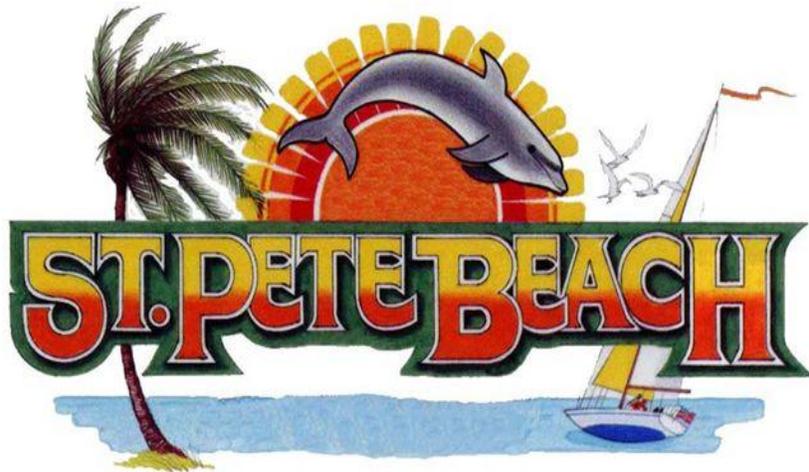


**CITY OF ST. PETE BEACH, FLORIDA**

**Comprehensive  
Annual Financial Report**

**For the Year Ended September 30, 2010**



**CITY OF ST. PETE BEACH, FLORIDA**

**Comprehensive  
Annual Financial Report**

**For the Year Ended September 30, 2010**

**Prepared by Finance Department**

CITY OF ST. PETE BEACH,  
FLORIDA

CITY COMMISSION / CITY MANAGER  
FORM OF GOVERNMENT

CITY COMMISSION

Michael Finnerty  
MAYOR

Beverly Garnett

Jim Parent  
VICE-MAYOR

Al Halpern

Marvin Shavlan

CITY OFFICIALS

Michael P. Bonfield  
CITY MANAGER

CITY CLERK  
Theresa McMaster

CITY ATTORNEY  
Michael Davis

FINANCE & LIBRARY DIRECTOR  
Elaine Edmunds

POLICE CHIEF  
Charles D. Romine

IT DIRECTOR  
Donald Burkhardt

FIRE CHIEF  
Tom Malone

COMMUNITY DEVELOPMENT DIRECTOR  
Karl Holley

PUBLIC SERVICES DIRECTOR  
Steven Hallock

## **Introductory Section**

**CITY OF ST. PETE BEACH, FLORIDA**

**SEPTEMBER 30, 2010**

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## **Letter of Transmittal**



**City of St. Pete Beach**  
155 Corey Avenue  
St. Pete Beach, Florida 33706-1839  
727-367-2735  
[www.stpetebeach.org](http://www.stpetebeach.org)

March 18, 2011

The Honorable Mayor and City Commission  
City of St. Pete Beach, Florida

The Comprehensive Annual Financial Report of the City of St. Pete Beach, Florida, for the fiscal year ended September 30, 2010, is submitted herewith pursuant to Florida law and the Rules of the Auditor General of the State of Florida. This Annual Financial Report was prepared by the Finance Department and represents the official report of the City's financial condition and results of operations to the citizens of St. Pete Beach, City Commission, City administrative personnel, investment firms, rating agencies, and other interested persons.

Responsibilities for both the accuracy of the presented data and the completeness of the presentation, including all disclosures, rest with the City. We believe the data is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of the City's operations as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

To provide a reasonable basis for making these representations, management maintains an internal control structure that provides reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statement in accordance with accounting principles. The concept of reasonable assurance recognized that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard assets and provide assurance of proper recording of financial transactions.

The City's financial statements have been audited by Wells, Houser & Schatzel, P. A., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of St. Pete Beach for the year ended September 30, 2010 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 of St. Pete Beach's financial statements for the fiscal year ended September 30, 2010, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report on Page 1.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of St. Pete Beach's MD&A can be found immediately following the Report of the Independent Auditor.

#### THE REPORTING ENTITY

The funds related to the City of St. Pete Beach that are included in our Comprehensive Annual Financial Report represent those funds for which the primary government is financially accountable. There are no other entities or organizations for which the City of St. Pete Beach is financially accountable that should be included in the Comprehensive Annual Financial Report. The criteria used in determining the reporting entity are consistent with the Government Accounting Standards Board (GASB) Statement 14, which defines a reporting entity. Based on



The Honorable Mayor and City Commission  
March 18, 2011

these criteria, the various funds (being all the funds of the City) shown in the Table of Contents are included in this report.

### PROFILE OF THE GOVERNMENT

The City of St. Pete Beach is a busy resort community located on a barrier island with direct access to the Gulf of Mexico and connects to the mainland near St. Petersburg by a free causeway and to the other barrier islands by bridges. In 1957 all four towns on Long Key merged into St. Petersburg Beach. The City of St. Petersburg Beach was chartered in 1957. In an effort to keep its identity separate from the City of St. Petersburg, the City changed its name to St. Pete Beach in 1994.

The City operates under the City Commission/City Manager form of government. The City Commission is composed of a mayor and four commission members and as a group is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members to various statutory and advisory boards, the City Manager, the City Attorney and the City Clerk.

The City has a land area of approximately two and one quarter square miles and a year round resident population of 10,026. The beautiful beaches of the City are a major attraction. The population swells during full season with a combination of seasonal residents and vacationers.

The City provides the full range of municipal services normally associated with a city of its size, including police, fire and emergency medical protection, street construction and maintenance, planning and zoning, recreation and parks, library, as well as general administrative services. In addition, wastewater services and reclaimed water are provided under the enterprise fund concept whereby user charges are set by the City Commission to ensure adequate coverage of operating expenses and payments of outstanding debt as well as the recovery of the cost of capital improvements through the recognition of depreciation. Pinellas County provides potable water and jail/court systems.

The annual budget serves as the foundation for the City's financial planning and control. Department directors are required to submit their budget requests to the City Manager, who then uses these requests as the starting point for developing a proposed budget. The City Manager is required by the City Charter to present the proposed budget to the City Commission. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may transfer any unencumbered appropriation or portion thereof between classifications of expenditures within a department. The City Commission may, by ordinance, make additional appropriations or transfer any unencumbered appropriation from any department or from reserves to another department. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

### LOCAL ECONOMY AND OUTLOOK

The City of St. Pete Beach is one of twenty-four incorporated municipalities within Pinellas County. It is a community of combined residential and recreational interests. The City is located at the southern end of Pinellas County, Florida and is the second largest producer of tourist tax revenue in the county. The tourist industry plays an intricate part of our local economy. When there is a decline in the economy, it is felt in our community. The City of St. Pete Beach has experienced a decrease in tourism over the past couple of years, and a decrease in investment income as a result of the slow-down in the economy.

The concern over property tax levels has sparked a move for property tax reform throughout the State of Florida. Since property values have declined the millage rate that would be required to generate the same amount of tax revenue as the previous year is 2.6714 compared to the 2009 millage rate of 2.3764.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to future property taxation. This amendment, referred to as Amendment 1, increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 and \$75,000), except for school district taxes.

The Honorable Mayor and City Commission  
March 18, 2011

Amendment 1 also allows a transfer of up to \$500,000 of the “Save Our Homes” benefit to a resident’s next homestead when they move. Save Our Homes became effective in 1995 and caps the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. With respect to non-homestead property, Amendment 1 limits the annual increase in assessed value to ten percent (10%), except for school district taxes and provides for a \$25,000 exemption for tangible personal property. Amendment 1 was effective October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective January 1, 2009. Recurring State restrictions will affect future revenues and other tax reduction proposals have been discussed by the legislature, including additional constitutional amendments.

Mindful of the difficult economic times, the City Commission opted to increase the millage rate from 2.3764 to 2.4834. This millage is below the allowable roll back rate of 2.6714 which would have generated the same amount of tax revenue as the previous year. This resulted in a reduction of approximately \$378,762 in total ad valorem tax revenue collected in fiscal year 2010.

### LONG-TERM FINANCIAL PLANNING

The City prepares a five-year Capital Improvements Program (CIP), which is updated annually. The CIP is an integral component of the City’s financial management system even though this document does not appropriate funds. A copy of the CIP is available on the City’s website at [www.stpetebeach.org](http://www.stpetebeach.org).

The latest CIP was adopted by the City Commission for FY 2011 through FY 2015. This document projects the City’s major capital expenditures and related operating expenditures for a rolling five-year period. Projections are updated during the annual budget process.

Current CIP projections were developed assuming a continued slow-down in the national and local economies. The following schedule summarizes projected increases in major rates. Property tax projections are to be determined (TBD), due to uncertainty regarding recent and future property tax reform initiatives and changes in the economy.

The City is implementing a stormwater fee which will be assessed on all property tax bills beginning November 1, 2010. The initial fee is \$36 per property. These monies will be used to hire a consultant to determine an equitable equivalent residential unit (ERU) for future charges.

<b>Projected Property Tax and Utility Rate Increases</b>					
	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>
Property Tax (mills)	7.49%	TBD	TBD	TBD	TBD
Wastewater	7.5%	TBD	TBD	TBD	TBD
Reclaimed Water	25%	14%	TBD	TBD	TBD
Stormwater Fee	\$36 annual	TBD	TBD	TBD	TBD

### MAJOR INITIATIVES

The city commission is committed to increasing the general fund’s unreserved fund balance. Since the city is located on a barrier island, the commission has set a goal of an unreserved fund balance equal to 25% of annual expenditures. Currently, the general fund’s unreserved fund balance equates to 17% of annual expenditures or \$1,039,339 short of this goal. This City of St. Pete Beach has made a concerted effort not to use any reserves to

The Honorable Mayor and City Commission  
March 18, 2011

balance the budget during these challenging economic times. To compensate for the decrease in revenues, the City has eliminated twenty three full time positions over the past three years. The transfer to the capital projects fund has increased from the \$400,000 to \$475,000. This amount is still short of prior year transfers of \$550,000. This has resulted in some projects being placed on hold. Revenue and expenditure projections have been carefully monitored to adjust quickly to any variances identified.

The City has local retirement plans for police officers, firefighters and general employees. The City is concerned about the increasing unfunded actuarial accrued liabilities on all three pension funds and has initiated a study to determine ways to reduce pension costs.

The Wastewater and Reclaimed Water fund were previously reported for as special revenue funds and have been converted to enterprise funds. The City Commission had established a policy to set fees for these activities that are designed to recover the cost of providing services including capital costs such as depreciation and debt service. Fees are charged to external users for the services provided. Debt that had been recorded in the debt service fund has been reallocated to the enterprise fund which benefited from the project.

A general evaluation of the City's financial position indicates that available cash and investments are sufficient for coverage of end of year operating liabilities and for future operational purposes.

#### ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Pete Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This is the fourteenth consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles in the United States of America and applicable legal requirements.

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

Preparation of the City's CAFR was made possible by the dedicated efforts of everyone in the Finance Department. Other City Departments, although not as extensively involved in year-end audit activities, contributed significantly to the success of the audit by ensuring the accuracy of accounting information recorded throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Everyone's efforts are greatly appreciated.

Finally, appreciation is expressed to the City's auditors, Wells, Houser & Schatzel, P.A. who contributed suggestions and comments that were used in the preparation of the CAFR. Their testing, suggestions and attention to detail made the CAFR better than it would have been otherwise.

Respectfully Submitted,



Elaine Edmunds, CGFO  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Pete Beach  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

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.



