revenue Bonds, Series 2001 (the "Series 2001 Bonds"). The downgrade of GIC's rating has caused the insured rating assigned to the Series 2001 Bonds to likewise be downgraded to "Caa1." An explanation of the significance of the rating downgrade may be obtained only from such rating agency.

Liquidity Crisis:

Subsequent to year end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on the investment portfolios, primarily the pension funds. As a result, the City's investments have incurred a decline in fair value since September 30, 2008.



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City of Venice, Florida
Required Supplementary Information
(unaudited)

Firefighters' Pension Plan
Schedule of Funding Progress
Current and Two Preceding Actuarial Valuations

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
September 30, 2005	11,089,677	21,030,823	9,941,146	52.73%	2,342,130	424.45%
September 30, 2006	12,343,228	22,662,166	10,318,938	54.47%	2,471,155	417.58%
September 30, 2007	13,793,859	24,372,764	10,578,905	56.60%	2,620,850	403.64%

Police Officers' Retirement Trust Fund
Schedule of Funding Progress
Current and Two Preceding Actuarial Valuations

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2006	23,022,085	29,177,159	6,155,074	78.9%	3,098,480	198.7%
October 1, 2007	25,566,472	30,579,112	5,012,640	83.6%	2,681,417	186.9%
October 1, 2008	26,094,342	32,540,029	6,445,687	80.2%	2,856,283	225.7%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

A special revenue fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

Motor Fuel Tax Fund – Revenue sources for this fund are restricted for street improvement use only. Funds are generally used to reimburse the General Fund for street improvement expenditures made by the Public Works Department.

Contraband-Forfeiture Fund – To account for proceeds derived from the sale of confiscated property.

Police Training Fund – To account for the City's share of fine revenue designated for police related travel.

Boat Registration Fees Fund – To account for the City's portion of boat registration fees designated for boat related activities.

One-Cent Voted Sales Tax Fund – To account for the additional one-cent sales tax revenues designated for the planning, financing, and construction of infrastructure within the City.

Fishing Pier Fund – To account for ticket, concession, and rent revenue designated for fishing pier expenditures.

Second Occupational License Fund – To account for second occupational license revenue restricted for economic development purposes of the City.

Growth Management Training Fund – To account for building permit revenue restricted for travel related to growth management training.

Parking Fines Handicapped Access Improvement Fund – To account for funds from parking fines to be used for handicap accessible programs.

Building Permits Fund – To account for the activities in the building permit functions.

Centennial Community Fund – To account for the administration of the Centennial Community Trust resources, as authorized by City Council.

Historical Commission Fund – To account for donations from private sources specifically earmarked for the Venice Historical Commission.

DEBT SERVICE FUNDS

Debt service funds are established to finance and account for the payments of interest and principal on outstanding bonded debt of the City that is not included in enterprise funds.

Capital Improvement Refunding Revenue Bonds, Series 2001 – To account for the refunding of the 1992 issue, with interest rates from 3.0% - 4.3%, payable in annual installments of \$575,000 - \$760,000, maturing in 2009.

Recreation Capital Improvement General Obligation Revenue Bonds, Series 2004 – To account for the financing of certain recreational facilities, interest rates from 1.12% - 4.02%, payable in annual installments of \$280,000 - \$405,000, maturing in 2018, and term bonds of \$2,905,000 yielding 4.46% due in 2024 and \$2,455,000 yielding 4.60% due in 2028.

CAPITAL PROJECTS FUNDS

Capital projects funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise fund resources are not included in this category.) Capital projects funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose.

General Projects Fund – To account for the cost of major park projects and other capital improvement projects which are not street related projects or building and renovations to buildings.

Streets Fund - To account for the cost of major drainage and street improvement capital projects. The projects are generally financed by a combination of several revenue sources, including designated property taxes, road and bridge taxes, interest revenues, and contributions from other funds.

Beach Renourishment Fund - To account for the cost of beach renourishment. (A major fund for this fiscal year, only the budget comparison schedule is presented here.)

Building and Renovations Fund– To account for the cost of constructing new City buildings and/or major renovations to existing City buildings.

2004 GO Bonds Construction Fund – To account for the cost of construction for Tramonto Vista Park on the beach.

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2008

Special Revenue

	<u>Motor Fuel Tax</u>	<u>Contraband Forfeiture</u>	<u>Police Training</u>
ASSETS			
Cash and cash equivalents	\$ 204,198	\$ 9,857	\$ 27,690
Investments	188,491	9,099	25,560
Accounts receivable (net)	-	-	-
Interest receivable	3,037	146	412
Due from other governments	<u>100,174</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u><u>\$ 495,900</u></u>	 <u><u>\$ 19,102</u></u>	 <u><u>\$ 53,662</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to others	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>
FUND BALANCES			
Reserved for:			
Debt service	-	-	-
Capital projects	-	-	-
 Unreserved	 <u>495,900</u>	 <u>19,102</u>	 <u>53,662</u>
 Total Fund Balances	 <u><u>495,900</u></u>	 <u><u>19,102</u></u>	 <u><u>53,662</u></u>
 Total Liabilities and Fund Balances	 <u><u>\$ 495,900</u></u>	 <u><u>\$ 19,102</u></u>	 <u><u>\$ 53,662</u></u>

Special Revenue

Boat Registration Fees	One Cent Voted Sales Tax	Fishing Pier	Second Occupational License	Growth Management Training	Park Fines Handicapped Access Improvement
\$ 6,839	\$ 1,079,225	\$ 657	\$ 21,092	\$ 30,832	\$ 23,513
6,313	996,208	607	19,470	28,460	21,705
-	-	39	-	-	-
101	16,050	-	314	458	350
-	-	-	-	-	-
<u>\$ 13,253</u>	<u>\$ 2,091,483</u>	<u>\$ 1,303</u>	<u>\$ 40,876</u>	<u>\$ 59,750</u>	<u>\$ 45,568</u>
\$ -	\$ -	\$ 9,299	\$ -	\$ 47	\$ -
-	-	-	-	-	-
-	-	50,000	-	-	-
-	-	-	-	-	-
-	-	59,299	-	47	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,253</u>	<u>2,091,483</u>	<u>(57,996)</u>	<u>40,876</u>	<u>59,703</u>	<u>45,568</u>
<u>13,253</u>	<u>2,091,483</u>	<u>(57,996)</u>	<u>40,876</u>	<u>59,703</u>	<u>45,568</u>
<u>\$ 13,253</u>	<u>\$ 2,091,483</u>	<u>\$ 1,303</u>	<u>\$ 40,876</u>	<u>\$ 59,750</u>	<u>\$ 45,568</u>

(Continued)

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2008

	<u>Special Revenue</u>		
	<u>Building Permit Fees</u>	<u>Centennial Community</u>	<u>Historical Commission</u>
ASSETS			
Cash and cash equivalents	\$ 525	\$ 27,670	\$ 8,173
Investments	485	25,542	7,544
Accounts receivable (net)	-	-	-
Interest receivable	-	412	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,010</u>	<u>\$ 53,624</u>	<u>\$ 15,717</u>
LIABILITIES			
Accounts payable	\$ 6,140	\$ -	\$ -
Accrued liabilities	18,925	-	-
Due to others	-	-	-
Due to other funds	233,000	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>258,065</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Debt service	-	-	-
Capital projects	-	-	-
Unreserved	<u>(257,055)</u>	<u>53,624</u>	<u>15,717</u>
Total Fund Balances	<u>(257,055)</u>	<u>53,624</u>	<u>15,717</u>
Total Liabilities and Fund Balances	<u>\$ 1,010</u>	<u>\$ 53,624</u>	<u>\$ 15,717</u>

Special Revenue		Debt Service		
Total Special Revenue Funds	2001 Capital Improvement	2004 General Obligation Bonds	Total Debt Service Funds	
\$ 1,440,271	\$ 362,034	\$ 75,078	\$	437,112
1,329,484	334,185	69,303		403,488
39	-	-		-
21,280	5,384	1,117		6,501
100,174	-	-		-
<u>\$ 2,891,248</u>	<u>\$ 701,603</u>	<u>\$ 145,498</u>	<u>\$</u>	<u>847,101</u>
\$ 15,486	\$ 1,000	\$ -	\$	1,000
18,925	-	-		-
-	-	-		-
283,000	-	-		-
<u>317,411</u>	<u>1,000</u>	<u>-</u>		<u>1,000</u>
-	700,603	145,498		846,101
-	-	-		-
<u>2,573,837</u>	<u>-</u>	<u>-</u>		<u>-</u>
<u>2,573,837</u>	<u>700,603</u>	<u>145,498</u>		<u>846,101</u>
<u>\$ 2,891,248</u>	<u>\$ 701,603</u>	<u>\$ 145,498</u>	<u>\$</u>	<u>847,101</u>

(Continued)

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2008

Capital Projects

	<u>General Projects</u>	<u>Streets</u>	<u>Buildings and Renovations</u>
ASSETS			
Cash and cash equivalents	\$ 857,921	\$ 1,458,573	\$ 158,421
Investments	791,928	1,346,375	146,234
Accounts receivable (net)	-	-	-
Interest receivable	12,759	21,692	2,356
Due from other governments	-	-	-
Total Assets	<u>\$ 1,662,608</u>	<u>\$ 2,826,640</u>	<u>\$ 307,011</u>
LIABILITIES			
Accounts payable	\$ -	\$ 208,554	\$ -
Accrued liabilities	-	-	-
Due to others	-	22,690	-
Due to other funds	-	-	-
Total Liabilities	<u>-</u>	<u>231,244</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Debt service	-	-	-
Capital projects	1,662,608	2,595,396	307,011
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,662,608</u>	<u>2,595,396</u>	<u>307,011</u>
Total Liabilities and Fund Balances	<u>\$ 1,662,608</u>	<u>\$ 2,826,640</u>	<u>\$ 307,011</u>

Capital Projects

<u>2004 GO Bonds Construction</u>	<u>Total Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
\$ 1,836,877	\$ 4,311,792	\$ 6,189,175
1,695,578	3,980,115	5,713,087
-	-	39
27,318	64,125	91,906
-	-	100,174
<u>\$ 3,559,773</u>	<u>\$ 8,356,032</u>	<u>\$ 12,094,381</u>
\$ 84,794	\$ 293,348	\$ 309,834
-	-	18,925
-	22,690	22,690
-	-	283,000
<u>84,794</u>	<u>316,038</u>	<u>634,449</u>
-	-	846,101
3,474,979	8,039,994	8,039,994
-	-	2,573,837
<u>3,474,979</u>	<u>8,039,994</u>	<u>11,459,932</u>
<u>\$ 3,559,773</u>	<u>\$ 8,356,032</u>	<u>\$ 12,094,381</u>

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2008

	<u>Special Revenues</u>		
	<u>Motor Fuel Tax</u>	<u>Contraband Forfeiture</u>	<u>Police Training</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	1,016,011	-	-
Licenses and permits	-	-	-
Intergovernmental revenue	183,571	-	-
Fines and forfeitures	-	4,809	7,835
Charges for services	-	-	-
Interest	20,677	646	1,388
Miscellaneous	-	-	-
Total Revenues	<u>1,220,259</u>	<u>5,455</u>	<u>9,223</u>
EXPENDITURES			
General government	-	-	-
Parks and recreation	-	-	-
Police	-	945	9,219
Public works	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	21,394	-
Total Expenditures	<u>-</u>	<u>22,339</u>	<u>9,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,220,259</u>	<u>(16,884)</u>	<u>4</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(1,218,403)	-	-
Total other financing sources (uses)	<u>(1,218,403)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,856	(16,884)	4
Fund balances - beginning of year	494,044	35,986	53,658
Fund balances - end of year	<u>\$ 495,900</u>	<u>\$ 19,102</u>	<u>\$ 53,662</u>