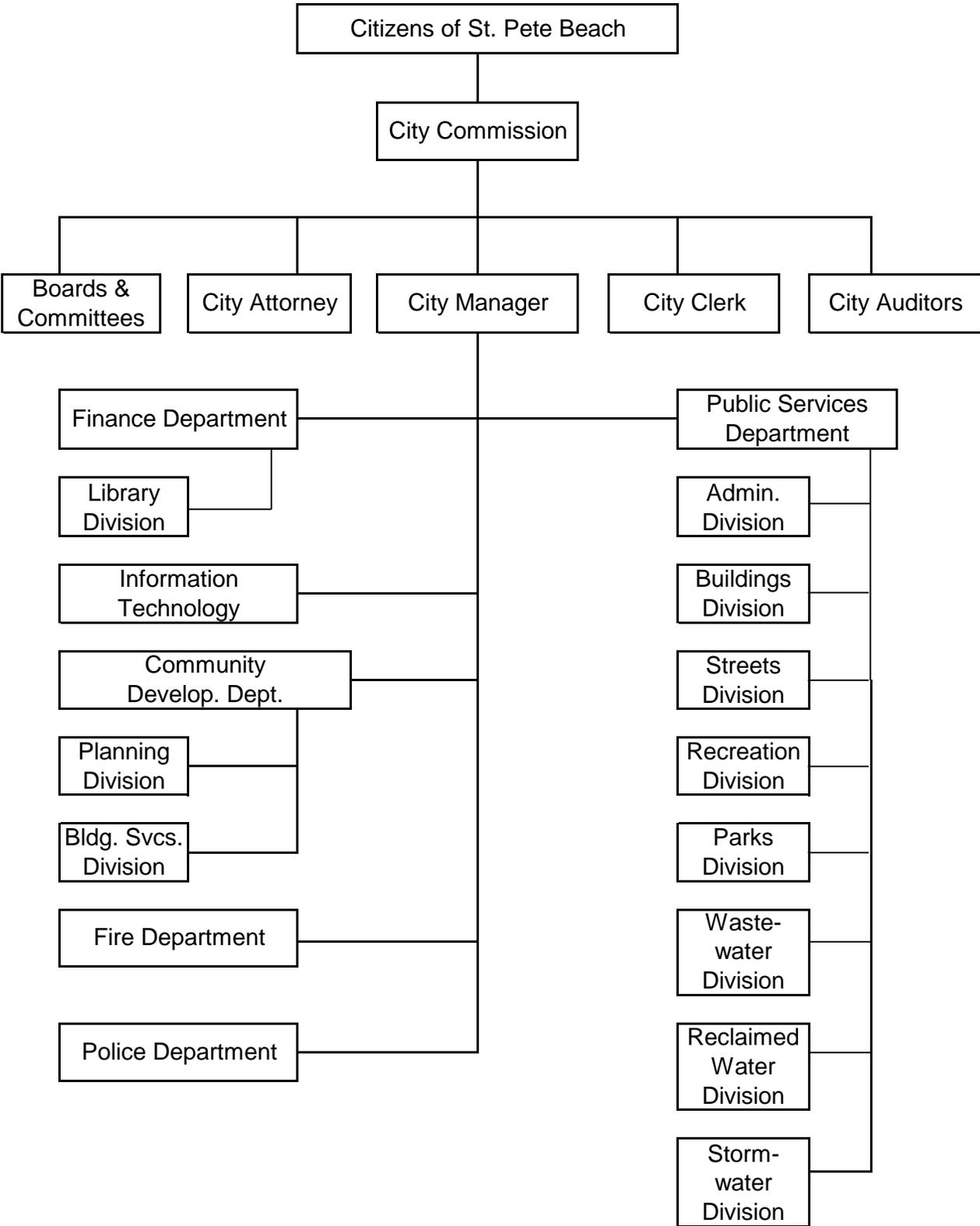
President

Executive Director

The City of St. Pete Beach, Florida has been awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009 by the Government Finance Officers Association of the United States and Canada.

# City of St. Pete Beach Florida

## Organizational Chart



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## **Financial Section**

This section contains the following subsections:

**Independent Auditor's Report**

**Management's Discussion and Analysis**

**Basic Financial Statements**

**Required Supplementary Information**

**Combining Financial Statements**

**Other Supplementary Schedules**

## **Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, Members of  
the City Commission and City Manager  
City of St. Pete Beach, 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 St. Pete Beach, Florida (the City) as of and for the year ended September 30, 2010, 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's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's 2009 financial statements and, in our report dated March 5, 2010, we expressed an unqualified opinion on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B to the financial statements, management has elected to change its method of accounting for the Wastewater Fund and Reclaimed Water Fund as of October 1, 2009, from governmental funds / activities to enterprise funds / business-type activities. The prior year summarized comparative information has been retrospectively adjusted to reflect the accounting method of reporting the Wastewater Fund and Reclaimed Water Fund as enterprise funds / business-type activities adopted as of and for the year ended September 30, 2010.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2011, on our consideration of the City's internal control over financial reporting and our test 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 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 to 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's discussion and analysis. However, we did not audit the information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The required supplementary budgetary information is not a required part of the basic financial statements but is required by accounting principles generally accepted in the United States of America. The combining financial statements, other supplementary schedules listed in the table of contents and the accompanying schedule of expenditures of federal awards, state projects and local assistance are presented for purposes of additional analysis and are also not a required part of the basic financial statements of the City. All such information, including the required supplementary information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The information presented in the Introductory and Statistical Sections is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such 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.

*Wells, Houser & Sedatoglu, P.A.*

March 17, 2011

## **Management's Discussion and Analysis**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of St. Pete Beach's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page v) and the City's financial statements (beginning on page 14).

### **FINANCIAL HIGHLIGHTS**

- For fiscal year 2010, the assets for the City of St. Pete Beach exceeded the liabilities by \$38,314,773 (net assets). Of this amount, \$3,513,719 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1,622,614. Most of this increase is attributable to a wastewater rate increase that resulted in operating income of \$1,163,668. A more detailed explanation can be found on pages 7 and 17.
- As of September 30, 2010, the City of St. Pete Beach's governmental funds reported combined ending fund balances of \$4,997,580 which is an increase of \$282,418 over the previous year. Approximately 56% or \$2,812,768 the total fund balance is available for spending at the City's discretion (unreserved and undesignated fund balance.)
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2,337,289, or 17% of total general fund expenditures.
- Government-wide debt, excluding compensated absences, increased by new indebtedness of \$875,000 and decreased through debt repayment totaling \$2,030,519, resulting in a net decrease in long term indebtedness of \$1,155,519 from the previous year. On October 1, 2009, the City entered into a three year lease/purchase agreement for additional parkland. The amount of the lease/purchase is \$875,000 plus interest at the prime rate plus 1%.
- The Wastewater and Reclaimed Water fund were previously reported as special revenue funds and have been converted to enterprise funds. The City Commission had established a policy to set fees for these activities that are designed to recover the cost of providing services including capital costs such as depreciation and debt service. Fees are charged to external users for the services provided. Debt that had been recorded in the debt service fund has been reallocated to the enterprise fund which benefited from the project.
- The City is implementing a stormwater fee which will be assessed on all property tax bills beginning November 1, 2010. The initial fee is \$36 per property. These monies will be used to hire a consultant to determine an equitable equivalent residential unit (ERU) for future charges.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of St. Pete Beach's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **Government-Wide Financial Statements**

The *government-wide financial statements* (see pages 14-17) are designed to be corporate-like and provide readers with a broad overview of the City's finances. The focus is on "activities", rather than "fund types."

The *Statement of Net Assets* (see pages 14 and 15) presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The focus of the Statement of Net assets (the "unrestricted net assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (see pages 16 and 17) presents information showing how the City's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Government-wide financial statements are for functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities. ) The governmental activities of the City include general government, streets, economic development, public safety and culture and recreation. The business-type activities of the City consist of Wastewater, Reclaimed Water and Stormwater.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

## **Governmental Funds**

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

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The government wide financial statements include only the City of St. Pete Beach (known as the primary government). There are no component units.

The governmental funds financial statements can be found on pages 18 – 21 of this report.

### **Proprietary Funds**

The City maintains only one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater, Reclaimed Water and Stormwater activities. Internal service funds, an accounting device used to accumulate and allocate costs internally among a government's various functions, are not utilized by the City.

The proprietary fund financial statements can be found on pages 22-27 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of St. Pete Beach's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City accounts for the Police Pension, Firefighters' Pension and General (employees) Pension within the fiduciary funds.

The combined fiduciary fund financial statements can be found on pages 28-29 of this report. The combining fiduciary fund financial statements, which present each pension's financial information separately, can be found on pages 69-70 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 30-61 of this report.

### **Infrastructure Assets**

The City has reported its infrastructure assets within the government-wide financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement #34. Historically, a government's largest group of assets (infrastructure – buildings, roads, bridges, traffic signals, underground pipes [unless associated with a utility], etc.) have not been reported nor depreciated in government financial statements. This statement requires that these assets be valued and reported within the Government-wide Statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceeded liabilities by \$38,314,773.

More than 83% (\$31,656,955) of the City's net assets reflect its investment in capital assets. Capital assets include land, buildings, improvements, vehicles and equipment, less any related debt used to acquire those assets that is still outstanding. The City of St. Pete Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of St. Pete Beach investment in its capital assets is report 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.

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The following table reflects the condensed Statement of Net Assets compared to the prior year. For more detailed information see the Statement of Net Assets (pages 14-15).

**City of St. Pete Beach's Statement of Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current assets	\$5,045,448	\$4,008,682	\$2,214,245	\$1,804,511	\$7,259,693	\$5,813,193
Non-current other assets	1,014,678	49,497	2,224,333	2,628,639	3,239,011	2,678,136
Capital assets	28,042,451	27,999,367	13,837,082	13,989,710	41,879,533	41,989,077
Total Assets	34,102,577	32,057,546	18,275,660	18,422,860	52,378,237	50,480,406
Current liabilities	1,962,499	1,383,046	1,614,015	1,669,217	3,576,514	3,052,263
Long-term liabilities less current portion	3,975,427	3,325,293	6,183,087	7,186,336	10,158,514	10,511,629
Other non-current liabilities	315,109	218,307	13,327	6,048	328,436	224,355
Total Liabilities	6,253,035	4,926,646	7,810,429	8,861,601	14,063,464	13,788,247
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	23,703,266	23,194,806	7,953,689	7,416,175	31,656,955	30,610,981
Restricted	382,107	380,065	2,761,992	3,149,490	3,144,099	3,529,555
Unrestricted	3,764,169	3,556,029	(250,450)	(1,004,406)	3,513,719	2,551,623
Total net assets	27,849,542	27,130,900	10,465,231	9,561,259	38,314,773	36,692,159

Restricted assets apply to assets whose use is subject to constraints that are either external or imposed by law. Outside restrictions include debt covenants (\$2,761,992), restricted donations for the library (\$198,063) state restrictions on confiscated property (\$17,530), and county restrictions on transportation impact fees collected (\$166,514). Taking this into account, the balance of unrestricted net assets (\$3,513,719) may be used to meet the City's ongoing obligations to citizens and creditors.

There was a decrease of \$387,498 in restricted net assets reported in connection with the City of St. Pete Beach's business-type activities. This decrease is due to the removal of restrictions on certain assets associated with the State of Florida Revolving Loan Fund.

The government's net assets increased by \$1,622,614 during the current fiscal year. About one third of this increase represents the degree to which increases in ongoing revenues have outpaced similar increases in ongoing expenses. The remainder of the growth largely reflects an increase in wastewater fees charged to customers.