Special Revenue

Boat Registration Fees	One Cent Voted Sales Tax	Fishing Pier	Second Occupational License	Growth Management Training	Park Fines Handicapped Access Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,504,314	-	-	-	-
-	-	-	9,906	-	-
13,567	-	-	-	-	-
-	-	-	-	-	9,336
-	-	380,055	-	-	-
402	50,752	3,966	818	-	1,145
-	-	48,744	-	7,888	-
<u>13,969</u>	<u>2,555,066</u>	<u>432,765</u>	<u>10,724</u>	<u>7,888</u>	<u>10,481</u>
-	-	-	-	9,800	-
-	-	193,901	-	-	-
-	-	-	-	-	-
-	-	-	21,584	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>193,901</u>	<u>21,584</u>	<u>9,800</u>	<u>-</u>
<u>13,969</u>	<u>2,555,066</u>	<u>238,864</u>	<u>(10,860)</u>	<u>(1,912)</u>	<u>10,481</u>
-	550,000	-	-	-	-
(11,860)	(2,189,023)	(481,474)	-	-	(3,504)
<u>(11,860)</u>	<u>(1,639,023)</u>	<u>(481,474)</u>	<u>-</u>	<u>-</u>	<u>(3,504)</u>
2,109	916,043	(242,610)	(10,860)	(1,912)	6,977
11,144	1,175,440	184,614	51,736	61,615	38,591
<u>\$ 13,253</u>	<u>\$ 2,091,483</u>	<u>\$ (57,996)</u>	<u>\$ 40,876</u>	<u>\$ 59,703</u>	<u>\$ 45,568</u>

(Continued)

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2008

	<u>Special Revenue</u>		
	<u>Building Permit Fees</u>	<u>Centennial Community</u>	<u>Historical Commission</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Licenses and permits	1,136,400	-	-
Intergovernmental revenue	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Interest	-	1,383	267
Miscellaneous	1,226	635	2,711
Total Revenues	<u>1,137,626</u>	<u>2,018</u>	<u>2,978</u>
EXPENDITURES			
General government	804,128	-	3,161
Parks and recreation	-	-	-
Police	-	-	-
Public works	-	-	-
Debt Service:			
Principal	1,990	-	-
Interest and other charges	6,757	-	-
Capital outlay	-	-	-
Total Expenditures	<u>812,875</u>	<u>-</u>	<u>3,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>324,751</u>	<u>2,018</u>	<u>(183)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(348,236)	-	-
Total other financing sources (uses)	<u>(348,236)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(23,485)	2,018	(183)
Fund balances - beginning of year	(233,570)	51,606	15,900
Fund balances - end of year	<u>\$ (257,055)</u>	<u>\$ 53,624</u>	<u>\$ 15,717</u>

<u>Special Revenue</u>	<u>Debt Service</u>		
<u>Total Special Revenue Funds</u>	<u>2001 Capital Improvement</u>	<u>2004 General Obligation Bond</u>	<u>Total Debt Service Funds</u>
\$ -	\$ -	\$ 674,059	\$ 674,059
3,520,325	-	-	-
1,146,306	-	-	-
197,138	-	-	-
21,980	-	-	-
380,055	-	-	-
81,444	19,042	10,528	29,570
61,204	-	-	-
<u>5,408,452</u>	<u>19,042</u>	<u>684,587</u>	<u>703,629</u>
817,089	-	-	-
193,901	-	-	-
10,164	-	-	-
21,584	-	-	-
1,990	735,000	295,000	1,030,000
6,757	47,369	311,510	358,879
21,394	-	-	-
<u>1,072,879</u>	<u>782,369</u>	<u>606,510</u>	<u>1,388,879</u>
<u>4,335,573</u>	<u>(763,327)</u>	<u>78,077</u>	<u>(685,250)</u>
550,000	797,055	-	797,055
(4,252,500)	-	-	-
<u>(3,702,500)</u>	<u>797,055</u>	<u>-</u>	<u>797,055</u>
633,073	33,728	78,077	111,805
1,940,764	666,875	67,421	734,296
<u>\$ 2,573,837</u>	<u>\$ 700,603</u>	<u>\$ 145,498</u>	<u>\$ 846,101</u>

(Continued)

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2008

	<u>Capital Project</u>		
	<u>General Projects</u>	<u>Streets</u>	<u>Buildings and Renovations</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Interest	7,766	55,538	1,440
Miscellaneous	-	1,424	-
Total Revenues	<u>7,766</u>	<u>56,962</u>	<u>1,440</u>
EXPENDITURES			
General government	-	-	-
Parks and recreation	-	-	-
Police	-	-	-
Public works	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	354,956	238,347	12,931
Total Expenditures	<u>354,956</u>	<u>238,347</u>	<u>12,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(347,190)</u>	<u>(181,385)</u>	<u>(11,491)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,009,798	1,062,584	318,502
Transfers out	-	-	-
Total other financing sources (uses)	<u>2,009,798</u>	<u>1,062,584</u>	<u>318,502</u>
Net change in fund balances	1,662,608	881,199	307,011
Fund balances - beginning of year	-	1,714,197	-
Fund balances - end of year	<u>\$ 1,662,608</u>	<u>\$ 2,595,396</u>	<u>\$ 307,011</u>

Capital Project

<u>2004 GO Bond Construction</u>	<u>Total Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ -	\$ 674,059
-	-	3,520,325
-	-	1,146,306
-	-	197,138
-	-	21,980
-	-	380,055
92,767	157,511	268,525
-	1,424	62,628
<u>92,767</u>	<u>158,935</u>	<u>6,271,016</u>
-	-	817,089
-	-	193,901
-	-	10,164
-	-	21,584
-	-	1,031,990
-	-	365,636
84,803	691,037	712,431
<u>84,803</u>	<u>691,037</u>	<u>3,152,795</u>
<u>7,964</u>	<u>(532,102)</u>	<u>3,118,221</u>
-	3,390,884	4,737,939
-	-	(4,252,500)
-	<u>3,390,884</u>	<u>485,439</u>
7,964	2,858,782	3,603,660
3,467,015	5,181,212	7,856,272
<u>\$ 3,474,979</u>	<u>\$ 8,039,994</u>	<u>\$ 11,459,932</u>

City of Venice, Florida
Budget Comparison Schedule
Police Training Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ 10,343	\$ 10,343	\$ 7,835	\$ (2,508)
Interest	750	750	1,388	638
Total revenues	<u>11,093</u>	<u>11,093</u>	<u>9,223</u>	<u>(1,870)</u>
EXPENDITURES				
Current:				
Police	<u>11,093</u>	<u>11,093</u>	<u>9,219</u>	<u>1,874</u>
Total expenditures	<u>11,093</u>	<u>11,093</u>	<u>9,219</u>	<u>1,874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Fund balances (deficits) at beginning of year	<u>53,658</u>	<u>53,658</u>	<u>53,658</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 53,658</u>	<u>\$ 53,658</u>	<u>\$ 53,662</u>	<u>\$ 4</u>

City of Venice, Florida
Budget Comparison Schedule
Boat Registration Fees Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 11,560	\$ 11,560	\$ 13,567	\$ 2,007
Interest	300	300	402	102
Total revenues	<u>11,860</u>	<u>11,860</u>	<u>13,969</u>	<u>2,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,860</u>	<u>11,860</u>	<u>13,969</u>	<u>2,109</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(11,860)</u>	<u>(11,860)</u>	<u>(11,860)</u>	<u>-</u>
Net other financing sources (uses)	<u>(11,860)</u>	<u>(11,860)</u>	<u>(11,860)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>2,109</u>	<u>2,109</u>
Fund balances (deficits) at beginning of year	<u>11,144</u>	<u>11,144</u>	<u>11,144</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 11,144</u>	<u>\$ 11,144</u>	<u>\$ 13,253</u>	<u>\$ 2,109</u>

City of Venice, Florida
Budget Comparison Schedule
One Cent Voted Sales Tax Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Sales taxes	2,794,864	2,794,864	2,504,314	(290,550)
Interest	20,398	20,398	50,752	30,354
Total revenues	<u>2,815,262</u>	<u>2,815,262</u>	<u>2,555,066</u>	<u>(260,196)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,815,262</u>	<u>2,815,262</u>	<u>2,555,066</u>	<u>(260,196)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	550,000	550,000	550,000	-
Transfers out	(1,230,555)	(2,223,555)	(2,189,023)	34,532
Net other financing sources (uses)	<u>(680,555)</u>	<u>(1,673,555)</u>	<u>(1,639,023)</u>	<u>34,532</u>
Net change in fund balances	2,134,707	1,141,707	916,043	(225,664)
Fund balances (deficits) at beginning of year	<u>1,175,440</u>	<u>1,175,440</u>	<u>1,175,440</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 3,310,147</u>	<u>\$ 2,317,147</u>	<u>\$ 2,091,483</u>	<u>\$ (225,664)</u>

City of Venice, Florida
Budget Comparison Schedule
Fishing Pier Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Charges for services	\$ 324,867	\$ 324,867	\$ 380,055	\$ 55,188
Interest	9,197	9,197	3,966	(5,231)
Miscellaneous	12,427	12,427	48,744	36,317
Total revenues	<u>346,491</u>	<u>346,491</u>	<u>432,765</u>	<u>86,274</u>
EXPENDITURES				
Current:				
Parks and recreation	111,976	195,275	193,901	1,374
Total expenditures	<u>357,310</u>	<u>195,275</u>	<u>193,901</u>	<u>1,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,819)</u>	<u>151,216</u>	<u>238,864</u>	<u>87,648</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(41,474)	(481,475)	(481,474)	1
Net other financing sources (uses)	<u>(41,474)</u>	<u>(481,475)</u>	<u>(481,474)</u>	<u>1</u>
Net change in fund balances	(52,293)	(330,259)	(242,610)	87,649
Fund balances (deficits) at beginning of year	<u>184,614</u>	<u>184,614</u>	<u>184,614</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 132,321</u>	<u>\$ (145,645)</u>	<u>\$ (57,996)</u>	<u>\$ 87,649</u>

City of Venice, Florida
Budget Comparison Schedule
Second Occupational License Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 7,818	\$ 7,818	\$ 9,906	\$ 2,088
Interest	1,343	1,343	818	(525)
Total revenues	<u>9,161</u>	<u>9,161</u>	<u>10,724</u>	<u>1,563</u>
EXPENDITURES				
Current:				
Public works	<u>30,745</u>	<u>30,745</u>	<u>21,584</u>	<u>9,161</u>
Total expenditures	<u>30,745</u>	<u>30,745</u>	<u>21,584</u>	<u>9,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,584)</u>	<u>(21,584)</u>	<u>(10,860)</u>	<u>10,724</u>
Net change in fund balances	(21,584)	(21,584)	(10,860)	10,724
Fund balances (deficits) at beginning of year	<u>51,736</u>	<u>51,736</u>	<u>51,736</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 30,152</u>	<u>\$ 30,152</u>	<u>\$ 40,876</u>	<u>\$ 10,724</u>

City of Venice, Florida
Budget Comparison Schedule
Growth Management Training Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Miscellaneous	\$ 7,000	\$ 7,000	\$ 7,888	\$ 888
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>7,888</u>	<u>888</u>
EXPENDITURES				
Current:				
General government	<u>38,000</u>	<u>38,000</u>	<u>9,800</u>	<u>28,200</u>
Total expenditures	<u>38,000</u>	<u>38,000</u>	<u>9,800</u>	<u>28,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,000)</u>	<u>(31,000)</u>	<u>(1,912)</u>	<u>29,088</u>
Net change in fund balances	(31,000)	(31,000)	(1,912)	29,088
Fund balances (deficits) at beginning of year	<u>61,615</u>	<u>61,615</u>	<u>61,615</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 30,615</u>	<u>\$ 30,615</u>	<u>\$ 59,703</u>	<u>\$ 29,088</u>