**Governmental Activities**

Governmental activities increased the City of St. Pete Beach's net assets by \$718,641, thereby accounting for 44% of the total growth in the net asset of the City of St. Pete Beach. The following table reflects the condensed Statement of Activities for the current year as compared to the previous year. For more detailed information see the Statement of Activities on pages 16-17

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### City of St. Pete Beach's Changes in Net Assets

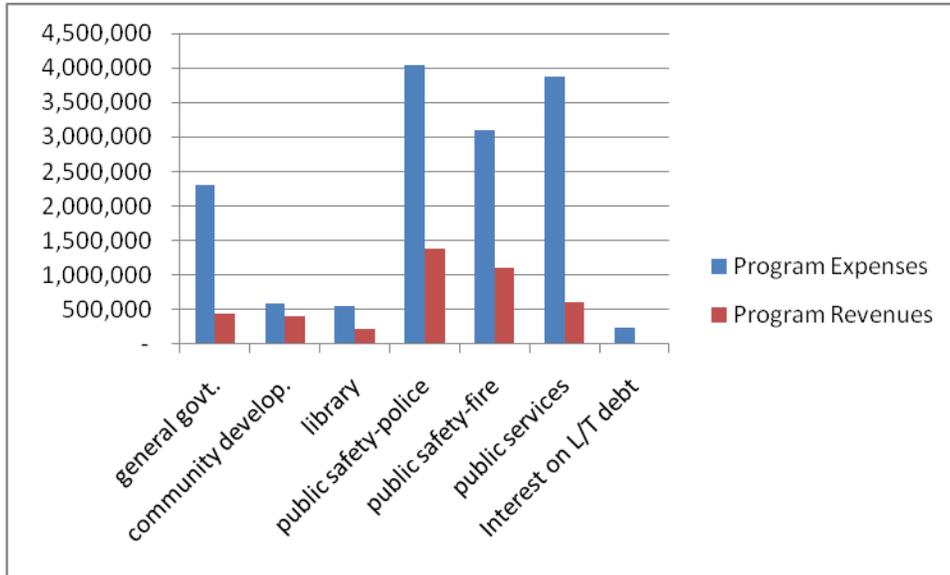
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$2,366,977	\$2,362,604	\$5,142,598	\$4,265,969	\$7,509,575	\$6,628,573
Operating grants and contributions	1,414,213	1,552,078	-	-	1,414,213	1,552,078
Capital grants and contributions	371,068	293,080	-	-	371,068	293,080
General revenues:						
Property taxes	5,655,614	6,057,622	-	-	5,655,614	6,057,622
Franchise fees	1,291,867	1,224,333	-	-	1,291,867	1,224,333
Utility taxes	2,238,043	2,057,562	-	-	2,238,043	2,057,562
State sales tax	480,771	484,524	-	-	480,771	484,524
Infrastructure tax	805,652	808,949	-	-	805,652	808,949
Local option gas tax	139,354	128,949	-	-	139,354	128,949
Impact fees	1,074	-	17,898	36,120	18,972	36,120
State excise tax - public safety	252,317	224,860	-	-	252,317	224,860
Other taxes	45,060	52,617	-	-	45,060	52,617
State revenue sharing	263,617	262,715	-	-	263,617	262,715
Investment income	6,892	56,045	100,152	99,377	107,044	155,422
Miscellaneous	116,770	105,148	-	-	116,770	105,148
Total revenues	15,449,289	15,671,086	5,260,648	4,401,466	20,709,937	20,072,552
Expenses:						
General government	2,306,345	2,223,320	-	-	2,306,345	2,223,320
Community development	593,337	620,111	-	-	593,337	620,111
Library	552,497	613,869	-	-	552,497	613,869
Public safety - police	4,048,923	4,132,774	-	-	4,048,923	4,132,774
Public safety - fire	3,100,901	3,071,551	-	-	3,100,901	3,071,551
Public services	3,872,799	3,999,036	-	-	3,872,799	3,999,036
Wastewater	-	-	3,467,822	3,478,154	3,467,822	3,478,154
Reclaimed water	-	-	778,626	893,226	778,626	893,226
Stormwater	-	-	110,227	-	110,227	-
Interest on long term debt	255,846	273,302	-	-	255,846	273,302
Total expenses	14,730,648	14,933,963	4,356,675	4,380,070	19,087,323	19,305,343
Increase in net assets	718,641	737,123	903,973	30,086	1,622,614	767,209

- Property taxes decreased by \$402,008 (7%) due to a continuation of declining property values. Property values actually decreased 11%. Part of this decrease was offset by a 4% increase in the ad valorem millage rate from 2.3764 to 2.4834.
- Franchise fees and utility taxes increased by \$248,015 (8%) which is attributable to an increase in the amount collected for electric franchise and utility tax fees. The area experienced an extremely cold winter which increased usage thereby increasing revenues.

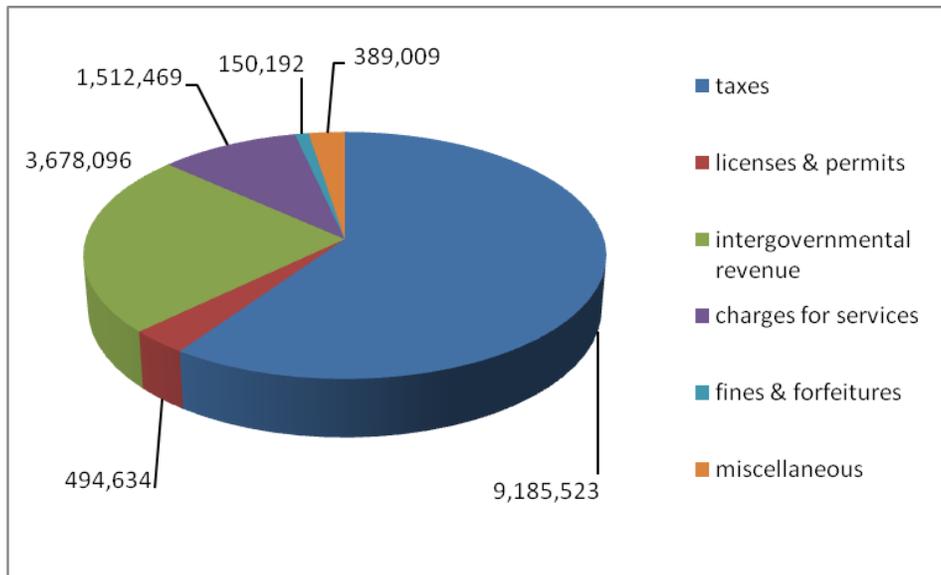
**Governmental Activities**

Governmental activities increased the City’s net assets by \$718,641 which, when added to the increase in net asset of the business-type activities, resulted in a total increase in net assets of \$1,622,614.

**Expenses and Revenues – Governmental Activities**



**Revenues by Source - Governmental Activities**

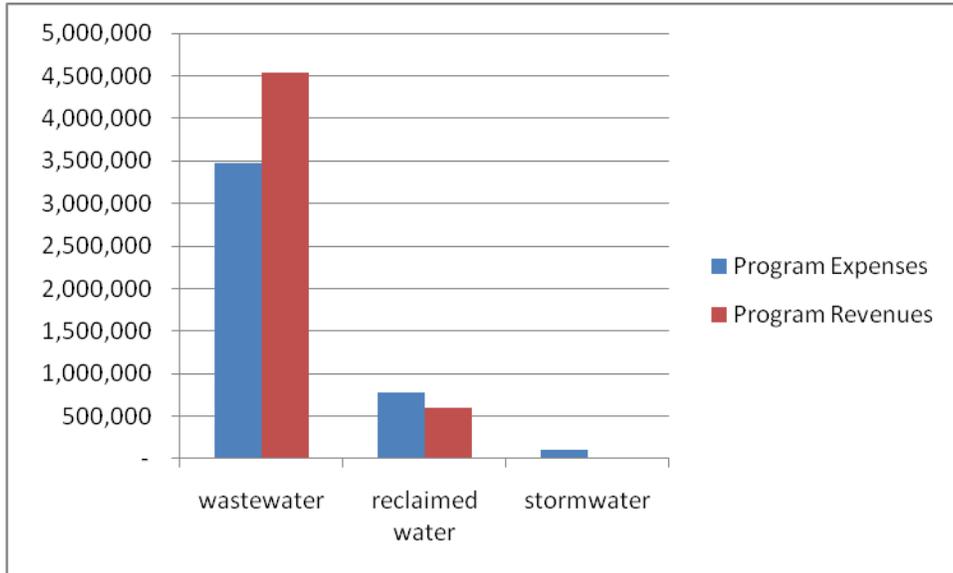


For the most part, expenses continued to decrease due to cutbacks in operating costs necessary to offset decreases in revenues. Two exceptions are general government and public safety fire. The City continues to experience high attorney fees due to continued litigation over the City redevelopment plan. Extra legal costs were \$481,814 compared to \$298,743 the previous year. The City also purchased land at a cost of \$299,050. Fire department costs were high, including final compensation paid to the fire chief who retired.

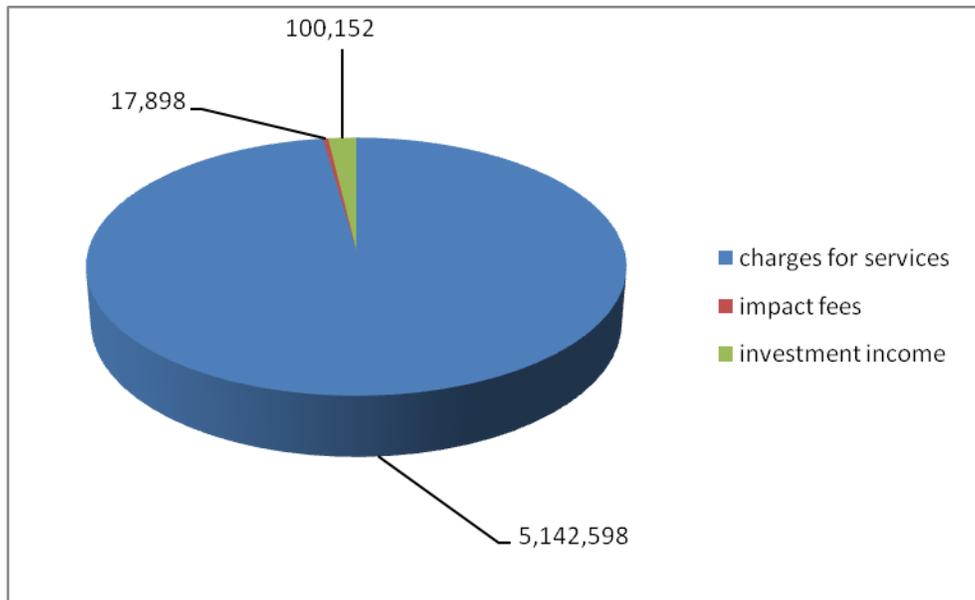
**Business-type Activities**

Business-type activities increased the City’s net assets by \$903,973 which, when added to the increase in net asset of the governmental activities, resulted in a total increase in net assets of \$1,622,614.

**Expenses and Revenues – Business-type Activities**



**Revenues by Source – Business Activities**



Charges for services for business-type activities increased by \$876,629 or 20%. Wastewater accounts for a significant portion of this increase resulting from a 7.5% rate increase in January 2009 followed by another 7.5% rate increase in January 2010. The fees for wastewater had not historically covered the cost of the system thereby depleting the reserves and causing the fund to borrow from the general fund to meet operational needs. The fee increase allows the fund to pay back the general fund over a five year period and to replenish reserves. There is an additional fee increase of 7.5% scheduled for January 2011.

A stormwater fee will appear on the 2010 ad valorem tax bills. The expenses incurred in 2010 for this fund will be repaid with this assessment in 2011.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental Funds:** The focus of the City of St. Pete Beach'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 of St. Pete Beach's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$4,997,580, an increase of \$282,418 in comparison to the prior year. Approximately 30% of this amount (\$1,516,367) is reserved to indicate that it is not available for new spending. Another 13% of this amount (\$668,445) is designated by management to reflect resources accumulated for specific purposes. The unreserved balance is 56% (\$2,812,768) which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At September 30, 2010, the unreserved balance of the general fund was \$3,005,734 while the total fund balance was \$4,338,057. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22% of total general fund expenditures while total fund balance represents 32% of that same amount.

The fund balance of the City's general fund increased by \$368,948 during the current fiscal year. This represents a positive variance in comparison to the final revised budget which estimated a decrease of \$345,420.

**Proprietary Funds:** As mentioned previously, the wastewater and reclaimed water fund were previously reported as special revenue funds and have been converted to enterprise funds. The City's proprietary (enterprise) fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at September 30, 2010 show a negative balance of \$250,450. Part of this negative amount is a result of continued losses in the reclaimed water fund (\$75,230). A rate study was completed at the end of fiscal year 2010 and a 25% rate increase will take place in October 2010. Additionally, the stormwater fund was established in fiscal year 2010. The assessment to pay for the establishment of this fund will not be collected until fiscal year 2011. Once collected, this fund will no longer have a negative balance.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a \$780,669 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$77,424 is attributed to the previous year's reserve for encumbrances.
- \$69,313 supplemental appropriation for funding a police officer through the COPS Hiring Recover Program (CHRP) grant.
- \$325,000 supplemental appropriation for funding three paramedic positions through additional funding received from the county emergency medical services (EMS) authority.
- \$285,000 supplemental appropriation to fund increased extra legal fees due to continued litigation.