City of Venice, Florida
Budget Comparison Schedule
Parking Fines Handicapped Access Improvement Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ 7,500	\$ 7,500	\$ 9,336	\$ 1,836
Interest	-	-	1,145	1,145
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>10,481</u>	<u>2,981</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,500</u>	<u>7,500</u>	<u>10,481</u>	<u>2,981</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,504)	(3,504)	(3,504)	-
Net other financing sources (uses)	(3,504)	(3,504)	(3,504)	-
Net change in fund balances	3,996	3,996	6,977	2,981
Fund balances (deficits) at beginning of year	<u>38,591</u>	<u>38,591</u>	<u>38,591</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 42,587</u>	<u>\$ 42,587</u>	<u>\$ 45,568</u>	<u>\$ 2,981</u>

City of Venice, Florida
Budget Comparison Schedule
Building Permit Fees Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 1,176,289	\$ 1,176,289	\$ 1,136,400	\$ (39,889)
Miscellaneous	110	110	1,226	1,116
Total revenues	<u>1,176,399</u>	<u>1,176,399</u>	<u>1,137,626</u>	<u>(38,773)</u>
EXPENDITURES				
Current:				
General government	822,063	825,062	804,128	20,934
Debt Service:				
Principal	1,990	1,990	1,990	-
Interest and fiscal charges	110	110	6,757	(6,647)
Capital outlay	<u>4,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>828,163</u>	<u>828,162</u>	<u>812,875</u>	<u>15,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>348,236</u>	<u>348,237</u>	<u>324,751</u>	<u>(23,486)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(348,236)	(348,237)	(348,236)	1
Net other financing sources (uses)	(348,236)	(348,237)	(348,236)	1
Net change in fund balances	-	-	(23,485)	(23,485)
Fund balances (deficits) at beginning of year	<u>(233,570)</u>	<u>(233,570)</u>	<u>(233,570)</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ (233,570)</u>	<u>\$ (233,570)</u>	<u>\$ (257,055)</u>	<u>\$ (23,485)</u>

City of Venice, Florida
Budget Comparison Schedule
Centennial Community Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 959	\$ 959	\$ 1,383	\$ 424
Miscellaneous	500	500	635	135
Total revenues	<u>1,459</u>	<u>1,459</u>	<u>2,018</u>	<u>559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,459</u>	<u>1,459</u>	<u>2,018</u>	<u>559</u>
Net change in fund balances	1,459	1,459	2,018	559
Fund balances (deficits) at beginning of year	<u>51,606</u>	<u>51,606</u>	<u>51,606</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 53,065</u>	<u>\$ 53,065</u>	<u>\$ 53,624</u>	<u>\$ 559</u>

City of Venice, Florida
Budget Comparison Schedule
Historical Commission Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 117	\$ 117	\$ 267	\$ 150
Miscellaneous	2,760	2,760	2,711	(49)
Total revenues	<u>2,877</u>	<u>2,877</u>	<u>2,978</u>	<u>101</u>
EXPENDITURES				
Current:				
General government	-	3,161	3,161	-
Capital outlay	-	655	-	655
Total expenditures	<u>-</u>	<u>3,816</u>	<u>3,161</u>	<u>655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,877</u>	<u>(939)</u>	<u>(183)</u>	<u>756</u>
Net change in fund balances	2,877	(939)	(183)	756
Fund balances (deficits) at beginning of year	<u>15,900</u>	<u>15,900</u>	<u>15,900</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 18,777</u>	<u>\$ 14,961</u>	<u>\$ 15,717</u>	<u>\$ 756</u>

City of Venice, Florida
Budget Comparison Schedule
2001 Capital Improvement Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 19,042	\$ 17,042
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>19,042</u>	<u>17,042</u>
EXPENDITURES				
Debt Service:				
Principal	735,000	735,000	735,000	-
Interest and fiscal charges	<u>63,055</u>	<u>63,055</u>	<u>47,369</u>	<u>15,686</u>
Total expenditures	<u>798,055</u>	<u>798,055</u>	<u>782,369</u>	<u>15,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(796,055)</u>	<u>(796,055)</u>	<u>(763,327)</u>	<u>32,728</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>797,055</u>	<u>797,055</u>	<u>797,055</u>	<u>-</u>
Net other financing sources (uses)	<u>797,055</u>	<u>797,055</u>	<u>797,055</u>	<u>-</u>
Net change in fund balances	1,000	1,000	33,728	32,728
Fund balances (deficits) at beginning of year	<u>666,875</u>	<u>666,875</u>	<u>666,875</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 667,875</u>	<u>\$ 667,875</u>	<u>\$ 700,603</u>	<u>\$ 32,728</u>

City of Venice, Florida
Budget Comparison Schedule
2004 General Obligation Bond Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 664,027	\$ 664,027	\$ 674,059	\$ 10,032
Interest	-	-	10,528	10,528
Total revenues	<u>664,027</u>	<u>664,027</u>	<u>684,587</u>	<u>20,560</u>
EXPENDITURES				
Debt Service:				
Principal	295,000	295,000	295,000	-
Interest and fiscal charges	<u>374,216</u>	<u>374,216</u>	<u>311,510</u>	<u>62,706</u>
Total expenditures	<u>669,216</u>	<u>669,216</u>	<u>606,510</u>	<u>62,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,189)</u>	<u>(5,189)</u>	<u>78,077</u>	<u>83,266</u>
Net change in fund balances	(5,189)	(5,189)	78,077	83,266
Fund balances (deficits) at beginning of year	<u>67,421</u>	<u>67,421</u>	<u>67,421</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 62,232</u>	<u>\$ 62,232</u>	<u>\$ 145,498</u>	<u>\$ 83,266</u>

**City of Venice, Florida
 Budget Comparison Schedule
 General Projects Fund
 For the Year Ended September 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 3,800,000	\$ -	\$ (3,800,000)
Interest	-	-	7,766	7,766
Total revenues	-	3,800,000	7,766	(3,792,234)
EXPENDITURES				
Capital outlay	1,045,443	7,521,868	354,956	7,166,912
Total expenditures	1,045,443	7,521,868	354,956	7,166,912
Excess (deficiency) of revenues over (under) expenditures	(1,045,443)	(3,721,868)	(347,190)	3,374,678
OTHER FINANCING SOURCES (USES)				
Transfers in	1,045,443	2,044,331	2,009,798	(34,533)
Net other financing sources (uses)	1,045,443	2,044,331	2,009,798	(34,533)
Net change in fund balances	-	(1,677,537)	1,662,608	3,340,145
Fund balances (deficits) at beginning of year	-	-	-	-
Fund balances (deficits) at end of year	\$ -	\$ (1,677,537)	\$ 1,662,608	\$ 3,340,145

**City of Venice, Florida
 Budget Comparison Schedule
 Streets Fund
 For the Year Ended September 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 42,712	\$ 42,712	\$ 55,538	\$ 12,826
Miscellaneous	-	-	1,424	1,424
Total revenues	42,712	42,712	56,962	14,250
EXPENDITURES				
Capital outlay	1,749,666	2,035,608	238,347	1,797,261
Total expenditures	1,749,666	2,035,608	238,347	1,797,261
Excess (deficiency) of revenues over (under) expenditures	(1,706,954)	(1,992,896)	(181,385)	1,811,511
OTHER FINANCING SOURCES (USES)				
Transfers in	1,109,891	1,109,891	1,062,584	(47,307)
Net other financing sources (uses)	1,109,891	1,109,891	1,062,584	(47,307)
Net change in fund balances	(597,063)	(883,005)	881,199	1,764,204
Fund balances (deficits) at beginning of year	1,714,197	1,714,197	1,714,197	-
Fund balances (deficits) at end of year	\$ 1,117,134	\$ 831,192	\$ 2,595,396	\$ 1,764,204

**City of Venice, Florida
 Budget Comparison Schedule
 Buildings and Renovations Fund
 For the Year Ended September 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 1,440	\$ 1,440
Total revenues	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>1,440</u>
EXPENDITURES				
Capital outlay	<u>294,394</u>	<u>378,717</u>	<u>12,931</u>	<u>365,786</u>
Total expenditures	<u>294,394</u>	<u>378,717</u>	<u>12,931</u>	<u>365,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(294,394)</u>	<u>(378,717)</u>	<u>(11,491)</u>	<u>367,226</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>294,394</u>	<u>318,502</u>	<u>318,502</u>	<u>-</u>
Net other financing sources (uses)	<u>294,394</u>	<u>318,502</u>	<u>318,502</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(60,215)</u>	<u>307,011</u>	<u>367,226</u>
Fund balances (deficits) at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ (60,215)</u>	<u>\$ 307,011</u>	<u>\$ 367,226</u>

**City of Venice, Florida
 Budget Comparison Schedule
 2004 GO Bond Construction Fund
 For the Year Ended September 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 92,767	\$ 92,767
Total revenues	<u>-</u>	<u>-</u>	<u>92,767</u>	<u>92,767</u>
EXPENDITURES				
Capital outlay	<u>3,000,000</u>	<u>2,319,590</u>	<u>84,803</u>	<u>2,234,787</u>
Total expenditures	<u>3,000,000</u>	<u>2,319,590</u>	<u>84,803</u>	<u>2,234,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,000,000)</u>	<u>(2,319,590)</u>	<u>7,964</u>	<u>2,327,554</u>
Net change in fund balances	<u>(3,000,000)</u>	<u>(2,319,590)</u>	<u>7,964</u>	<u>2,327,554</u>
Fund balances (deficits) at beginning of year	<u>3,467,015</u>	<u>3,467,015</u>	<u>3,467,015</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 467,015</u>	<u>\$ 1,147,425</u>	<u>\$ 3,474,979</u>	<u>\$ 2,327,554</u>

City of Venice, Florida
Budget Comparison Schedule
Motor Fuel Tax Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Sales taxes	\$ 1,130,688	\$ 1,130,688	\$ 1,016,011	\$ (114,677)
Intergovernmental	237,653	237,653	183,571	(54,082)
Interest	7,751	7,751	20,677	12,926
Total revenues	<u>1,376,092</u>	<u>1,376,092</u>	<u>1,220,259</u>	<u>(155,833)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,376,092</u>	<u>1,376,092</u>	<u>1,220,259</u>	<u>(155,833)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,376,092)	(1,376,092)	(1,218,403)	157,689
Net other financing sources (uses)	<u>(1,376,092)</u>	<u>(1,376,092)</u>	<u>(1,218,403)</u>	<u>157,689</u>
Net change in fund balances	-	-	1,856	1,856
Fund balances (deficits) at beginning of year	<u>494,044</u>	<u>494,044</u>	<u>494,044</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 494,044</u>	<u>\$ 494,044</u>	<u>\$ 495,900</u>	<u>\$ 1,856</u>

City of Venice, Florida
Budget Comparison Schedule
Contraband Forfeiture Fund
For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ 3,551	\$ 3,551	\$ 4,809	\$ 1,258
Interest	369	369	646	277
Total revenues	<u>3,920</u>	<u>3,920</u>	<u>5,455</u>	<u>1,535</u>
EXPENDITURES				
Current:				
Police	-	1,500	945	555
Capital outlay	3,920	25,420	21,394	4,026
Total expenditures	<u>3,920</u>	<u>26,920</u>	<u>22,339</u>	<u>4,581</u>
Net change in fund balances	-	(23,000)	(16,884)	6,116
Fund balances (deficits) at beginning of year	<u>35,986</u>	<u>35,986</u>	<u>35,986</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 35,986</u>	<u>\$ 12,986</u>	<u>\$ 19,102</u>	<u>\$ 6,116</u>

**City of Venice, Florida
 Budget Comparison Schedule
 Beach Renourishment Fund
 For the Year Ended September 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 2,201,480	\$ 2,201,480	\$ 2,109,662	\$ (91,818)
Interest	-	-	45,042	45,042
Total revenues	<u>2,201,480</u>	<u>2,201,480</u>	<u>2,154,704</u>	<u>(46,776)</u>
EXPENDITURES				
Current:				
Capital outlay	<u>250,000</u>	<u>6,597,332</u>	<u>4,650,629</u>	<u>1,946,703</u>
Total expenditures	<u>250,000</u>	<u>6,597,332</u>	<u>4,650,629</u>	<u>1,946,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,951,480</u>	<u>(4,395,852)</u>	<u>(2,495,925)</u>	<u>1,899,927</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Transfers out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net change in fund balances	1,651,480	(4,695,852)	(2,795,925)	1,899,927
Fund balances (deficits) at beginning of year	<u>4,106,417</u>	<u>4,106,417</u>	<u>4,106,417</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 5,757,897</u>	<u>\$ (589,435)</u>	<u>\$ 1,310,492</u>	<u>\$ 1,899,927</u>



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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated department to other departments within the City, on a cost-reimbursement basis.