Increases in items not funded through a grant or increase in intergovernmental funding were possible because of additional anticipated revenues, primarily in electric franchise and utility taxes.

## CAPITAL AND DEBT ADMINISTRATION

**Capital Assets:** The City of St. Pete Beach's investment in capital assets for its governmental and business-type activities as of September 30, 2010 amounts to \$41,879,533 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, machinery and equipment and infrastructure.

Capital projects completed during the current fiscal year include:

- Police dispatch communication center upgrade
- Seawall, sidewalk and stormwater repairs at Sunset Park
- Corey Avenue tree replacement
- Sanitary waste pump-out system for boats

### City of St. Pete Beach's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$3,688,072	\$2,804,022	\$310,117	\$310,117	\$3,998,189	\$3,114,139
Buildings and improvements	16,329,214	16,935,233	-	-	16,329,214	16,935,233
Furniture, machinery and equipment	1,409,964	1,446,050	161,304	211,539	1,571,268	1,657,589
Infrastructure	6,615,201	6,814,063	13,365,661	13,468,054	19,980,862	20,282,117
Total	28,042,451	27,999,368	13,837,082	13,989,710	41,879,533	41,989,078

**Long-term debt:** At the end of the current fiscal year, the City of St. Pete Beach had total debt outstanding of \$10,222,577. Of this amount, \$460,000 comprises debt backed by the full faith and credit of the government and \$9,254,263 represents bonds and loans secured solely by specified revenue sources. The city currently leases a sewer flusher apparatus vehicle and multi-spacing parking equipment which expire at various dates through July 2012. The City has also entered into a lease/purchase agreement for a parcel of parkland. This agreement expires October 2012.

### City of St. Pete Beach' Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenue bonds and loans	\$3,435,000	\$3,990,000	\$5,819,263	\$6,479,580	\$9,254,263	\$10,469,580
General obligation bonds	460,000	600,000	-	-	460,000	600,000
Capital leases	444,185	214,561	64,128	93,955	508,313	308,516
Total	4,339,185	4,804,561	5,883,391	6,573,535	10,222,576	11,378,096

### Economic Factors and Next Year's Budgets and Rates

- Property values have continued to decline for the second consecutive year. Property values declined in fiscal year 2011 as well and the Pinellas County Property Appraiser is projecting another decline for fiscal year 2012.
- Since we are a tourist destination, the City is adversely impacted by downturns in the national as well as local economies. Business tax receipts issued has declined from 1,132 in fiscal year 2009 to 1,041 in fiscal year 2010 which is a decline of 8%.

- The State of Florida, by Constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, business tax, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

All these factors were considered in preparing the City of St. Pete Beach budget for the 2011 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$2,337,289. The City was able to balance the 2011 budget by increasing the millage rate from 2.4834 to 2.6718 mills. The higher millage is the City's roll-back rate which represents the millage rate necessary to generate the same amount of revenue as the previous fiscal year. The rate is higher due to the decrease in property values.

Pension costs continue to rise. The City has opened collective bargaining with all three unions to address changes in pension benefits to help curtail future costs.

### **FINANCIAL CONTACT**

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City's Finance Director at City Hall at 155 Corey Avenue, St. Pete Beach, Florida 33706, telephone number (727) 363-9250.

## **Basic Financial Statements**

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

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CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2010

With Comparative Amounts for September 30, 2009

	2010			2009	
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 3,650	\$ 75	\$ -	\$ 3,725	\$ 3,925
Pooled cash and investments and cash equivalents	3,599,706	724,853		4,324,559	3,658,893
Restricted assets - State Revolving Loans:					
Pooled cash and investments		109,379		109,379	105,473
Investments, at fair value		500,000		500,000	500,000
Receivables					
Customer service charges		790,198		790,198	468,567
Other	273,534	14,404		287,938	293,222
Due from other funds	445,257		(445,257)	-	-
Due from other governments	456,537			456,537	502,114
Supplies inventory	192	61,207		61,399	57,216
Prepaid items	266,572	14,129		280,701	223,783
Total current assets	<u>5,045,448</u>	<u>2,214,245</u>	<u>(445,257)</u>	<u>6,814,436</u>	<u>5,813,193</u>
<b>NON-CURRENT ASSETS</b>					
Restricted assets - State Revolving Loans:					
Pooled cash and investments		262,278		262,278	265,149
Investments, at fair value		1,962,055		1,962,055	2,363,490
Due from other funds	975,405		(975,405)	-	-
Land and land rights	3,688,072	310,117		3,998,189	3,114,139
Buildings and other land improvements	22,012,617			22,012,617	21,973,304
Furniture, machinery and equipment	4,813,392	427,653		5,241,045	5,074,384
Infrastructure	11,845,654	20,162,805		32,008,459	31,529,146
Less: accumulated depreciation	(14,317,284)	(7,063,493)		(21,380,777)	(19,701,896)
Un-amortized debt costs	39,273			39,273	49,497
Total non-current assets	<u>29,057,129</u>	<u>16,061,415</u>	<u>(975,405)</u>	<u>44,143,139</u>	<u>44,667,213</u>
<b>TOTAL ASSETS</b>	<u>\$ 34,102,577</u>	<u>\$ 18,275,660</u>	<u>\$ (1,420,662)</u>	<u>\$ 50,957,575</u>	<u>\$ 50,480,406</u>

	2010				2009
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 252,932	\$ 17,235	\$ -	\$ 270,167	\$ 181,292
Accrued liabilities	372,120	151,456		523,576	323,198
Accrued interest payable	11,641			11,641	17,074
Due to other governments	165,480	208,376		373,856	705,640
Current portion of:					
Unearned revenue	136,455			136,455	135,787
Due to other funds		445,257	(445,257)	-	-
Compensated absences	49,686	3,095		52,781	55,292
Revenue bonds payable	580,000			580,000	555,000
General obligation bonds payable	145,000			145,000	140,000
Capital lease obligations	249,185	31,294		280,479	190,202
State Revolving Loan		147,923		147,923	143,305
Payable from restricted assets:					
Accrued interest payable - State					
Revolving Loan		74,852		74,852	88,205
State Revolving Loans - current portion		534,527		534,527	517,268
Total current liabilities	<u>1,962,499</u>	<u>1,614,015</u>	<u>(445,257)</u>	<u>3,131,257</u>	<u>3,052,263</u>
<b>NON-CURRENT LIABILITIES</b>					
Net other post employment benefit obligation	236,963	13,327		250,290	123,145
Unearned revenue	78,146			78,146	101,210
Due to other funds		975,405	(975,405)	-	-
Compensated absences	610,427	38,033		648,460	679,308
Revenue bonds payable	2,855,000			2,855,000	3,435,000
General obligation bonds payable	315,000			315,000	460,000
Capital lease obligations	195,000	32,837		227,837	118,314
State Revolving Loans		5,136,812		5,136,812	5,819,007
Total non-current liabilities	<u>4,290,536</u>	<u>6,196,414</u>	<u>(975,405)</u>	<u>9,511,545</u>	<u>10,735,984</u>
<b>TOTAL LIABILITIES</b>	<u>6,253,035</u>	<u>7,810,429</u>	<u>(1,420,662)</u>	<u>12,642,802</u>	<u>13,788,247</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	23,703,266	7,953,689		31,656,955	30,610,981
Restricted:					
Debt service		2,761,992		2,761,992	3,149,490
Library	198,063			198,063	198,063
Law enforcement	17,530			17,530	16,649
Transportation improvements	166,514			166,514	165,353
Unrestricted	<u>3,764,169</u>	<u>(250,450)</u>		<u>3,513,719</u>	<u>2,551,623</u>
<b>TOTAL NET ASSETS</b>	<u>27,849,542</u>	<u>10,465,231</u>	<u>-</u>	<u>38,314,773</u>	<u>36,692,159</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 34,102,577</u>	<u>\$ 18,275,660</u>	<u>\$ (1,420,662)</u>	<u>\$ 50,957,575</u>	<u>\$ 50,480,406</u>

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

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2010

With Comparative Total Amounts for the Year Ended September 30, 2009

FUNCTIONS / PROGRAMS	2010			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 2,306,345	\$ 439,404	\$ -	\$ -
Community development	593,337	398,281		
Library	552,497	27,427	189,859	
Public safety - police	4,048,923	1,070,575	63,569	247,341
Public safety - fire	3,100,901		1,108,691	
Public services	3,872,799	431,290	52,094	123,727
Interest on long-term debt	255,846			
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>14,730,648</b>	<b>2,366,977</b>	<b>1,414,213</b>	<b>371,068</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water pollution control - wastewater	3,467,822	4,541,287		
Water pollution control - reclaimed water	778,626	601,311		
Water pollution control - stormwater	110,227			
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>4,356,675</b>	<b>5,142,598</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 19,087,323</b>	<b>\$ 7,509,575</b>	<b>\$ 1,414,213</b>	<b>\$ 371,068</b>

General Revenues

Taxes:

Ad valorem

Franchise taxes

Utility taxes

Telecommunications tax

State sales tax

Infrastructure tax

Local option gas tax

Impact fees

State excise tax - public safety

Other taxes

State revenue sharing - unrestricted

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning of year, as previously reported

Net cumulative effect of change in accounting principal (Note B)

Net assets - beginning of year, as restated

Net assets - end of year

2010			2009
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Total
\$ (1,866,941)	\$ -	\$ (1,866,941)	\$ (1,797,947)
(195,056)		(195,056)	(260,282)
(335,211)		(335,211)	(365,217)
(2,667,438)		(2,667,438)	(2,819,105)
(1,992,210)		(1,992,210)	(1,834,604)
(3,265,688)		(3,265,688)	(3,375,744)
(255,846)		(255,846)	(273,302)
<u>(10,578,390)</u>	<u>-</u>	<u>(10,578,390)</u>	<u>(10,726,201)</u>
	1,073,465	1,073,465	241,116
	(177,315)	(177,315)	(346,527)
	(110,227)	(110,227)	-
<u>-</u>	<u>785,923</u>	<u>785,923</u>	<u>(105,411)</u>
<u>(10,578,390)</u>	<u>785,923</u>	<u>(9,792,467)</u>	<u>(10,831,612)</u>
5,655,614		5,655,614	6,057,622
1,291,867		1,291,867	1,224,333
1,635,699		1,635,699	1,401,759
602,344		602,344	655,803
480,771		480,771	484,524
805,652		805,652	808,949
139,354		139,354	128,949
1,074	17,898	18,972	36,120
252,317		252,317	224,860
45,060		45,060	52,617
263,617		263,617	262,715
6,892	100,152	107,044	155,422
116,770		116,770	105,148
<u>11,297,031</u>	<u>118,050</u>	<u>11,415,081</u>	<u>11,598,821</u>
<u>718,641</u>	<u>903,973</u>	<u>1,622,614</u>	<u>767,209</u>
36,692,159	-	36,692,159	35,924,950
<u>(9,561,258)</u>	<u>9,561,258</u>	<u>-</u>	<u>-</u>
<u>27,130,901</u>	<u>9,561,258</u>	<u>36,692,159</u>	<u>35,924,950</u>
<u>\$ 27,849,542</u>	<u>\$ 10,465,231</u>	<u>\$ 38,314,773</u>	<u>\$ 36,692,159</u>