The Employees' Group Health and Life Insurance Fund - To account for receipts and disbursements for health and life insurance claims which are partially self-insured by the City.

The Workers' Compensation Self-Insurance Fund - To account for receipts and disbursements for Workers' Compensation claims which are partially self-insured by the City.

The Employee Flexible Spending Fund - To account for receipts and disbursements of the program established by the City.

The Property and Liability Insurance Fund - To account for receipts and disbursements for insurance of properties for all departments which are partially self-insured by the City.

City of Venice, Florida
Combining Statement of Net Assets
Internal Service Funds
September 30, 2008

		Governmental Activities		
		Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
ASSETS				
Current assets:				
Cash and cash equivalents		\$ 1,687,447	\$ 985,550	\$ 9,647
Investments		1,557,643	909,739	8,905
Accounts receivable (net)		283	-	-
Interest receivable		24,499	14,237	144
Prepaid assets		26,416	-	-
		<u>3,296,288</u>	<u>1,909,526</u>	<u>18,696</u>
Total assets		<u>\$ 3,296,288</u>	<u>\$ 1,909,526</u>	<u>\$ 18,696</u>
LIABILITIES				
Current liabilities:				
Accounts payable		\$ 237,517	\$ -	\$ -
Accrued liabilities		3,868	2,477	-
Accrued insurance claims		352,000	195,565	-
		<u>593,385</u>	<u>198,042</u>	<u>-</u>
Total current liabilities		<u>593,385</u>	<u>198,042</u>	<u>-</u>
Long-term liabilities:				
Advance from other funds		-	-	2,000
Total long-term liabilities		<u>-</u>	<u>-</u>	<u>2,000</u>
Total liabilities		<u>593,385</u>	<u>198,042</u>	<u>2,000</u>
NET ASSETS				
Unrestricted		<u>2,702,903</u>	<u>1,711,484</u>	<u>16,696</u>
Total net assets		<u>\$ 2,702,903</u>	<u>\$ 1,711,484</u>	<u>\$ 16,696</u>

Governmental Activities

Property and Liability Insurance	Total Internal Service Funds
\$ 165,933	\$ 2,848,577
153,168	2,629,455
1,276	1,559
2,466	41,346
-	26,416
<u>\$ 322,843</u>	<u>\$ 5,547,353</u>
\$ 438	\$ 237,955
1,104	7,449
-	547,565
<u>1,542</u>	<u>792,969</u>
-	2,000
-	2,000
<u>1,542</u>	<u>794,969</u>
<u>321,301</u>	<u>4,752,384</u>
<u>\$ 321,301</u>	<u>\$ 4,752,384</u>

City of Venice, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For Fiscal Year Ended September 30, 2008

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
OPERATING REVENUES			
Charges for services	\$ 5,244,857	\$ 637,133	\$ -
Miscellaneous	-	13,693	61,557
Total operating revenues	<u>5,244,857</u>	<u>650,826</u>	<u>61,557</u>
OPERATING EXPENSES			
Personal services	85,530	33,552	-
Insurance	2,980,254	283,238	-
Professional services	341,130	22,755	163
Other services and charges	-	-	59,835
Total operating expenses	<u>3,406,914</u>	<u>339,545</u>	<u>59,998</u>
Operating income (loss)	<u>1,837,943</u>	<u>311,281</u>	<u>1,559</u>
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	38,748	42,261	88
Interest expense	-	-	-
Net non-operating revenues (expenses)	<u>38,748</u>	<u>42,261</u>	<u>88</u>
Change in net assets	1,876,691	353,542	1,647
Total net assets - beginning	<u>826,212</u>	<u>1,357,942</u>	<u>15,049</u>
Total net assets - ending	<u>\$ 2,702,903</u>	<u>\$ 1,711,484</u>	<u>\$ 16,696</u>

Governmental Activities

Property and Liability Insurance	Total Internal Service Funds
\$ 1,082,728	\$ 6,964,718
38,893	114,143
<u>1,121,621</u>	<u>7,078,861</u>
53,553	172,635
941,021	4,204,513
5,415	369,463
-	59,835
<u>999,989</u>	<u>4,806,446</u>
<u>121,632</u>	<u>2,272,415</u>
-	81,097
<u>(10,719)</u>	<u>(10,719)</u>
<u>(10,719)</u>	<u>70,378</u>
110,913	2,342,793
<u>210,388</u>	<u>2,409,591</u>
<u>\$ 321,301</u>	<u>\$ 4,752,384</u>

City of Venice, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2008

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,244,574	\$ 650,826	\$ 61,557
Payments to suppliers	(3,243,974)	(358,540)	(60,293)
Payments to employees	(85,530)	(33,552)	-
Net cash provided (used) by operating activities	<u>1,915,070</u>	<u>258,734</u>	<u>1,264</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Short-term interfund borrowings	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	384,780	116,737	1,793
Purchase of investments	(1,407,586)	(372,638)	(3,648)
Interest earnings on cash and investments	25,540	41,827	93
Net cash provided by (used for) investing activities	<u>(997,266)</u>	<u>(214,074)</u>	<u>(1,762)</u>
Net increase (decrease) in cash and cash equivalents	917,804	44,660	(498)
Cash and cash equivalents at beginning of year	<u>769,643</u>	<u>940,890</u>	<u>10,145</u>
Cash and cash equivalents at end of year	<u><u>1,687,447</u></u>	<u><u>\$ 985,550</u></u>	<u><u>\$ 9,647</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	1,837,943	\$ 311,281	\$ 1,559
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in long-term assets/liabilities	(96,000)	(24,839)	-
Change in current assets and liabilities:			
Accounts receivable	(283)	-	-
Prepaid expenses	(26,416)	-	-
Accounts payable	205,692	(30,185)	(295)
Other accrued expenses	(5,866)	2,477	-
Net cash provided (used) by operating activities	<u><u>\$ 1,915,070</u></u>	<u><u>\$ 258,734</u></u>	<u><u>\$ 1,264</u></u>

Governmental Activities

Property Property and Liability Insurance	Total Governmental Activities
\$ 1,120,748	\$ 7,077,705
(946,621)	(4,609,428)
(53,553)	(172,635)
<u>120,574</u>	<u>2,295,642</u>
(11,370)	(11,370)
(11,370)	(11,370)
-	503,310
(67,110)	(1,850,982)
-	67,460
<u>(67,110)</u>	<u>(1,280,212)</u>
42,094	1,004,060
123,839	1,844,517
<u>\$ 165,933</u>	<u>\$ 2,848,577</u>
\$ 121,632	\$ 2,272,415
-	(120,839)
(873)	(1,156)
-	(26,416)
(1,289)	173,923
1,104	(2,285)
<u>\$ 120,574</u>	<u>\$ 2,295,642</u>

TRUST FUNDS

Trust Funds are used to administer resources reserved and held by a governmental unit as the trustee or as the agent for others. Use of these Trust Funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other authority.

PENSION TRUST FUNDS – **Police Officers' Retirement Trust Fund and Firefighters' Retirement Trust Fund** account for receipts and disbursements, as authorized by the respective pension boards. The City administers the funds only as authorized by the boards.

The **General Employees' Retirement Plan Pension Trust Fund**, set up for the general employees of the City of Venice, Florida hired on or after January 1, 1996, is used to account for the receipts and disbursements as authorized by its pension board. The City administers the funds only as authorized by the board. This plan has been terminated during this fiscal year.

City of Venice, Florida
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
September 30, 2008

	Police Officers' Retirement	Firefighters' Retirement	General Employees' Retirement	Total Pension Funds
ASSETS				
Cash and cash equivalents	\$ 834,727	\$ 801,352	\$ -	\$ 1,636,079
Interest and dividends receivable	92,943	38,519	-	131,462
Contributions receivable	18,852	294,479	-	313,331
Prepaid expenses	-	1,997	-	1,997
Investments, at fair value:				
U.S. Government obligations	1,065,379	1,682,396	-	2,747,775
Mortgage obligations	-	1,827,353	-	1,827,353
Domestic corporate bonds	4,686,258	531,773	-	5,218,031
Domestic stocks	16,780,022	5,556,684	-	22,336,706
Pooled real estate investment fund	-	1,108,531	-	1,108,531
Mutual funds	-	795,913	-	795,913
Total investments	<u>22,531,659</u>	<u>11,502,650</u>	<u>-</u>	<u>34,034,309</u>
Total Assets	<u>23,478,181</u>	<u>12,638,997</u>	<u>-</u>	<u>36,117,178</u>
LIABILITIES				
Accounts payable	<u>688,294</u>	<u>96,556</u>	<u>-</u>	<u>784,850</u>
Total Liabilities	<u>688,294</u>	<u>96,556</u>	<u>-</u>	<u>784,850</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 22,789,887</u>	<u>\$ 12,542,441</u>	<u>\$ -</u>	<u>\$ 35,332,328</u>

City of Venice, Florida
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended September 30, 2008

	<u>Police Officers' Retirement</u>	<u>Firefighters' Retirement</u>	<u>General Employees' Retirement</u>	<u>Total Pension Funds</u>
ADDITIONS				
Contributions:				
Employer	\$ 575,988	\$ 725,317	\$ 259,131	\$ 1,560,436
Plan member	214,925	278,961	-	493,886
State of Florida (passed through general fund)	205,364	391,694	-	597,058
Total contributions	<u>996,277</u>	<u>1,395,972</u>	<u>259,131</u>	<u>2,651,380</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments	(5,148,517)	(1,718,417)	(171,845)	(7,038,779)
Interest and dividends	678,157	450,295	72,568	1,201,020
Total investment income (loss)	(4,470,360)	(1,268,122)	(99,277)	(5,837,759)
Less investment expenses	104,772	96,665	12,843	214,280
Net investment income (loss)	<u>(4,575,132)</u>	<u>(1,364,787)</u>	<u>(112,120)</u>	<u>(6,052,039)</u>
Total additions	<u>(3,578,855)</u>	<u>31,185</u>	<u>147,011</u>	<u>(3,400,659)</u>
DEDUCTIONS				
Benefits	2,264,788	1,246,188	12,050	3,523,026
Lump sum payments upon termination of plan	-	-	583,794	583,794
Administrative expense	75,075	39,544	37,518	152,137
Total deductions	<u>2,339,863</u>	<u>1,285,732</u>	<u>633,362</u>	<u>4,258,957</u>
Change in net assets	(5,918,718)	(1,254,547)	(486,351)	(7,659,616)
Transfer of assets to general fund	-	-	(4,641,917)	(4,641,917)
Purchase of annuities for non electing retirees	-	-	(282,224)	(282,224)
Net assets reserved for employees' pension benefits - beginning of year	<u>28,708,605</u>	<u>13,796,988</u>	<u>5,410,492</u>	<u>47,916,085</u>
Net assets reserved for employees' pension benefits - end of year	<u>\$ 22,789,887</u>	<u>\$ 12,542,441</u>	<u>\$ -</u>	<u>\$ 35,332,328</u>

CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

City of Venice, Florida
Capital Assets Used in Governmental Funds
September 30, 2008
(With Comparative Figures for 2007)

	<u>2008</u>	<u>2007</u>
Governmental capital assets:		
Land	\$ 3,556,993	\$ 3,556,993
Buildings	17,843,814	12,919,528
Improvements other than buildings	32,415,785	18,587,021
Machinery and equipment	8,650,175	8,843,631
Infrastructure	21,848,701	21,789,585
Construction in Progress	1,796,516	13,229,693
	<u> </u>	<u> </u>
Total governmental capital assets	<u>\$ 86,111,984</u>	<u>\$ 78,926,451</u>
Investment in governmental capital assets from:		
General fund revenues and undetermined sources	\$ 74,590,237	\$ 67,404,704
Gifts	1,089,089	1,089,089
Federal, State and County grants	2,141,659	2,141,659
Revenue bonds and notes	8,290,999	8,290,999
	<u> </u>	<u> </u>
Total investment in governmental capital assets	<u>\$ 86,111,984</u>	<u>\$ 78,926,451</u>

City of Venice, Florida
Schedule of Governmental Capital Assets
By Function and Activity
As of September 30, 2008

	Governmental Capital Assets September 30, 2008	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Roads, Streets and other Infrastructure
General government:						
Land	\$ 1,114,256	\$ 1,114,256	\$ -	\$ -	\$ -	\$ -
Infrastructure	21,848,701	-	-	-	-	21,848,701
Staff agencies:						
City manager	174,484	-	80,677	-	93,807	-
City clerk	57,275	-	-	-	57,275	-
Finance	752,655	-	-	-	752,655	-
Other administration	6,120,199	-	3,588,237	2,491,075	40,887	-
Building and zoning	45,723	-	-	14,504	31,219	-
Engineering	399,266	-	-	351,078	48,188	-
Total staff agencies	7,549,602	-	3,668,914	2,856,657	1,024,031	-
Total general government	30,512,559	1,114,256	3,668,914	2,856,657	1,024,031	21,848,701
Public safety:						
Police protection	5,304,325	-	1,982,415	185,679	3,136,231	-
Fire protection	8,398,323	2,500	863,239	57,910	3,125,706	-
Total public safety	13,702,648	2,500	2,845,654	243,589	6,261,937	-
Public works	40,100,261	2,440,237	11,329,246	29,315,539	1,364,207	-
Total governmental capital assets allocated to functions	84,315,468	\$ 3,556,993	\$ 17,843,814	\$ 32,415,785	\$ 8,650,175	\$ 21,848,701
Construction in progress	1,796,516					
Total governmental capital assets	\$ 86,111,984					

City of Venice, Florida
Schedule of Changes in Governmental Capital Assets
By Function and Activity
Year Ended September 30, 2008

	Governmental Capital Assets October 1, 2007	Additions and Transfers	Deductions and Transfers	Governmental Capital Assets September 30, 2008
General government:				
Land	\$ 1,114,256	\$ -	\$ -	\$ 1,114,256
Staff agencies:				
City manager	143,799	60,332	29,647	174,484
City clerk	89,052	-	31,777	57,275
Finance	809,496	-	56,841	752,655
Other administration	6,516,941	49,077	445,820	6,120,198
Building and zoning	94,904	-	49,181	45,723
Engineering	418,760	-	19,494	399,266
Total staff agencies	<u>9,187,208</u>	<u>109,409</u>	<u>632,760</u>	<u>7,549,601</u>
Total general government	9,187,208	109,409	632,760	8,663,857
Public safety:				
Police protection	5,589,426	163,866	448,968	5,304,324
Fire protection	<u>3,434,358</u>	<u>5,118,574</u>	<u>154,609</u>	<u>8,398,323</u>
Total public safety	9,023,785	5,282,440	603,577	13,702,648
Public works	25,696,181	14,679,329	275,248	40,100,262
Infrastructure	21,789,585	59,116	-	21,848,701
Construction in Progress	<u>13,229,693</u>	<u>7,298,388</u>	<u>18,731,565</u>	<u>1,796,516</u>
Total governmental capital assets	<u>\$ 78,926,452</u>	<u>\$ 27,428,682</u>	<u>\$ 20,243,150</u>	<u>\$ 86,111,984</u>

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION

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

Financial Trends

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.

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

City of Venice, Florida
 Net Assets by Component
 Last Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2008	2007	2006	2005	2004
Governmental Activities					
Invested in capital assets, net of related debt	\$ 48,816,977	\$ 42,034,017	\$ 35,385,725	\$ 32,394,871	\$ 21,357,992
Restricted	10,246,587	10,021,925	11,233,395	8,639,836	13,830,066
Unrestricted	22,518,909	19,937,818	14,161,251	12,338,660	8,921,892
Total governmental activities net assets	\$ 81,582,473	\$ 71,993,760	\$ 60,780,371	\$ 53,373,367	\$ 44,109,950
Business-type activities					
Invested in capital assets, net of related debt	\$ 72,556,158	\$ 72,371,861	\$ 68,148,618	\$ 64,302,227	\$ 59,247,036
Restricted	2,469,958	2,761,605	2,469,958	3,064,894	3,059,105
Unrestricted	4,236,094	1,675,878	1,443,159	3,567,409	3,459,353
Total business-type activities net assets	\$ 79,262,210	\$ 76,809,344	\$ 72,061,735	\$ 70,934,530	\$ 65,765,494
Primary government					
Invested in capital assets, net of related debt	\$ 121,373,135	\$ 114,405,878	\$ 103,534,343	\$ 96,697,098	\$ 80,605,028
Restricted	12,716,545	12,783,530	13,703,353	11,704,730	16,889,171
Unrestricted	26,755,003	21,613,696	15,604,410	15,906,069	12,381,245
Total primary government net assets	\$ 160,844,683	\$ 148,803,104	\$ 132,842,106	\$ 124,307,897	\$ 109,875,444

2004 was first year of impenetation of GASB 34. As the data becomes available we will present ten year historic trend.

City of Venice, Florida
 Governmental Activities Tax Revenues by Source
 Last Five Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Excise Taxes	Totals
2004	\$ 6,657,883	\$ 4,394,149	\$ 1,526,899	\$ 12,578,931
2005	8,354,228	4,970,405	1,662,779	14,987,412
2006	10,051,005	5,130,797	1,759,505	16,941,307
2007	13,435,394	4,992,456	1,766,936	20,194,786
2008	12,389,422	4,740,682	1,774,534	18,904,638

2004 was first year of impenetation of GASB 34. As the data becomes available we will present ten year historic trend.

City of Venice, Florida
 Changes in Net Assets
 Last Five Fiscal Years
 (accrual basis of accounting)

Expenses	Fiscal Year				
	2008	2007	2006	2005	2004
Governmental Activities:					
General government	\$ 6,299,922	\$ 6,113,770	\$ 6,564,303	\$ 5,752,028	\$ 5,162,923
Finance	999,886	1,116,887	1,039,800	783,201	911,459
Information services	810,482	770,597	718,328	-	-
Parks & recreation	2,349,277	1,359,061	1,353,766	-	-
Police	7,159,554	7,547,982	8,057,679	6,263,970	6,102,497
Fire	5,215,533	4,806,412	4,914,517	4,016,275	3,636,137
Public works	1,696,343	1,919,293	1,937,215	2,185,999	2,357,769
Interest on long-term debt	366,977	503,153	671,086	615,122	394,337
Total Governmental Activities	24,897,974	24,137,155	25,256,694	19,616,595	18,565,122
Business-type activities:					
Water and sewer	13,359,880	13,076,661	14,177,929	13,461,266	12,175,366
Solid waste	4,004,394	3,852,875	3,912,072	4,214,786	3,848,343
Airport	1,616,095	1,617,371	1,300,679	-	-
Stormwater drainage	579,923	590,057	786,203	-	-
Other	-	-	-	2,489,916	2,366,935
Total Business-Type Activities	19,560,292	19,136,964	20,176,883	20,165,968	18,390,644
Total Primary Government	\$ 44,458,266	\$ 43,274,119	\$ 45,433,577	\$ 39,782,563	\$ 36,955,766
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 2,003,856	\$ 1,820,031	\$ 3,058,345	\$ 4,031,632	\$ 3,481,418
Finance	-	-	-	64,089	20,024
Information services	-	-	-	-	-
Parks & recreation	-	357,853	330,202	-	-
Police	88,639	95,505	120,147	487,734	235,104
Fire	60,067	48,557	47,602	344,624	227,631
Public works	85,297	110,626	87,916	629,317	351,672
Operating grants and contributions	12,360	-	93,387	27,394	105,980
Capital grants and contributions	2,109,662	-	573,553	2,380,311	2,319,532
Total Governmental Activities Program Revenues	4,359,881	2,432,572	4,311,152	7,965,101	6,741,361
Business-type activities:					
Charges for services:					
Water and sewer	16,210,376	13,595,250	12,605,867	12,529,765	11,400,654
Solid waste	4,944,586	5,055,959	4,540,051	4,089,977	3,446,641
Airport	1,797,152	1,693,113	1,557,852	-	-
Stormwater drainage	1,259,310	1,240,263	1,155,712	-	-
Other	-	-	-	2,634,688	2,565,911
Operating grants and contributions	-	-	27,475	-	-
Capital grants and contributions	392,984	4,561,702	3,883,712	5,114,334	2,141,003
Total Business-Type Activities Program Revenues	24,604,408	26,146,287	23,770,669	24,368,764	19,554,209
Total Primary Government Program Revenues	\$ 28,964,289	\$ 28,578,859	\$ 28,081,821	\$ 32,333,865	\$ 26,295,570

2004 was first year of impenetation of GASB 34. As the data becomes available we will present ten year historic trend.

City of Venice, Florida
 Changes in Net Assets
 Last Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2008	2007	2006	2005	2004
Net (expense)/revenue					
Governmental Activities	\$ (20,538,093)	\$ (21,704,583)	\$ (20,945,542)	\$ (11,651,494)	\$ (11,823,761)
Business-type activities	5,044,116	7,009,323	3,593,786	4,202,796	1,163,565
Total primary government net expense	<u>\$ (15,493,977)</u>	<u>\$ (14,695,260)</u>	<u>\$ (17,351,756)</u>	<u>\$ (7,448,698)</u>	<u>\$ (10,660,196)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property taxes	\$ 12,389,422	\$ 14,617,977	\$ 9,376,276	\$ 11,221,163	\$ 9,353,806
Sales taxes	4,740,682	3,809,873	3,921,812	-	-
Excise taxes	1,774,534	1,766,935	3,643,219	-	-
Franchise fees	2,029,285	1,861,315	1,727,851	1,458,340	1,359,041
Intergovernmental	2,581,898	5,356,379	4,822,574	6,256,995	5,512,767
Investment earnings	1,000,375	1,552,179	921,722	484,402	199,841
Miscellaneous	281,828	1,050,484	842,925	1,431,632	456,484
Special Item	2,425,952	-	-	-	-
Transfers, net	2,902,830	2,902,830	3,096,167	62,379	(48,709)
Total governmental activities	<u>30,126,806</u>	<u>32,917,972</u>	<u>28,352,546</u>	<u>20,914,911</u>	<u>16,833,230</u>
Business-Type Activities:					
Investment earnings	311,580	638,903	627,423	1,028,619	1,337,787
Gain on asset sales	-	-	-	-	213,661
Miscellaneous	-	2,213	2,163	-	109,553
Transfers, net	(2,902,830)	(2,902,830)	(3,096,167)	(62,379)	48,709
Total business-type activities	<u>(2,591,250)</u>	<u>(2,261,714)</u>	<u>(2,466,581)</u>	<u>966,240</u>	<u>1,709,710</u>
Total primary government	<u>27,535,556</u>	<u>30,656,258</u>	<u>25,885,965</u>	<u>21,881,151</u>	<u>18,542,940</u>
Change in Net Assets					
Governmental activities	9,588,713	11,213,389	7,407,004	9,263,417	5,009,469
Business-type activities	2,452,866	4,747,609	1,127,205	5,169,036	2,873,275
Total primary government	<u>\$ 12,041,579</u>	<u>\$ 15,960,998</u>	<u>\$ 8,534,209</u>	<u>\$ 14,432,453</u>	<u>\$ 7,882,744</u>

2004 was first year of implementation of GASB 34. As the data becomes available we will present ten year historic trend.