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

CITY OF ST. PETE BEACH, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUNDS

September 30, 2010  
With Comparative Total Amounts for September 30, 2009

	2010			2009	
	General	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds	Restated Total
<b>ASSETS</b>					
Cash	\$ 3,650	\$ -	\$ -	\$ 3,650	\$ 3,850
Pooled cash and investments and cash equivalents	3,033,214	381,454	185,038	3,599,706	3,015,656
Receivables					
Other	273,534			273,534	271,787
Due from other funds	1,420,662			1,420,662	1,549,242
Due from other governments	342,808	113,729		456,537	502,114
Supplies inventory	192			192	1,248
Prepays	158,863			158,863	107,855
<b>TOTAL ASSETS</b>	<b>\$ 5,232,923</b>	<b>\$ 495,183</b>	<b>\$ 185,038</b>	<b>\$ 5,913,144</b>	<b>\$ 5,451,752</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 244,870	\$ 8,062	\$ -	\$ 252,932	\$ 159,564
Accrued liabilities	372,119	11,642		383,761	323,882
Due to other governments	164,486		994	165,480	145,174
Deferred revenue	113,391			113,391	107,970
<b>TOTAL LIABILITIES</b>	<b>894,866</b>	<b>19,704</b>	<b>994</b>	<b>915,564</b>	<b>736,590</b>
<b>FUND BALANCES</b>					
Fund balances					
Reserved:					
Supplies inventory	192			192	1,248
Long-term receivable	975,405			975,405	1,260,675
Prepays	158,663			158,663	107,855
Library	198,063			198,063	198,063
Law enforcement			17,530	17,530	16,649
Transportation improvements			166,514	166,514	165,353
Unreserved - designated:					
Capital improvement projects	8,333			8,333	100,000
Compensated absences	660,112			660,112	694,400
Undesignated, reported in					
General fund	2,337,289			2,337,289	1,606,868
Capital projects fund		475,479		475,479	564,051
<b>TOTAL FUND BALANCES</b>	<b>4,338,057</b>	<b>475,479</b>	<b>184,044</b>	<b>4,997,580</b>	<b>4,715,162</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,232,923</b>	<b>\$ 495,183</b>	<b>\$ 185,038</b>	<b>\$ 5,913,144</b>	<b>\$ 5,451,752</b>

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

CITY OF ST. PETE BEACH, FLORIDA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES

September 30, 2010

Fund Balances - total governmental funds \$ 4,997,580

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

The Negative Net Pension Obligations represent a prepaid expense. These  
prepayments are not recognized as an asset in the governmental funds as  
they are not a financial resource.

Firefighters' Pension	\$ 82,789	
Police Officers' Pension	<u>24,920</u>	
		107,709

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

Governmental capital assets	42,359,735	
Less: Accumulated depreciation	<u>(14,317,284)</u>	
		28,042,451

Other assets used in governmental activities are not financial resources and, therefore,  
are not reported in the governmental funds.

Capitalized debt issuance costs	114,096	
Less: accumulated amortization	<u>(74,823)</u>	
		39,273

Long-term liabilities are not due and payable in the current period and,  
therefore, are not reported in the governmental funds.

Net other post employment benefit obligation	(236,963)	
Compensated absences	(660,113)	
Revenue bonds payable	(3,435,000)	
General obligation bonds payable	(460,000)	
Capital lease obligations	<u>(444,185)</u>	
		(5,236,261)

Premiums received on revenue bonds issued in prior years that were a financial  
resource in the governmental funds in the years received but are reported as  
unearned revenue net of amortization in the statement of net assets.

Premiums received in prior years	(331,373)	
Less: Accumulated amortization	<u>230,163</u>	
		<u>(101,210)</u>

Net assets of governmental activities. \$ 27,849,542

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

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010  
With Comparative Total Amounts for the Year Ended September 30, 2009

	2010						2009	
	General	Debt Service	Capital Improvement Projects	Sewer Revenue	Reclaimed Water Revenue	Other Governmental Funds	Total Governmental Funds	Restated Total
<b>REVENUES</b>								
Taxes	\$ 9,185,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,185,523	\$ 9,339,517
Licenses and permits	494,634						494,634	455,394
Intergovernmental revenue	2,694,399		983,697				3,678,096	3,689,253
Charges for services	1,512,469						1,512,469	1,572,766
Fines and forfeitures	148,132					2,060	150,192	163,951
Miscellaneous	263,075		124,752			1,182	389,009	360,139
<b>TOTAL REVENUES</b>	<u>14,298,232</u>	<u>-</u>	<u>1,108,449</u>	<u>-</u>	<u>-</u>	<u>3,242</u>	<u>15,409,923</u>	<u>15,581,020</u>
<b>EXPENDITURES</b>								
<b>CURRENT</b>								
General government	2,099,784						2,099,784	2,015,314
Community development	581,496						581,496	610,481
Library	530,304						530,304	587,953
Public safety	6,736,915					1,189	6,738,104	6,749,074
Public services	3,026,335					11	3,026,346	3,138,324
<b>CAPITAL OUTLAY</b>								
General government	17,551						17,551	54,889
Community development							-	6,350
Library	3,894						3,894	-
Public safety	104,710		160,490				265,200	69,216
Public services	64,101		1,141,958				1,206,059	219,989
Water pollution control							-	274,086
<b>DEBT SERVICE</b>								
Principal reductions	300,375		1,040,000				1,340,375	813,322
Interest and fiscal charges	41,050		204,573				245,623	261,648
<b>TOTAL EXPENDITURES</b>	<u>13,506,515</u>	<u>-</u>	<u>2,547,021</u>	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>16,054,736</u>	<u>14,800,646</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	791,717	-	(1,438,572)	-	-	2,042	(644,813)	780,374
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of debt - loan proceeds							-	269,843
Issuance of debt - capital lease proceeds			875,000				875,000	-
Sale of surplus capital assets proceeds	52,231						52,231	31,746
Transfers in			475,000				475,000	400,000
Transfers out	(475,000)		-				(475,000)	(400,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(422,769)</u>	<u>-</u>	<u>1,350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>927,231</u>	<u>301,589</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>368,948</u>	<u>-</u>	<u>(88,572)</u>	<u>-</u>	<u>-</u>	<u>2,042</u>	<u>282,418</u>	<u>1,081,963</u>
<b>FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	3,969,109	3,099,816	564,051	(592,281)	(310,416)	182,002	6,912,281	6,062,279
<b>NET CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE B)</b>	-	(3,099,816)	-	592,281	310,416	-	(2,197,119)	(2,429,080)
<b>FUND BALANCES - BEGINNING OF YEAR, AS RESTATED</b>	<u>3,969,109</u>	<u>-</u>	<u>564,051</u>	<u>-</u>	<u>-</u>	<u>182,002</u>	<u>4,715,162</u>	<u>3,633,199</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,338,057</u>	<u>\$ -</u>	<u>\$ 475,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,044</u>	<u>\$ 4,997,580</u>	<u>\$ 4,715,162</u>

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

CITY OF ST. PETE BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES

For the Year Ended September 30, 2010

Net change in fund balances - total governmental funds \$ 282,418

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 are depreciated over their useful lives.

Expenditures for capital assets	\$ 1,492,704	
Less: Current year depreciation	<u>(1,408,939)</u>	83,765

In the statement of activities, a gain or loss is reported on the disposal of capital assets based on the sale price less the remaining un-depreciated cost, whereas in the governmental funds the proceeds from the sale of capital assets increase financial resources. The remaining un-depreciated cost of assets disposed of results in a decrease in net assets.

Un-depreciated cost of capital assets sold as surplus or disposed of		(40,681)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,340,375
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Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds. Amortization of premium received on Revenue Bonds		27,816
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Capital lease proceeds provide current resources to governmental funds but increase long-term liabilities in the statement of net assets.		(875,000)
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Certain prepaid expenses recorded in governmental activities do not represent financial resources and are not reported in the governmental funds. Negative Net Pension Obligation - Firefighters' Pension	1,258	
Negative Net Pension Obligation - Police Officers' Pension	<u>279</u>	1,537

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Change in net other post employment benefit obligation	(119,866)	
Amortization of debt issuance costs	(10,223)	
Change in compensated absences	<u>28,500</u>	<u>(101,589)</u>

Change in net assets of governmental activities		<u>\$ 718,641</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ST. PETE BEACH, FLORIDA

BALANCE SHEET  
 PROPRIETARY FUNDS

September 30, 2010

With Comparative Total Amounts for September 30, 2009

	Business-type Activities - Enterprise Funds				2009 Restated Total
	2010				
	Wastewater	Reclaimed Water	Stormwater	Total	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 75	\$ -	\$ -	\$ 75	\$ 75
Pooled cash and cash equivalents	681,444	43,409		724,853	643,237
Receivables					
Customer service charges	697,160	93,038		790,198	468,567
Other	4,833	9,571		14,404	21,435
Supplies inventory	61,207			61,207	55,968
Prepays	13,204	609	316	14,129	9,755
Restricted:					
Cash equivalents	36,185	73,194		109,379	105,473
Investments, at fair value		500,000		500,000	500,000
Total current assets	<u>1,494,108</u>	<u>719,821</u>	<u>316</u>	<u>2,214,245</u>	<u>1,804,510</u>
<b>NON-CURRENT ASSETS</b>					
Restricted:					
Cash equivalents		262,278		262,278	265,149
Investments, at fair value		1,962,055		1,962,055	2,363,490
Capital Assets:					
Land and land rights	310,117			310,117	310,117
Infrastructure	8,505,916	11,656,889		20,162,805	19,878,575
Furniture, machinery and equipment	376,182	51,471		427,653	427,653
Less: accumulated depreciation	(3,081,682)	(3,981,811)		(7,063,493)	(6,626,635)
Total non-current assets	<u>6,110,533</u>	<u>9,950,882</u>	<u>-</u>	<u>16,061,415</u>	<u>16,618,349</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,604,641</u>	<u>\$ 10,670,703</u>	<u>\$ 316</u>	<u>\$ 18,275,660</u>	<u>\$ 18,422,859</u>

Business-type Activities - Enterprise Funds

	2010				2009
	Wastewater	Reclaimed Water	Stormwater	Total	Restated Total
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 14,268	\$ 2,760	\$ 207	\$ 17,235	\$ 21,728
Accrued liabilities	147,385	4,071		151,456	16,391
Due to other governments	185,950	22,426		208,376	560,466
Current portion of:					
Due to other funds	285,270	50,001	109,986	445,257	288,566
Compensated absences	2,925	170		3,095	3,461
Capital lease obligation	31,294			31,294	29,827
State Revolving Loans	147,923			147,923	143,305
Payable from restricted assets					
Accrued interest payable	3,132	71,720		74,852	88,205
State Revolving Loan	33,053	501,474		534,527	517,268
Total current liabilities	<u>851,200</u>	<u>652,622</u>	<u>110,193</u>	<u>1,614,015</u>	<u>1,669,217</u>
<b>NON-CURRENT LIABILITIES</b>					
Net other post employment benefit obligation	11,139	1,838	350	13,327	6,048
Due to other funds	609,910	365,495		975,405	1,260,675
Compensated absences	35,939	2,094		38,033	42,527
Capital lease obligation	32,837			32,837	64,128
State Revolving Loans	2,946,338	2,190,474		5,136,812	5,819,006
Total non-current liabilities	<u>3,636,163</u>	<u>2,559,901</u>	<u>350</u>	<u>6,196,414</u>	<u>7,192,384</u>
<b>TOTAL LIABILITIES</b>	<u>4,487,363</u>	<u>3,212,523</u>	<u>110,543</u>	<u>7,810,429</u>	<u>8,861,601</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	2,919,088	5,034,601		7,953,689	7,416,176
Restricted - expendable:					
Long-term debt requirements	36,185	2,725,807		2,761,992	3,149,490
Unrestricted	162,005	(302,228)	(110,227)	(250,450)	(1,004,408)
<b>TOTAL NET ASSETS</b>	<u>3,117,278</u>	<u>7,458,180</u>	<u>(110,227)</u>	<u>10,465,231</u>	<u>9,561,258</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,604,641</u>	<u>\$ 10,670,703</u>	<u>\$ 316</u>	<u>\$ 18,275,660</u>	<u>\$ 18,422,859</u>

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

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CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS

For the Year Ended September 30, 2010  
 With Comparative Total Amounts for the Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds				2009 Restated Total
	2010				
	Wastewater	Reclaimed Water	Stormwater	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,541,287	\$ 591,590	\$ -	\$ 5,132,877	\$ 4,244,354
Other fees		9,721		9,721	21,612
<b>TOTAL OPERATING REVENUES</b>	<b>4,541,287</b>	<b>601,311</b>	<b>-</b>	<b>5,142,598</b>	<b>4,265,966</b>
<b>OPERATING EXPENSES</b>					
Personal services	429,403	78,367	11,016	518,786	520,793
Contractual and other services	2,757,845	353,844	99,211	3,210,900	3,232,962
Depreciation	190,371	246,487		436,858	431,252
<b>TOTAL OPERATING EXPENSES</b>	<b>3,377,619</b>	<b>678,698</b>	<b>110,227</b>	<b>4,166,544</b>	<b>4,185,007</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,163,668</b>	<b>(77,387)</b>	<b>(110,227)</b>	<b>976,054</b>	<b>80,959</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Interest earned	497	165,036	-	165,533	193,216
Decrease in fair value of investments		(65,381)		(65,381)	(44,748)
Interest and debt service fees paid	(90,203)	(99,928)		(190,131)	(209,809)
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>(89,706)</b>	<b>(273)</b>	<b>-</b>	<b>(89,979)</b>	<b>(61,341)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,073,962</b>	<b>(77,660)</b>	<b>(110,227)</b>	<b>886,075</b>	<b>19,618</b>
Impact fees	15,468	2,430		17,898	36,120
Transfers in				-	4,243
<b>CHANGE IN NET ASSETS</b>	<b>1,089,430</b>	<b>(75,230)</b>	<b>(110,227)</b>	<b>903,973</b>	<b>59,981</b>
<b>NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE B)</b>	<b>2,027,848</b>	<b>7,533,410</b>	<b>-</b>	<b>9,561,258</b>	<b>9,501,277</b>
<b>FUND BALANCES - BEGINNING OF YEAR, AS RESTATED</b>	<b>2,027,848</b>	<b>7,533,410</b>	<b>-</b>	<b>9,561,258</b>	<b>9,501,277</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,117,278</b>	<b>\$ 7,458,180</b>	<b>\$ (110,227)</b>	<b>\$ 10,465,231</b>	<b>\$ 9,561,258</b>

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

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended September 30, 2010  
With Comparative Total Amounts for the Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds				2009 Restated Total
	2010			Total	
	Wastewater	Reclaimed Water	Stormwater		
INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS					
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$4,254,434	\$ 573,564	\$ -	\$4,827,998	\$4,391,507
Cash payments to suppliers for goods and services	(2,804,569)	(228,987)	(88,441)	(3,121,997)	(2,575,152)
Cash payments to employees for services	(412,663)	(90,090)	(10,666)	(513,419)	(517,357)
Cash paid for general government allocated expenses	(195,195)	(116,907)	(10,879)	(322,981)	(303,012)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	842,007	137,580	(109,986)	869,601	995,986
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash advances received from other funds			109,986	109,986	-
Cash advances repaid to other funds	(238,566)	-		(238,566)	(22,000)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(238,566)	-	109,986	(128,580)	(22,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from State Revolving Loan				-	269,843
Inter-fund transfer in related to acquisition of capital assets				-	4,243
Impact fees	15,468	2,430		17,898	36,120
Acquisition and construction of capital assets	(284,230)			(284,230)	(320,027)
Principal paid on State Revolving Loan	(176,045)	(484,272)		(660,317)	(643,030)
Principal paid on capital leases	(29,827)			(29,827)	(28,428)
Interest paid on State Revolving Loan	(86,031)	(112,830)		(198,861)	(216,151)
Interest paid on capital leases	(4,620)			(4,620)	(6,021)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(565,285)	(594,672)	-	(1,159,957)	(903,451)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on cash and cash equivalents	497	1,090		1,587	4,341
Proceeds from the maturity of investments		500,000		500,000	500,000
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	497	501,090	-	501,587	504,341
NET INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS	38,653	43,998	-	82,651	574,876
POOLED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	679,051	334,883		1,013,934	439,058
POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 717,704	\$ 378,881	\$ -	\$ 1,096,585	\$ 1,013,934
POOLED CASH AND CASH EQUIVALENTS IS COMPRISED OF:					
Cash	\$ 75	\$ -	\$ -	75	\$ 75
Current pooled cash and cash equivalents	681,444	43,409		724,853	643,237
Current restricted cash equivalents	36,185	73,194		109,379	105,473
Non-current restricted cash equivalents		262,278		262,278	265,149
	\$ 717,704	\$ 378,881	\$ -	\$ 1,096,585	\$ 1,013,934

	Business-type Activities - Enterprise Funds				2009 Restated Total
	2010			Total	
	Wastewater	Reclaimed Water	Stormwater		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,163,668	\$ (77,387)	\$ (110,227)	\$ 976,054	\$ 80,959
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	190,371	246,487		436,858	431,252
Changes in assets and liabilities:					
(Increase) decrease in receivables - customer service charges	(282,020)	(39,611)		(321,631)	130,994
(Increase) decrease in receivables - other	(4,833)	11,864		7,031	(5,453)
(Increase) decrease in due from other governments				-	36,183
(Increase) decrease in supplies inventory	(5,239)			(5,239)	(19,631)
(Increase) decrease in prepaid items	(3,923)	(135)	(316)	(4,374)	221
Increase (decrease) in accounts payable	(3,393)	(1,307)	207	(4,493)	(329)
Increase (decrease) in accrued liabilities	134,268	798		135,066	4,990
Increase (decrease) in due to other governments	(361,482)	9,392		(352,090)	338,354
Increase (decrease) in compensated absences	6,822	(11,682)		(4,860)	(7,602)
Increase (decrease) in other post employment benefit obligation	7,768	(839)	350	7,279	6,048
TOTAL ADJUSTMENTS	(321,661)	214,967	241	(106,453)	915,027
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 842,007	\$ 137,580	\$ (109,986)	\$ 869,601	\$ 995,986

There were no non-cash investing or financing activities for the years ended September 30, 2010 or 2009.

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

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

September 30, 2010

With Comparative Amounts for September 30, 2009

	Totals	
	2010	2009
<b>ASSETS</b>		
Investments, at fair value		
Money market funds	\$ 1,069,939	\$ 826,454
U. S. Government and Federal Agency securities	3,755,308	5,064,578
Corporate bonds	6,953,051	8,249,682
Equities - common stock	11,614,995	10,524,192
Equities - mutual funds	4,745,276	1,495,043
	<u>28,138,569</u>	<u>26,159,949</u>
Receivables		
Accrued interest and dividends	108,421	125,118
Contribution receivable	4,376	-
State excise tax rebate	23,648	1,745
	<u>136,445</u>	<u>126,863</u>
<b>TOTAL ASSETS</b>	<u>28,275,014</u>	<u>26,286,812</u>
<b>LIABILITIES</b>		
Administrative expenses payable	30,617	16,927
Deferred contribution	17,255	-
	<u>47,872</u>	<u>16,927</u>
<b>TOTAL LIABILITIES</b>	<u>47,872</u>	<u>16,927</u>
<b>NET ASSETS HELD IN TRUST</b>		
Held in trust for pension benefits and other purposes	<u>\$ 28,227,142</u>	<u>\$ 26,269,885</u>

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

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

Year Ended September 30, 2010  
With Comparative Amounts for the Year Ended September 30, 2009

	Totals	
	2010	2009
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 1,198,865	\$ 1,138,676
Plan members	394,898	393,097
	<u>1,593,763</u>	<u>1,531,773</u>
Intergovernmental revenue		
State excise tax rebate	252,317	224,860
Investment income		
Net appreciation (depreciation) in fair value of investments	2,066,225	(352,154)
Interest and dividends	820,887	874,367
Miscellaneous income	25,675	13,318
Total investment earnings (loss)	<u>2,912,787</u>	<u>535,531</u>
Less investment expense	152,475	112,440
Net investment earnings (loss)	<u>2,760,312</u>	<u>423,091</u>
<b>TOTAL ADDITIONS (REDUCTIONS)</b>	<u>4,606,392</u>	<u>2,179,724</u>
<b>DEDUCTIONS</b>		
Benefits	1,944,654	1,855,193
Lump sum Deferred Retirement Option Plan (DROP) payments	561,524	149,045
Refunds of contributions	55,139	104,050
Administrative expenses	87,818	85,942
<b>TOTAL DEDUCTIONS</b>	<u>2,649,135</u>	<u>2,194,230</u>
<b>CHANGE IN NET ASSETS</b>	1,957,257	(14,506)
<b>NETS ASSETS - BEGINNING OF YEAR</b>	<u>26,269,885</u>	<u>26,284,391</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 28,227,142</u></u>	<u><u>\$ 26,269,885</u></u>

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

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared to conform with the standards set forth by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies.

**1. Defining the Reporting Entity**

The City of St. Pete Beach, Florida (the City) is a municipal corporation established pursuant to the laws of Florida and operates under applicable provisions of Florida Statutes, Chapter 166.

The City follows the principles of Section 2100, "Defining the Reporting Entity" of GASB "Codification of Governmental Accounting and Financial Reporting Standards", which established standards for defining and reporting on the "Financial Reporting Entity". The financial reporting entity includes the primary government, organizations for which the primary government is financially accountable and other organizations for which, if excluded, would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority to an organization's board and either displays the ability to impose its will on that organization or the possibility that the organization will impose or provide a financial burden or benefit to the primary government. The City has no such applicable organizations that meet these requirements; therefore, the accompanying financial statements include only information relative to the primary government.

**2. Basic Financial Statements – GASB Statement #34**

The City implemented the provisions of Governmental Accounting Standards Board Statement #34 – "Basic Financial Statements – and – Management's Discussion and Analysis – for State and Local Governments", for the fiscal year ended September 30, 2002, which established new financial reporting requirements for state and local governments. GASB Statement #34 established specific standards for basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information. As part of GASB Statement #34, there is a reporting requirement regarding infrastructure; that is roads, sidewalks, curbing, and drainage improvements, etc. All major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements, in fiscal years ending after June 30, 1980, are required to be retroactively reported. All newly acquired or improved infrastructure assets must be prospectively reported effective as of the date of implementation of GASB Statement #34. The City implemented this requirement effective October 1, 2001, and has included infrastructure assets acquired prior to June 30, 1980 that still have remaining useful lives.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables and long-term liabilities. Governmental activities include the General Fund, Capital Improvement Projects Fund, Police Confiscation Fund, and the Transportation Impact Fee Fund. Business-type activities include the Wastewater, Stormwater, and Reclaimed Water Enterprise Funds. The City's Fiduciary Funds are not included in the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City.

The government-wide Statement of Activities reports the gross and net cost for the various functional categories (general government, police, fire, etc.) of the City that are otherwise supported by general government revenues. The expenses for each functional category are reduced by program revenues to ascertain the net costs for that function. Program revenues are defined as charges for services, and operating and capital grants that specifically relate to a specific program function. Charges for services include revenue arising from charges to customers or applicants, who purchase, use or directly benefit from the goods, services, or privileges provided. Operating and capital grants consist of revenues received from governments, organizations or individuals that are specifically attributable to a program and are restricted for either operating expenditures / expenses or capital expenditures / expenses associated with the specific program.

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services in conjunction with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary enterprise funds are charges to customers for services. Operating expenses for the City's proprietary enterprise funds include the cost of personnel, contractual services, supplies and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

The fund financial statements are similar to the financial statements presented in the previous reporting model. The emphasis in the new model is on major funds in both the governmental activities and business-type activities, and non-major funds are summarized into a single column.

**3. Basis of Presentation**

The accounts of the City are organized on the basis of funds, each of which is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The accompanying basic financial statements present each major fund as a separate column on the fund financial statements and all non-major funds are aggregated and presented in a single column:

Governmental Funds: This fund category accounts for the acquisition, use, and balances of the City's expendable financial resources and the related current liabilities. It is through these funds that most governmental functions typically are financed. The City has presented the following major governmental funds:

General Fund: The General Fund is the main operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital costs that are not paid through other funds are paid from the General Fund.