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

	Fiscal Year				
	2008	2007	2006	2005	2004
General Fund					
Reserved	\$ 6,627,747	\$ 10,574,144	\$ 12,623,396	\$ 1,901,862	\$ 1,666,440
Unreserved	11,404,730	6,416,646	3,093,288	10,913,769	7,768,191
Total General Fund:	<u>18,032,477</u>	<u>16,990,790</u>	<u>15,716,684</u>	<u>12,815,631</u>	<u>9,434,631</u>
All other governmental funds					
Reserved	10,196,587	10,026,346	-	-	-
Unreserved, reported in:					
Special Revenue Funds	2,573,837	1,936,343	2,721,889	3,490,165	2,689,517
Debt Service Funds	-	-	509,600	599,593	631,807
Capital Project Funds	-	-	7,337,718	4,550,078	10,508,742
Total All Other Governmental Funds:	<u>12,770,424</u>	<u>11,962,689</u>	<u>10,569,207</u>	<u>8,639,836</u>	<u>13,830,066</u>
Total Governmental Funds:	<u><u>\$ 30,802,901</u></u>	<u><u>\$ 28,953,479</u></u>	<u><u>\$ 26,285,891</u></u>	<u><u>\$ 21,455,467</u></u>	<u><u>\$ 23,264,697</u></u>

Fiscal Year				
2003	2002	2001	2000	1999
\$ 1,869,948	\$ 1,248,611	\$ 806,593	\$ 940,010	\$ 946,470
6,275,526	5,287,786	4,779,298	3,623,074	2,206,745
<u>8,145,474</u>	<u>6,536,397</u>	<u>5,585,891</u>	<u>4,563,084</u>	<u>3,153,215</u>
-	634,565	646,138	804,624	806,905
3,298,621	3,172,765	2,433,113	1,533,283	1,940,849
631,625	-	-	-	-
<u>1,940,016</u>	<u>5,973,797</u>	<u>5,287,865</u>	<u>2,826,852</u>	<u>2,914,852</u>
<u>5,870,262</u>	<u>9,781,127</u>	<u>8,367,116</u>	<u>5,164,759</u>	<u>5,662,606</u>
<u><u>\$ 14,015,736</u></u>	<u><u>\$ 16,317,524</u></u>	<u><u>\$ 13,953,007</u></u>	<u><u>\$ 9,727,843</u></u>	<u><u>\$ 8,815,821</u></u>

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

	Fiscal Year				
	2008	2007	2006	2005	2004
Revenues:					
Taxes	\$ 18,904,638	\$ 20,194,785	\$ 16,941,307	\$ 11,221,163	\$ 9,353,806
Franchise fees	2,029,285	1,861,315	1,727,851	1,458,340	1,359,041
Licenses & permits	1,491,748	1,765,693	2,991,377	3,703,663	3,298,685
Intergovernmental revenues	4,789,216	5,356,379	5,115,954	8,233,052	7,638,279
Charges for services	572,175	571,375	532,688	397,721	353,826
Fines and forfeitures	88,639	95,505	120,146	138,222	104,635
Interest and investments earnings	929,997	1,449,099	905,931	-	-
Administrative charges to other funds	-	-	-	4,828,195	1,647,226
Miscellaneous	281,828	1,050,482	890,798	-	1,053,411
Charges for stormwater drainage	-	-	-	-	-
Special assessments-property owners	-	-	-	-	-
Total Revenues	<u>29,087,526</u>	<u>32,344,633</u>	<u>29,226,052</u>	<u>29,980,356</u>	<u>24,808,909</u>
Expenditures					
General government services	7,079,607	7,512,459	7,239,303	8,001,187	7,235,145
Public safety	12,156,924	11,966,559	12,170,223	11,387,211	10,839,759
Public works	3,024,778	2,929,164	2,807,669	2,832,065	2,688,560
Bond issue costs	-	-	-	-	162,339
Stormwater drainage	-	-	-	-	-
Capital outlay	8,646,485	7,506,838	3,455,927	8,313,203	4,108,708
Debt service				1,423,584	931,823
Principal	1,277,385	1,257,118	1,198,426		
Interest	381,708	491,954	620,247		
Fees and expenses					
Total Expenditures	<u>32,566,887</u>	<u>31,664,092</u>	<u>27,491,795</u>	<u>31,957,250</u>	<u>25,966,334</u>
Excess (deficiency) of revenues over (under) expenditures	(3,479,361)	680,541	1,734,257	(1,976,894)	(1,157,425)
Other financing sources (uses)					
Transfers from other funds	10,583,725	10,880,673	16,737,038	9,557,602	7,209,644
Transfers to other funds	(7,680,894)	(8,893,626)	(13,640,871)	(9,473,362)	(7,256,122)
Payments to escrow agent	-	-	-	-	-
Discount on general obligation debt	-	-	-	-	(66,276)
Proceeds from long-term debt	-	-	-	83,424	10,519,137
Proceeds from capital lease	-	-	-	-	-
Special item	2,425,952	-	-	-	-
Total other financing sources (uses)	<u>5,328,783</u>	<u>1,987,047</u>	<u>3,096,167</u>	<u>167,664</u>	<u>10,406,383</u>
Net Change in Fund Balance	<u>\$ 1,849,422</u>	<u>\$ 2,667,588</u>	<u>\$ 4,830,424</u>	<u>\$ (1,809,230)</u>	<u>\$ 9,248,958</u>
Debt Service as a percentage of non- capital expenditures	7.45%	7.81%	8.19%	6.41%	4.49%

Fiscal Year				
2003	2002	2001	2000	1999
\$ 8,389,598	\$ 7,617,174	\$ 6,702,303	\$ 6,325,320	\$ 6,136,304
1,201,186	1,137,360	1,313,916	1,220,325	1,284,640
2,232,902	1,067,343	898,834	783,252	679,401
5,957,825	5,827,692	5,306,427	5,162,148	4,906,553
365,689	308,125	311,426	281,627	286,844
109,220	111,563	135,416	125,619	66,899
-	-	-	-	-
2,124,168	1,719,293	1,699,081	1,356,280	1,126,514
1,135,822	1,337,566	1,166,857	1,169,820	802,852
-	979,917	967,290	953,015	982,824
-	-	-	-	-
<u>21,516,410</u>	<u>20,106,033</u>	<u>18,501,550</u>	<u>17,377,406</u>	<u>16,272,831</u>
6,066,403	5,328,029	5,425,065	5,025,548	4,529,755
9,141,776	8,135,243	7,756,129	7,473,476	7,045,405
2,156,160	2,248,162	2,147,651	2,121,416	1,897,805
-	-	-	-	-
-	783,271	646,544	853,087	685,046
3,833,957	485,748	482,093	708,504	264,735
750,768	688,861	547,223	1,709,445	707,838
<u>21,949,064</u>	<u>17,669,314</u>	<u>17,004,705</u>	<u>17,891,476</u>	<u>15,130,584</u>
(432,654)	2,436,719	1,496,845	(514,070)	1,142,247
6,160,703	5,277,646	4,868,328	5,671,035	4,823,960
(6,011,298)	(5,349,848)	(4,864,099)	(5,642,549)	(4,813,194)
-	-	(3,036,043)	-	-
-	-	-	-	-
-	-	5,760,133	1,397,606	-
577,000	-	-	-	-
-	-	-	-	-
<u>726,405</u>	<u>(72,202)</u>	<u>2,728,319</u>	<u>1,426,092</u>	<u>10,766</u>
<u>\$ 293,751</u>	<u>\$ 2,364,517</u>	<u>\$ 4,225,164</u>	<u>\$ 912,022</u>	<u>\$ 1,153,013</u>
4.32%	4.38%	3.57%	11.69%	5.25%

City of Venice, Florida
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended 09/30	Residential Property	Personal Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2008	\$ 4,178,548,461	\$ 190,054,283	\$ 4,368,602,744	\$ 3,652,445,467	119.61%
2007	3,976,883,794	158,431,313	4,135,315,107	4,366,055,972	94.72%
2006	2,928,778,736	128,656,435	3,057,435,171	4,150,313,277	73.67%
2005	2,341,176,522	127,792,256	2,468,968,778	3,047,535,293	81.02%
2004	1,984,218,138	117,660,814	2,101,878,952	2,565,227,475	81.94%
2003	1,640,536,838	111,160,068	1,751,696,906	2,069,651,779	84.64%
2002	1,426,800,504	105,954,097	1,532,754,601	1,770,721,289	86.56%
2001	1,295,297,388	104,134,519	1,399,431,907	1,601,338,133	87.39%
2000	1,220,098,743	98,437,438	1,318,536,181	1,517,194,159	86.91%
1999	1,136,793,113	97,300,289	1,234,093,402	1,409,741,252	87.54%

City of Venice, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Venice			Overlapping Rates			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Sarasota County	School District	SWFWMD	
				Total County Millage	Total School Millage	Total SWFWMD Millage	
2008	\$ 2.779	\$ 0.160	\$ 2.939	\$ 5.127	\$ 7.123	\$ 0.387	\$ 15.576
2007	3.129	0.215	3.344	5.554	7.210	0.422	16.530
2006	3.177	0.218	3.395	5.754	7.861	0.422	17.432
2005	3.225	0.287	3.512	5.750	7.860	0.420	17.542
2004	3.274	-	3.274	5.870	8.370	0.420	17.934
2003	3.355	-	3.355	5.940	8.790	0.420	18.505
2002	3.406	-	3.406	5.120	9.290	0.420	18.236
2001	3.406	-	3.406	5.140	8.490	0.420	17.456
2000	3.406	-	3.406	5.150	8.540	0.420	17.516
1999	3.406	-	3.406	5.150	8.540	0.420	17.516

City of Venice, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended 09/30	Total Tax Levy for Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2008	\$ 12,839,323	\$ 12,338,368	96.1%	\$ 6,292	\$ 12,344,660	96.1%
2007	13,828,494	13,382,891	96.8%	3,069	13,385,960	96.8%
2006	10,648,965	10,021,025	94.1%	5,163	10,026,188	94.2%
2005	8,694,639	8,664,540	99.7%	(19,193)	8,645,347	99.4%
2004	6,881,552	6,883,393	100.0%	6,051	6,889,444	100.1%
2003	5,874,963	5,866,206	99.9%	2,847	5,869,053	99.9%
2002	5,220,562	5,216,957	99.9%	5,201	5,222,158	100.0%
2001	4,766,465	4,753,275	99.7%	6,928	4,760,203	99.9%
2000	4,490,934	4,432,958	98.7%	7,814	4,440,772	98.9%
1999	4,203,322	4,196,997	99.8%	29,524	4,226,521	100.6%

City of Venice, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

Utility System Refunding Revenue Bond							
Fiscal Year	Water & Sewer Charges and other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2008	\$ 16,210,376	\$ 9,530,678	\$ 6,679,698	\$ 2,150,879	\$ 1,121,846	2.0	
2007	13,595,250	8,841,164	4,754,086	2,238,224	1,150,651	1.4	
2006	12,605,867	8,929,845	3,676,022	2,023,895	1,244,874	1.1	
2005	17,175,839	9,066,739	8,109,100	1,559,518	1,228,515	2.9	
2004	12,776,468	8,486,407	4,290,061	761,089	1,294,956	2.1	
2003	13,171,704	8,122,352	5,049,352	678,472	1,384,873	2.4	
2002	16,467,533	7,433,495	9,034,038	659,440	435,560	8.3	
2001	14,483,715	6,846,305	7,637,410	579,067	515,933	7.0	
2000	10,558,410	5,980,257	4,578,153	531,147	548,853	4.2	
1999	9,465,430	5,795,703	3,669,727	510,535	579,465	3.4	

City of Venice, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Revenue Bonds	Capital Leases	Promissory Notes/Bonds	Revenue Bonds	Notes Payable	Capital Leases
2008	\$ 8,850,000	\$ 760,000	\$ 111,857	\$ 200,037	\$ 18,350,705	\$ 5,503,466	\$ 33,131
2007	9,145,000	1,495,000	220,340	338,688	20,501,584	5,817,075	64,597
2006	9,435,000	2,200,000	325,553	495,594	22,739,808	6,122,150	96,115
2005	9,720,000	2,830,000	479,174	706,566	24,525,036	6,422,963	125,956
2004	10,000,000	3,445,000	497,167	898,960	26,219,554	6,719,356	154,884
2003	-	4,035,000	105,338	1,135,217	27,110,643	6,848,341	38,463
2002	-	6,980,000	226,845	733,249	26,218,654	243,275	-
2001	-	7,610,000	411,957	823,374	27,520,566	285,452	-
2000	-	5,950,000	585,648	331,891	28,496,373	404,318	-
1999	-	6,572,500	333,389	-	29,616,129	220,000	-