Capital Improvement Projects Fund: The Capital Improvement Projects Fund is used to account for intergovernmental revenue that is restricted in use for infrastructure improvements or police and fire vehicles, as well as other funds received and expended for construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

Special Revenue Fund: This fund type is used to account for specific revenue sources (other than major capital projects or special assessments) that are restricted by law or administrative action to expenditure for specific purposes. The City is not reporting any major special revenue funds. The Police Confiscation Fund, a non-major fund, is used to account for the proceeds from the sale of confiscated property. The Transportation Impact Fee Fund, also a non-major fund, is used to account for transportation impact fees and transportation related expenditures.

Proprietary Funds: This fund category accounts for all assets, liabilities, equities, revenues and expenses related to the City's activities that are similar to businesses in the private sector. The City's Proprietary Funds are presented in accordance with GASB Statement #62 – "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements". The City's Proprietary Fund types consist of the following:

Enterprise Fund: This fund type is used to account for operations (a) that are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has three Enterprise Funds that are presented as major proprietary funds:

Wastewater Fund: This fund is used to account for the provision of sewer services to the residents of the City and sewer impact fees. Activities of the sewer system include operations and maintenance of the system. All costs are financed through charges to utility customers.

Reclaimed Water Fund: This fund is used to account for the provision of reclaimed water services to the residents of the City. Activities of the reclaimed water system include operations and maintenance of the system and collection of system user fees. All costs are financed through charges to utility customers.

Stormwater Fund: This fund, which the City has elected to report as a major fund, is used to account for the collection of stormwater utility fees. These fees will be used to address stormwater drainage issues, provide for preventative maintenance and major capital improvements to areas subject to flooding. All costs are financed through charges to utility customers.

Fiduciary Fund: This fund category accounts for assets held by the City in a trustee capacity or as agent for individuals, private organizations, other governmental units, and/or other funds.

Trust Fund: This fund is used to account for assets held by the City in a trustee capacity. The Pension Trust Funds are used to account for the Police, Firefighters' and General Pension Funds.

Measurement Focus: This concept refers to the accounting emphasis of the various funds. The following is a summary of the measure and focus of each fund type:

Governmental Fund Types: General, Capital Improvement, and Special Revenue Funds are accounted for on a "spending" or "financial flow" measurement focus with an emphasis on determination of financial position and changes in financial position rather than on net income determination. Accordingly, reported undesignated fund balances represent available, spendable or appropriable resources.

Proprietary and Fiduciary Fund Types: The measurement focus of a Proprietary Fund and Fiduciary Fund is on determination of net income, financial position and cash flows using the accrual basis of accounting. The Wastewater, Reclaimed and Stormwater Funds, as well as the Pension Trust Funds are accounted for on a cost of services or "economic resources" measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported fund equity (total reported assets less total reported liabilities) provides an indication of the economic net worth of the fund. Operating statements for these Funds use an income determination measurement focus and, therefore, report increases (revenues) and decreases (expenses) in total economic net worth.

**4. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual: The modified accrual basis of accounting is utilized for the governmental fund types. Under this basis, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues collected within sixty days after year-end to be available. Substantially all intergovernmental revenues, utility taxes, franchise fees, infrastructure surtax and interest are susceptible to accrual.

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Property taxes are billed and substantially collected within the same fiscal year. Revenues that are received as reimbursement of grant expenditures are recognized as the expenditures are incurred, up to the grant award amount.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt are recognized when due.

Accrual: The accrual basis of accounting is utilized for the government-wide financial statements and the Proprietary Funds and Fiduciary Fund - Pension Trust Funds. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period that the liability is incurred.

**5. Budget and Budgetary Accounting**

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

- (a) By the end of June, the City Manager and Finance Director submit to the Finance and Budget Review Committee (a citizen advisory committee) a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the sources of receipts to finance them.
- (b) By August 1, the City Manager, Finance Director, and Finance and Budget Review Committee submit budget recommendations to the City Commission.
- (c) Public hearings are conducted in September to obtain taxpayer comments.
- (d) By mid September, the budget is approved by the Commission and becomes the basis for the millage levied by the Commission.
- (e) The budget is legally adopted at the fund level. The City Manager is authorized to approve transfers between line items within any department. Transfers between departments and increases or decreases in total budget for a fund must have prior approval of the Commission.
- (f) Budgets for funds that have formal budgetary integration are adopted on a basis consistent with generally accepted accounting principles.
- (g) Appropriations lapse at year-end. Encumbrances outstanding at year-end are re-appropriated and charged against the ensuing year's budget and thus are not reflected in budget to actual presentations.
- (h) Budgeted amounts are as originally adopted, or as amended in accordance with City ordinance.
- (i) The General Fund, Wastewater Fund and Reclaimed Water Fund are budgeted by the City. The budget serves as legal authorization for all expenditures. The following supplemental budget appropriations, in total, were made: General Fund – increase of \$780,669, Wastewater Fund – increase of \$130,123, and Reclaimed Water Fund – increase of \$1,712.

**6. Assets, Liabilities and Fund Equity**

Cash, Pooled Cash and Investments and Cash Equivalents: Cash balances of each fund, except for the Pension Trust Fund, are pooled for operating and investment purposes and are held primarily in an interest bearing checking account. Restricted cash equivalents are invested primarily in interest bearing accounts with the Florida State Board of Administration. The interest earned is allocated to each fund based on the fund's average balance in the pooled cash account.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Deposits with the State Board of Administration, which are investments, are considered to be a cash equivalent and are reported at amortized cost or net asset value. The amortized cost value of the State Board of Administration approximates fair value. Deposits with the Florida Municipal Investment Trust Fund (FMIVT) are reported at fair value.

Investments: Investments held in the Reclaimed Water Fund consist of U.S. Treasury obligations. These investments are reported at fair value.

Investments in the Pension Trust Funds consist of U. S. Government and Federal Agency securities, corporate bonds, common - equity stocks and mutual funds, and money market funds. These investments are recorded at fair value.

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices. Investments in mutual fund type securities are valued at the net asset value of the fund based on the underlying assets held in the funds. The fair value of an investment is the amount that could be reasonably expected to be received for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.

Accounts Receivable: Wastewater Fund and Reclaimed Water Fund revenues are generally recognized on the basis of cycle billings which are rendered bimonthly. No provision has been made for an allowance for doubtful accounts as the City considers all accounts to be collectible. The City records revenues for services delivered during the current fiscal year that will not be billed until the next fiscal year and includes these amounts in accounts receivable. These revenues and related receivables are based on a daily proration of the billing that occurs in the next fiscal year.

Supplies Inventory: Inventory is valued using the average cost basis and consists of expendable supplies held for consumption. The cost of the supplies is recorded as an expenditure at the time the inventory is consumed.

Prepaid Items: Payments made to vendors and others for services that will benefit periods beyond September 30, 2010 are recorded as prepaid items and are accounted for using the consumption method of accounting in the governmental funds. Prepaid items also include the Negative Net Pension Obligations at the government – wide level.

Restricted Assets: Assets are restricted to indicate that they are legally segregated for a specific future use. Pooled cash and investments have been restricted in the Reclaimed Water Fund to meet loan escrow and sinking fund requirements.

Capital Assets: Capital assets, which include land; buildings and other land improvements; furniture, machinery and equipment; and infrastructure assets are reported in the applicable governmental or business-type activity in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. These assets are capitalized at historical cost, or estimated historical cost if actual cost information is not available. Donated capital assets are capitalized at their fair market value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of the asset are also capitalized.

Depreciation, which is computed on a straight-line basis, is provided for in amounts sufficient to charge the cost of depreciable assets to operations over their estimated useful lives. Depreciation is not provided for construction in progress. Interest cost incurred on construction in process is not capitalized as part of the cost of assets acquired in the governmental funds. Interest cost incurred on construction in process is capitalized as part of the cost of assets acquired in the enterprise funds. The estimated useful lives of the assets are as follows:

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Category	Useful Life
Buildings and other land improvements	15 – 50 years
Furniture machinery and equipment	3 – 20 years
Infrastructure	12 – 40 years

Un-amortized Debt Costs: In governmental funds, bond issuance costs are recognized as an expenditure in the current period. In the government-wide financial statements, debt issuance costs are deferred and amortized over the life of the bonds using an effective interest rate method.

Deferred / Unearned Revenues: Revenues which are measurable, but not available or earned, are reported as deferred / unearned revenue. In the governmental funds, deferred revenues include local business taxes collected prior to September 30, which are for the local business tax that pertain to the subsequent fiscal year. In the government-wide financial statements, unearned revenue also includes the premium received on the issuance of the revenue bonds. The premium is amortized into income over the life of the bonds using an effective interest rate method. The non-current portion of the un-amortized bond premium is recorded as a non-current liability. In the governmental funds, the bond premium received is recorded as an other financing source in the year the debt proceeds are received.

Accumulated Unused Compensated Absences: In accordance with GASB 16, “Accounting for Compensated Absences”, the City records the “vested” portion of accumulated unused compensated absences at year-end based on each employee’s accumulated hours and rate of pay at the balance sheet date. An additional liability has also been accrued for related payroll taxes and retirement benefit costs. Generally, employees use their compensated absences as they are earned. The payment of compensated absences is charged to the General Fund, Wastewater Fund or Reclaimed Water Fund, depending upon the department in which the individual being paid is employed.

Net Assets: The government-wide financial statements utilize a net asset presentation. Net Assets are presented in three components – invested in capital assets net of related debt, restricted and unrestricted. The invested in capital assets component consists of capital assets less accumulated depreciation and any related long-term debt. Restricted assets consist of net assets that have constraints placed on them either externally by third parties (grantors and contributors) or by law through provisions of enabling legislation. Unrestricted net assets consist of net assets that do not meet the definition of “invested in capital assets” or “restricted”. Designations of net assets made by the City’s management are included in this component because these constraints are internal and management can remove or modify them. The government-wide statement of net assets reports \$3,144,099 of restricted net assets, of which \$166,514 is restricted by enabling legislation.

Reserves: Governmental Fund reserves indicate that a portion of the fund balance is not appropriable for expenditure or is legally segregated for a specific future use.

- (a) Reserve for supplies inventory: indicates a portion of fund balance that has been segregated for inventories and does not represent available, spendable resources even though it is an asset.
- (b) Reserve for long-term receivable: indicates the portion of the amount due from other funds that is not anticipated to be repaid within the next fiscal year.
- (c) Reserve for prepaids: indicates a portion of fund balance that has been segregated for prepaid items and does not represent available, spendable resources even though they are an asset.
- (d) Reserve for library: indicates a portion of fund balance that has been segregated for library expenditures pursuant to the request of the donor of the funds.

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

- (e) Reserve for law enforcement: indicates a portion of fund balance that is restricted by Florida statute for police education expenditures.
- (g) Reserve for transportation improvements: unexpended impact fees legally restricted for transportation projects.

Designations: A designation is used in Governmental Funds to indicate tentative plans for utilizing financial resources in a future period. Such plans or intent are subject to change and may never be legally authorized or result in expenditures. City management has made the following fund balance designations:

- (a) Capital improvement projects:  
Capital improvement replacement projects \$ 8,333
- (b) Compensated absences: indicates that a portion of the fund balance has been segregated for future payments for compensated absences.

Restrictions: Proprietary fund restrictions indicate that a portion of net assets is legally segregated for a specific future use.

- (a) Restricted for long-term debt requirements: funds legally restricted for the payment of principal and interest on long-term debt and to satisfy loan covenant requirements.

Encumbrances: Encumbrances represent contractual commitments in the form of purchase orders and contracts. Encumbrances are not recorded as expenditures, but rather as reservations of fund balance. They will become expenditures upon vendor performance and will be charged against the ensuing year's budget. At September 30, 2010, the City canceled all outstanding purchase orders and, accordingly, no encumbrances are reported in the accompanying financial statements.

Postretirement Life Insurance Benefits: The City does not provide any postretirement life insurance benefits.

**7. Revenues and Expenditures**

Property Taxes: The amount of taxes receivable at year-end is immaterial and, therefore, not accrued. Under Florida law, the assessment of all properties and the collection of all county, municipal and School Board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for the fiscal year ended September 30, 2010, was 2.5588, including a .0754 millage charge for debt repayment.