<u>Total Primary Government</u>	<u>Percentage Of Personal Income</u>	<u>Per Capita</u>
\$ 33,809,196	3.28%	\$ 1,526
37,582,284	4.19%	1,741
41,414,220	4.93%	1,991
44,809,695	6.03%	2,237
47,934,921	8.32%	2,393
39,273,002	7.09%	2,039
34,402,023	6.59%	1,895
36,651,349	7.17%	2,063
35,768,230	6.47%	1,860
36,742,018	7.45%	1,910

City of Venice, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Real Property Assessed Value	Population	General Bonds/Notes	Available in Debt Service Fund	Total	Percentage of Estimated/ Actual Taxable Value of Property	Net Bonded Debt Per Capita
2008	\$ 4,366,055,972	22,149	\$ 9,810,037	\$ 847,101	\$ 8,962,936	0.21%	\$ 404.67
2007	4,142,223,323	21,584	10,978,687	812,689	10,165,998	0.25%	471.00
2006	3,056,962,006	20,800	12,130,594	663,368	11,467,226	0.38%	551.31
2005	2,466,935,840	20,035	13,256,566	599,593	12,656,973	0.51%	631.74
2004	1,984,218,138	20,035	14,343,960	631,807	13,712,153	0.69%	684.41
2003	1,640,536,838	19,265	5,170,217	631,625	4,538,592	0.28%	235.59
2002	1,426,800,504	18,151	8,880,576	634,965	8,245,611	0.58%	454.28
2001	1,295,297,388	17,764	6,867,539	646,138	6,221,401	0.48%	350.23
2000	1,220,098,743	19,232	6,905,889	982,302	5,923,587	0.49%	308.01
1999	1,136,793,113	19,232	7,613,512	983,781	6,629,731	0.58%	344.72

City of Venice, Florida
 Direct and Overlapping Governmental Activities Debt
 as of September 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Venice	\$ 8,850,000	100%	\$ 8,850,000
Sarasota County	<u>8,840</u>	5.63%	<u>498</u>
Total direct and overlapping debt	<u><u>\$ 8,858,840</u></u>		<u><u>\$ 8,850,498</u></u>

Source: Sarasota County Finance Department.

City of Venice, Florida
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (a)	Per Capita Personal Income	Unemployment Rate (a)
2008	22,149	\$ 1,029,618,414	\$ 46,486	7.6%
2007	21,584	897,397,968	41,577	3.0%
2006	20,800	839,404,800	40,356	2.6%
2005	20,035	743,558,955	37,113	3.2%
2004	20,035	576,226,635	28,761	4.6%
2003	19,265	554,080,665	28,761	4.6%
2002	18,151	522,040,911	28,761	4.6%
2001	17,764	510,910,404	28,761	3.0%
2000	19,232	553,131,552	28,761	4.1%
1999	19,232	493,358,496	25,653	2.5%

SOURCE: (a) Bureau of Economic and Business Research, University of Florida

NOTES: Statistics for personal income and unemployment rate are not available for the City of Venice. Therefore, figures for Sarasota County were used.

City of Venice, Florida
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MHC- Bay Indies Vistas Inc.	\$ 42,865,100	1	0.98%	\$ 38,043,660	1	3.09%
Venice HMA Inc. (Venice Regional Medical Ctr)	37,470,100	2	0.86%			
Sunrise AG Pelican Pointe, LLC (Aston Gardens at Venice, LLC)	27,186,300	3	0.62%			
Csh-ing Bella Vita LP (Bella Vita Arv., Inc)	16,250,000	4	0.37%	9,092,380	4	0.74%
PGT Industries, Inc. (Vinyl Tech)	16,078,600	5	0.37%	10,479,411	3	0.85%
Sarasota County Health Facilities Authority Retirement Center	11,863,355	6	0.27%	8,917,363	5	0.73%
WCI Communities, Inc.	11,326,400	7	0.26%			
Waterford at Laurel Park N, LLC	10,279,586	8	0.24%			
Venice Plaza Shopping Ctr Ltd. (Marriott Retirement)	7,895,900	9	0.18%			
Healthcare Realty Trust, Inc.	7,828,700	10	0.18%	6,986,980	7	0.57%
Welde Investors				11,135,257	2	0.91%
Prime Care One, Lic.				7,670,000	6	0.63%
Venice Oxford Association				6,485,400	8	0.53%
Odyssey Hotel, Inc.				5,853,500	9	0.48%
IRT Property Co.				5,212,000	10	0.43%
Totals	<u>\$ 189,044,041</u>		<u>4.33%</u>	<u>\$ 109,875,951</u>		<u>8.96%</u>

City of Venice, Florida
 Principal Employers
 Current Year and Nine Years Ago

Employer	2008			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Sarasota County	5,910	1	3.55%	4,125	1	2.70%
Sarasota Memorial Hospital	3,912	2	2.35%	3,000	3	1.96%
Sarasota County Government	3,433	3	2.07%	3,192	2	2.09%
Publix Super Markets	1,947	4	1.17%	2,749	4	1.80%
Wal-Mart	1,332	5	0.80%	989	7	0.65%
PGT Industries (Vinyl Tech)	1,184	6	0.71%	837	10	0.55%
Venice Regional Medical Center Bon Secours- Venice Hospital	995	7	0.60%	1,453	5	0.95%
Sarasota Family YMCA	910	8	0.55%	-	-	-
SunTrust Bank	819	9	0.49%	-	-	-
Nielson Media Research	712	10	0.43%	-	-	-
HCA Doctors Hospital	-	-	-	1,200	6	0.78%
Charter One Hotels	-	-	-	950	8	0.62%
Arthur Anderson LLP	-	-	-	850	9	0.55%
	<u>21,154</u>		<u>12.72%</u>	<u>19,345</u>		<u>12.65%</u>
Total Sarasota County Employment:	<u>166,295</u>			<u>152,978</u>		

Source: Sarasota County Finance Department

Statistics are for Sarasota County; not available for City of Venice



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City of Venice, Florida
 Full-Time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

	Fiscal Year				
	2008	2007	2006	2005	2004
Department:					
Mayor and Council	7.0	7.0	7.0	7.0	7.0
City Manager	4.0	6.5	5.5	7.5	5.3
Historical Resources	1.0	1.0	0.5	0.5	0.5
City Clerk	6.0	6.0	6.5	6.5	6.5
Finance *	13.0	13.0	13.5	13.5	13.5
Purchasing	-	-	5.0	5.0	5.0
Public Works					
Administration	4.0	4.0	4.5	4.0	4.0
General Maintenance	15.0	15.0	16.0	16.5	15.5
Parks Maintenance	15.0	15.0	15.0	13.5	13.5
Engineering	10.0	9.0	10.5	9.5	7.5
Police	73.0	77.0	80.5	80.5	79.5
Fire	46.0	46.5	46.5	46.0	46.0
Information Systems	4.0	5.0	5.0	6.0	6.0
Growth Management	-	-	-	-	19.2
Building & Code					
Enforcement **	8.0	14.0	14.0	15.5	-
Planning & Zoning	5.0	5.0	5.0	5.0	-
Administrative Services	5.0	5.0	7.0	7.0	7.0
Airport	8.0	7.0	7.0	7.5	7.0
Utilities Administration	2.0	2.0	2.5	-	6.0
Distribution / Collection	28.0	23.0	21.0	20.0	23.0
Water Production	15.0	17.0	19.0	21.0	21.0
Pollution Ctrl/Water					
Reclamation	21.0	25.0	26.0	26.0	36.0
Reuse	-	-	-	1.0	2.0
Utility					
Engineering/Construction	-	3.0	3.0	2.0	-
Solid Waste	13.5	13.5	12.0	11.5	11.0
Recycling	10.5	10.5	12.0	11.5	11.0
Stormwater	2.0	2.0	3.0	2.0	1.0
TOTAL	316.0	332.0	347.5	346.0	354.0

* The Finance Department and the Purchasing Department were combined in 2007.

** State statutes required that the building portion of the growth management department become a stand alone fund during fiscal year 2005

Fiscal Year				
2003	2002	2001	2000	1999
7.0	7.0	7.0	7.0	7.0
5.3	4.8	5.5	5.5	4.0
0.5	0.5	0.5	0.5	0.5
6.5	6.0	6.0	6.0	6.5
12.5	12.0	12.0	12.0	12.0
5.0	5.0	5.0	5.0	4.0
4.0	4.0	4.0	4.0	4.0
15.5	15.5	15.5	15.5	15.5
11.5	11.5	11.5	11.5	11.5
7.5	7.0	8.0	8.0	6.5
77.5	71.0	72.0	69.0	68.0
42.0	42.0	42.0	39.0	39.0
5.0	7.0	5.0	5.0	4.0
19.2	14.7	14.0	14.0	13.5
-	-	-	-	-
-	-	-	-	-
6.0	5.0	5.0	5.0	6.0
7.0	6.0	6.0	6.0	6.0
4.0	3.0	2.0	2.0	2.0
21.0	22.0	22.0	20.0	20.0
20.0	18.0	18.0	17.0	16.0
34.0	28.0	27.0	26.0	25.0
2.0	4.0	3.0	3.0	3.0
-	-	-	-	-
11.0	11.0	10.0	10.0	10.0
11.0	11.0	10.0	10.0	10.0
1.0	1.0	1.0	1.0	2.0
336.0	317.0	312.0	302.0	296.0

CITY OF VENICE, FLORIDA
 Capital Asset Statistics by Function Operating Indicators
 Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Paved Streets (miles)	62	62	60	60	56
Unimproved Streets (miles)	0	0	1	1	1
Wastewater Main (miles)					
(includes collection pipe and forcemain)	165.09	147.1	105.0	105.0	103.0
Equivalent connections	18,757	18,723	18,296	18,246	17,919
Storm sewers (miles)	38.08	38.08	38.08	38.08	38.08
Water Mains (miles)					
(includes distribution pipe & raw watermains)	212.06	195.8	174.1	171.4	168.2
Equivalent connections	19,483	19,411	19,989	19,253	18,562
Fire hydrants	1,019	1001	949	918	900
Reclaimed Water Mains (miles)	49.2	49.2	44	38	38
Reclaimed Water Bulk connections	7	7	21	20	20
Reclaimed Water Residential connections	2,899	2,871	2,418	2,415	2,415
Police Stations	1	1	1	1	1
Fire Stations	3	3	2	2	2
Number of Parks	35	28	28	28	28
Park Acreage	367.78	357.58	357.58	357.58	351.08
Playgrounds	10	8	8	8	11
Baseball and softball diamonds	9	9	9	9	9
Tennis Courts	8	8	8	8	8
Basketball Courts	3	3	3	3	3
Shuffleboard courts	18	18	18	18	18
Community Centers	1	1	1	1	1
Golf courses	1	1	1	1	1
Boat docks	2	2	2	2	2
Nature/Fitness Trail (miles)	1.6	1.6	1.6	1.6	1.6
Soccer fields	3	3	3	3	3
Football fields	3	3	3	3	3
Croquet Courts	3	3	3	3	0
Interactive Fountain	1	1	1	1	0
Gazebo	2	2	2	2	1
Fishing Pier	1	1	1	1	1
Paw (Dog) Park	1	1	1	1	1

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
54	51	51	51	50
1	1	1	1	1
97.7	75.9	75.9	73.1	71.9
16,145	15,451	15,451	15,084	17,913
38.08	37.39	37.39	37.39	37.35
148.6	107.05	107.05	103.92	102.27
16,292	15,636	15,636	15,265	15,061
773	683	683	663	654
35.3	18.25	18.25	18.25	18.25
20	20	20	59	59
2,387	2,368	2,368	2,352	2,350
1	1	1	1	1
2	2	1	1	1
25	25	25	23	23
305.12	305.12	305.12	296.26	296.26
11	11	11	11	11
9	9	9	9	9
8	8	8	8	8
3	3	3	3	3
18	18	18	18	18
1	1	1	1	1
1	1	1	1	1
2	2	2	2	1
1.6	1.6	1.6	1.6	1.6
3	3	3	2	2
3	3	3	1	1
0	0	0	0	0
0	0	0	0	0
1	1	1	1	1
1	1	1	1	1
1	1	1	0	0



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

The Honorable Mayor and City Council
City of Venice, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Venice, Florida, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 5, 2009. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the City of Venice Firefighters' Pension Fund, as described in our report on the City's financial statements. The financial statements of the City of Venice Firefighters' Pension Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls.

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

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

Compliance and Other Matters

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

Other matters were reported to management of the City of Venice, Florida, in a separate letter dated March 5, 2009.

This report is intended solely for the information and use of management and applicable state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

CPA Associates

Bradenton, Florida
March 5, 2009



Certified Public Accountants
and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE FLORIDA SINGLE AUDIT ACT**

The Honorable Mayor and City Council
City of Venice, Florida

Compliance

We have audited the compliance of the City of Venice, Florida, with the types of compliance requirements described in the Florida Department of Financial Services State Projects Compliance Supplement, that are applicable to each of its major state financial assistance projects for the year ended September 30, 2008. The City of Venice, Florida's major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state financial assistance projects is the responsibility of the City of Venice, Florida's management. Our responsibility is to express an opinion on the City of Venice, Florida's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General-Local Government Entity Audits*. Those standards and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City of Venice, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Venice, Florida's compliance with those requirements.

In our opinion, the City of Venice, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state financial assistance projects for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City of Venice, Florida, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state financial assistance projects. In planning and performing our audit, we considered the City of Venice, Florida's internal control over compliance with the requirements that could have a direct and material effect on a major state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Venice, Florida's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a state financial assistance project on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a state financial assistance project such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a state financial assistance project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a state financial assistance project will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Venice, Florida, as of and for the year ended September 30, 2008, and have issued our report thereon dated March 5, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Venice, Florida's basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

CPA Associates

Bradenton, Florida
March 18, 2009

CITY OF VENICE, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2008

Part I – Summary of Auditor's Results

Basic Financial Statement Section

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

Material weakness (es) identified? yes x no

Significant deficiency(ies) identified not considered
to be material weaknesses? yes x no

Non-compliance material to financial
statements noted? yes x no

State Projects Section

Dollar threshold used to determine Type A projects: \$300,000

Type of auditor's report on compliance for major projects: Unqualified Opinion

Internal Control over compliance:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered
to be material weakness(es)? yes x no

Any audit findings disclosed that are required to be reported in
accordance with Chapter 10.550? yes x no

Identification of major state projects:

State Project

CSFA Number(s)	Name of State Project or Cluster
37.003	Florida Department of Environmental Protection – Beach Erosion Control Program

CITY OF VENICE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2008

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of *Government Auditing Standards*.

No significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs, related to the basic financial statements were noted.

Part III – Schedule of State Project Findings and Questioned Costs

This section identifies significant deficiencies, material weaknesses, and instances of non-compliance, including known fraud and questioned costs, related to the audit of state projects, as required to be reported by the State Single Audit Act.

No significant deficiencies, material weaknesses, and instances of non-compliance, including known fraud and questioned costs, related to the audit of state financial assistance projects were identified.

Part IV – Summary Schedule of Prior Audit Findings

There were no prior audit findings for state financial assistance projects.

CITY OF VENICE, FLORIDA
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	CSFA Number	Grantor's Number	Expenditures
Florida Department of Transportation			
Master Drainage Plan	55.004	407990 1 94 02	\$ 19,134
T-Hanger Utilities	55.004	207148 1 94 01	1,813
Construct T-Hangers	55.004	412238 1 94 01	87,807
Total Florida Department of Transportation			108,754
Florida Department of Environmental Protection			
Beach Renourishment	37.003	05ST2	2,109,662
Total Florida Environmental Protection Agency			
Total State Awards			\$ 2,218,416

CITY OF VENICE, FLORIDA
Notes to Schedule of Expenditures of State Awards
For the year ended September 30, 2008

(1) General

The accompanying schedule of expenditures of state awards presents the activity of all applicable state awards of the City of Venice (the City). The City's reporting entity is defined in Note A to the City's basic financial statements. State awards received directly from state agencies as well as state awards passed through other government agencies are included on the schedule.

(2) Basis of Accounting

The accompanying schedule of expenditures of state awards is presented using the modified accrual basis of accounting, which is described in Note A to the City's basic financial statements.

(3) Schedule of Findings and Questioned Costs

The Schedule of findings and questioned costs (if any), including the summary of auditors' results is included in the independent auditor's report.

(4) Relationship to State Financial Reports

Grant expenditure reports as of September 30, 2008, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and City Council
City of Venice, Florida

We have audited the financial statements of the City of Venice, Florida, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 5, 2009.

We conducted our audit in accordance with United States Generally Accepted Auditing Standards and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance With Requirements Applicable to Each Major State Project and on Internal Control Over Compliance in Accordance With the Florida Single Audit Act, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated March 5, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been corrected except as noted below under the heading *Status of Prior Audit Recommendations*.

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

The Rules of the Auditor General (Section 10.554(1)(i)3.) require that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, see the *Status of Prior Audit Recommendations* and the *Current Audit Findings and Recommendations*.

The Rules of the Auditor General (Section 10.554(1)(i)4.) requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)5.) provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and

(2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e. g. the omission of required disclosures from the annual statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)6.) require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Venice, Florida, disclosed the required information in the notes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Venice, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the City of Venice, Florida, for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008.

As required by the Rules of the Auditor General (Sections 10.554(i)7.c. and 10.556(7)), we applied financial condition assessment procedures as of and for the year ended September 30, 2008. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City of Venice, Florida, and management, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

CPA Associates

Bradenton, Florida
March 5, 2009

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Water and Sewer Utility Fund Financial Condition

During the prior year audit, we became aware that the Water and Sewer Utility Fund had an unrestricted net asset deficit of over \$5.7 million dollars. There was operating income of \$1,333,496, but after non-operating revenues, expenses, capital contributions and transfers out, there was a decrease in net assets of \$541,410 for the year. Also, current liabilities exceeded current assets by over \$3.4 million, and the Water and Sewer Utility Fund owed other funds about \$7 million at September 30, 2007.

We recommended that the City evaluate the structure of the rates that were being charged for services of the Water and Sewer Utility Fund, and/or consider various financing sources that may be available to eliminate this unfavorable financial condition.

During the current audit, we noted financial improvement. The Water and Sewer Utility Fund unrestricted net asset deficit has been reduced to \$4.9 million dollars. There was an increase in net assets of over \$750,000, while current liabilities still exceed current assets by over \$2.8 million dollars.

We recommend that the City continue to monitor the poor financial condition of the Water and Sewer Utility Fund, evaluate the effect of these rate adjustments, and take necessary action to strengthen the financial condition of the utility operations.

Policies and Procedures Manual

During prior audits, we noted that the City's policy and procedures manual was old, fragmented, and often outdated. Many of the procedures and reports had been modified, or changed completely in the past few years. We recommended that the City update the various policies and procedures in use.

The City started this process in 2006 and 2007, and continued to update the procedures in the current year.

Firefighter's Vacation Buy Back

During the prior audit, we became aware that 2007 and 2008 payments made to firefighters for unused vacation time were incorrectly calculated, resulting in several overpayments and underpayments to employees. This was due to administrative error, and the overpayments have been returned to the City, while underpaid employees were issued additional checks.

We recommended that future City firefighter vacation buy back checks be calculated based on the applicable union contract, and be reviewed by both the Finance Director and Fire Department Heads prior to issuance. This process was done effectively in the current fiscal year.

STATUS OF PRIOR AUDIT RECOMMENDATIONS (CONTINUED)

Fire Pension Fund Audit

The City of Venice Firefighters' Retirement System is a defined benefit single-employer public employee retirement plan that is administered by a pension board in accordance with the City charter and state statutes. Based on accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units, it is a pension fund that must be included in the City's financial statements as a pension trust fund. This fund is audited by independent certified public accountants hired by the Pension Board.

During the prior audit, we noted that the City did not receive the Fire Pension Fund audit report until March, slowing the Comprehensive Annual Financial Report (CAFR) preparation process. We recommended that the Fire Pension Board provide an audit report to the City so that the City's CAFR may be prepared in a timely manner.

During the current audit, we noted that a draft audit of the Fire Pension Fund was received by the City on January 15, 2009.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Capital Asset Inventory

During the audit, we noted that the annual capital asset inventory process had not been completed. This was primarily due to the shifting of efforts required by Council's policy change raising the threshold for capital assets from 1,000 to \$5,000. We recommend that the annual inventory process be completed.

Additionally, we noted that department heads, who are the responsible custodians of the capital assets, were allowed to perform the inventory taking procedures. This situation would open the possibility that an individual department head could take City property, and cover the theft through the accounting records. We recommend that the custodians of the assets not be responsible for performing the inventory procedures.



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May 21, 2009

MEMORANDUM

TO: CPA Associates

FROM: Jeff Snyder, Finance Director

SUBJECT: CITY OF VENICE'S RESPONSE TO MANAGEMENT LETTER FOR THE YEAR ENDED SEPTEMBER 30, 2008

I want to thank CPA Associates for their input and the opportunity to respond to their fiscal year 2008 management letter points. We understand that these recommendations are intended to assist the City of Venice improve our operations.

Water and Sewer Utility Fund Financial Condition

City Management thoroughly reviewed the Water and Sewer Utility Fund's rates. This resulted in a significant increase in our rates effective July 1, 2007. City Management continues to review the results of this increase and is implementing aggressive cost containment measures to ensure that fiscal viability of our Utility Fund. Additionally, the City has begun the process of initiating a new rate study which should be completed by the end of this calendar year. The City believes that the appropriate steps continue to be taken to return the Water and Sewer Utility Fund to solvency.

Policies and Procedures Manual

The Finance Department continues the process of reviewing and updating all the City's financial policies and procedures. Significant progress has been made in this area. We will continue to evaluate our policies and procedures and make necessary changes.

Firefighter's Vacation Buy Back

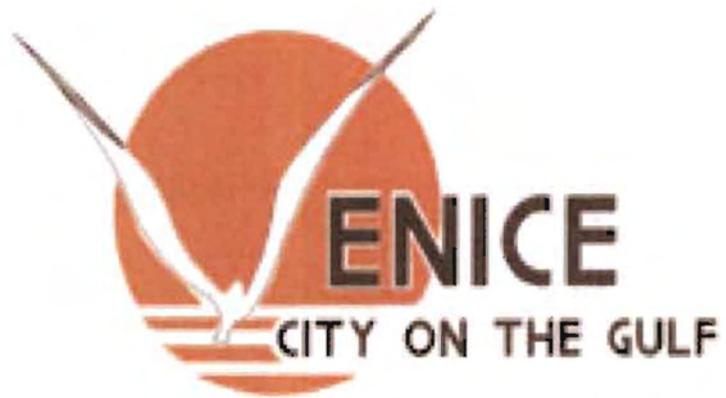
The Finance Department firmly believes that new procedures have been implemented which will ensure this issue does not happen in the future. The Finance Department will follow the firefighter's contract to the letter.

Fire Pension Fund Audit

This issue appears to have been rectified. The City does not anticipate any further problems.

Capital Asset Inventory

Due to the timing of change in policy and the timing of our audit we did not complete our inventory of fixed assets timely. We will ensure that this takes place on an annual basis. Each department has an appointed fixed asset custodian who takes the inventory. This individual has not always signed the ledger. We will ensure that two people sign this inventory in the future.



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