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, independent districts and the County School Board tax requirements.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. The Pinellas County Tax Collector bills and collects all property taxes levied within the County. All unpaid taxes become delinquent April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

September 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1, following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

The City does not accrue its portion of the County-held certificates due to the immaterial amount.

Grants: Amounts received are restricted as to use in accordance with applicable grant requirements. Generally, these funds are subject to compliance requirements and must be returned to the grantors if they exceed the cost of the program or are used in violation of the grant regulations.

**8. Deficiency of Resources over Appropriations and Deficit Fund Balances**

As reflected in the final budget for September 30, 2010, the City budgeted a deficit in the General Fund in the amount of \$345,420. The General Fund actually reported an increase to fund balance totaling \$368,948 due primarily to less than expected operating expenditures, debt service and capital outlay expenditures.

**9. Bond Premium/Issuance Costs**

In the governmental funds, bond premiums and issuance costs are recognized as current period other financing sources and current period expenditures, respectively.

In the government-wide statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums are recorded as unearned revenues and issuance costs are recorded as deferred charges.

**10. Inter-fund Transactions**

Inter-fund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables and are subject to elimination in the government-wide financial statements. Services provided are deemed to be at market or near market rates and are treated as revenues and expenditures/expenses and are not eliminated in the consolidation of the government-wide financial statements. Reimbursements occur when one fund incurs a cost and charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers.

**11. Comparative Data and Reclassifications**

The financial statements include summarized prior year comparative information that does not include, in all instances, sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2009, from which such summarized information has been derived. Additionally, certain prior year amounts have been restated as a result of the change in accounting principle that is discussed in Note B. The restatements that were made to the 2009 amounts are labeled as "Restated" and such restated amounts are included in order to present meaningful comparative information.

September 30, 2010

**NOTE B - CHANGE IN ACCOUNTING PRINCIPLE**

The City implemented a change in accounting principle as of October 1, 2009 in the method used to account for the Wastewater Fund (formerly named the Sewer Fund) and the Reclaimed Water Fund. Through September 30, 2009, the Wastewater and Reclaimed Water Funds had been accounted for as governmental funds. As a result of conducting a utility rate study, the City made a policy decision to design customer service charges such that the revised fees would enable the Wastewater and Reclaimed Water Funds to recover the cost of providing these services. Accordingly, as of October 1, 2009, the two funds are now accounted for as enterprise funds in accordance with generally accepted accounting principles. As part of the implementation of the change in accounting principle, the City allocated the Debt Service Fund assets and related fund balance / net assets to the Wastewater Fund and Reclaimed Water Fund based on the amount of the sinking fund assets accounted for in the Debt Service Fund that pertain to the indebtedness that is now accounted for in the Wastewater and Reclaimed Water Funds. The change in accounting principle has been reported in the accompanying financial statements as a restatement of beginning net assets / fund balances.

The restatement of the beginning fund balance / fund equity of the Wastewater, Reclaimed Water and Debt Service Funds was determined as follows:

	Wastewater	Reclaimed Water	Total
Fund Balances – Beginning of Year, as Previously Reported	\$ (592,281)	\$ (310,416)	\$ (902,697)
Allocation of beginning fund balance – Debt Service Fund	<u>36,185</u>	<u>3,063,631</u>	<u>3,099,816</u>
Fund Balances – Beginning of Year, as Previously Reported - combined	(556,096)	2,753,215	2,197,119
Items affecting net assets due to Change in Accounting Principle:			
Capital assets	8,907,985	11,708,360	20,616,345
Accumulated depreciation	(2,891,311)	(3,735,324)	(6,626,635)
Net other post-employment benefit obligation	(3,372)	(2,676)	(6,048)
Compensated absences	(32,043)	(13,945)	(45,988)
State revolving loans	(3,303,359)	(3,176,220)	(6,479,579)
Capital lease obligation	<u>(93,956)</u>	<u>-</u>	<u>(93,956)</u>
Net Cumulative effect on net assets due to Change in Accounting Principle	<u>\$ 2,027,848</u>	<u>\$ 7,533,410</u>	<u>\$ 9,561,258</u>

**NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Pooled Cash**

The City maintains a cash pool that is available for all funds except the Fiduciary Fund types. The restricted cash and investments, including the amounts on deposit with the State Board of Administration, are held separately and are not pooled. The amounts invested with the Florida Municipal Investment Trust Fund (FMIVT) are also pooled and available to all funds except the Fiduciary Fund types.

**Deposits**

Florida Statutes and City policy require that all City demand accounts be in financial institutions that pledge collateral with the State Treasurer pursuant to Chapter 280, Florida Statutes. The City is required to verify that monies are on deposit with “qualified public depositories” as defined in Florida Statutes Section 280.02. Florida Statutes require that all qualified public depositories provide collateral each month equal to a least 50 percent of the public funds on deposit with the institution that are in excess of deposit insurance amounts. The carrying amount of the City’s deposits as of September 30, 2010 was

September 30, 2010

**NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS** (continued)

\$4,125,598, excluding \$3,725 petty cash and cash on-hand funds that are maintained. The State Treasurer may assess other qualified public depositories for a pro rata share of any loss suffered by a public depositor in excess of its depository's collateral. Since the City uses only authorized public depositories, all funds, including time deposits, deposited with financial institutions are in compliance with the City's policies.

**Investments**

Florida Statutes (218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U. S. Government, U. S. Government Instrumentalities, State of Florida Local Government Surplus Trust Fund (State Board of Administration), and mutual funds investing in U. S. Government Securities.

The City adopted its own investment policy that also authorizes the City to invest in the following: a) Florida Municipal Investment Trust Fund; b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) Certificates, notes, bonds, or bills of the United States, or other obligations of the United States or its Agencies which are backed by the full faith and credit of the U. S. and include, but are not limited to: Government National Mortgage Association (GNMA), Farmers Home Administration, Small Business Administration (SBA), General Services Administration (GSA), Federal Housing Administration, and Housing and Urban Development (HUD); d) Obligations of government-sponsored corporations (Instrumentalities) which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve (Instrumentalities are usually AAA rated, but have no explicit government guarantee) and include, but are not limited to: Federal National Mortgage Association (FNMA), Federal Farm Credit Banks, Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Student Loan Marketing Association, and Tennessee Valley Authority (TVA); e) Collateralized Mortgage Obligations with very accurately defined maturities issued by Federal Agencies and their Instrumentalities that are rated AAA by a nationally recognized rating agency; f) Non-negotiable Certificates of Deposit, which can be insured, collateralized at the Federal Reserve or qualify as State Public Deposits, as defined by Florida Statutes; g) Taxable or Tax Exempt Government bonds, notes or other obligations of investment grade quality (as established by a nationally recognized rating agency), municipal corporation, special district, and authority or political subdivision thereof; h) Repurchase Agreements with primary dealers or with the City's primary state qualified public depository that are evidenced by a Master Agreement to engage in this investment option and are fully collateralized by U. S. Government Obligations or any Agency or Instrumentality thereof (Reverse Repurchase Agreements are prohibited); and i) Securities in, or other interests in, any open-ended or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio is limited to obligations of the U. S. Government or any agency or instrumentality thereof (Mutual Funds).

The City's investment policy states that, to the extent possible, investment maturities and liquidity shall be matched to anticipated cash flow requirements and unless an investment is matched to a specific cash flow such as a reserve requirement or other longer-term investment horizon, investments shall not have a maturity date of more than five (5) years from the date of purchase.

The Local Government Surplus Trust Fund (Florida PRIME) and the Fund B Surplus Funds Trust Fund (Fund B) are an external investment pool administered by the Florida State Board of Administration which is a three member board made up of the State elected officials of Governor, Chief Financial Officer and Attorney General. This Board is empowered by Florida law to invest funds at the request of local governments. The Florida PRIME is treated as a "2a-7 like" pool in accordance with GASB Statements No. 31 and No. 59 and is valued using the pooled share price (amortized cost), which approximates fair value. The Florida PRIME funds may be withdrawn upon demand. The Fund B is accounted as a fluctuating net asset value (NAV) pool. The Fund B funds are not available for withdrawal unless released from the Fund B pool to the Florida PRIME by the State Board of Administration. The fair value of the Fund B pool as of September 30, 2010 had been

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS** (continued)

determined using a fair value factor of .707058. Investment income is recognized as earned and is allocated to participants based on their equity participation.

The City’s investments, carried at fair value as of September 30, 2010, are:

Investment	Maturity	Fair Value	Rating
State Board of Administration - Florida PRIME	N/A	\$ 464,193	AAAm
State Board of Administration – Fund B	N/A	5,174	Non-rated
Florida Municipal Investment Trust - 0-2 Year High Quality Bond Fund	N/A	101,251	AAA/V2
U. S. Treasury Strips with a face value of \$2,500,000, Zero coupon bonds, maturing at dates annually through November 15, 2014 in \$500,000 increments for debt sinking fund purposes.	2010-2014	2,462,055	N/A
Total investments		<u>\$ 3,032,673</u>	

The City does not participate in any securities lending transactions nor has it used, held or written derivative financial instruments.

Interest Rate Risk – In compliance with the City’s investment policy, as of September 30, 2010, the City minimized the interest rate risk, related to the decline in value of securities due to rising interest rates, by limiting the effective duration of security types not to exceed five years, except for required debt sinking fund purposes, and investing in short-term securities or similar investment pools so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

Credit Risk – In compliance with the City’s investment policy, as of September 30, 2010, the City minimized credit risk due to default of a security issuer or backer, by limiting investments to the safest types of securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business.

A reconciliation of the amount of petty cash, deposits and investments reported as cash equivalents to the Statement of Net Assets as of September 30, 2010, is as follows:

Petty cash	\$ 3,725
Deposits	4,125,598
Investments	3,032,673
Total	<u>\$ 7,161,996</u>

As reported in Statement of Net Assets:	
Unrestricted	
Cash	\$ 3,725
Pooled cash and investments and cash equivalents	4,324,559
Restricted Assets - Current:	
Pooled cash and investments	109,379
Investments, at fair value	500,000
Restricted Assets – Non-Current:	
Pooled cash and investments	262,278
Investments, at fair value	1,962,055
Total	<u>\$ 7,161,996</u>

September 30, 2010

**NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Police Officers’ Retirement System**

**Deposits**

Salem Trust Company holds un-invested cash in its capacity as custodian of the Police Officers Retirement System (the Police Pension). The cash is deposited into money market type accounts that are invested in short-term U. S. Treasury obligations.

**Investments**

The Board of Trustees of the Police Pension are authorized to invest and reinvest in: 1. Time, savings and money market deposit accounts insured by the Federal Deposit Insurance Corporation; 2. Obligations issued by the United States Government or by an agency of the United States Government; 3. Stocks, commingled funds and group trusts, mutual funds and bonds or other evidences of indebtedness, issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, bonds issued by U. S. corporations, structured mortgage products issued by the United States Government, and mortgage related or asset backed securities not issued by the United States Government, and bonds issued by municipal issuers provided that all such securities meet the following criteria: a. Fixed income securities shall be Investment Grade as measured by Standard & Poor’s (S&P) or Moody’s, except that 20% of the fixed income portfolio can be invested in non – Investment Grade securities; b. equity securities must be traded on a national exchange, c. not more than 3% of the Police Pension assets shall be invested in the common stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 3% of the outstanding capital stock of the company, and the value of bonds by any single corporation shall not exceed 3% of the total Police Pension assets; 4. Real Estate; and 5. Foreign Securities, to include fixed income and equity securities. Investments in corporate common stock and convertible bonds shall not exceed 65% of the Police Pension assets at cost or 70% of the Police Pension assets at market value. Foreign securities shall not exceed 10% of the assets of the Police Pension.

The Police Pension held the following deposits and investments as of September 30, 2010:

<u>Salem Trust Company:</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
<b>Investments</b>		
Short-term investments – money market accounts	\$ 401,447	AAA
U. S. Government and Federal Agency Securities	1,256,304	AAA
Corporate bonds	2,320,455	BBB- to AA
Equities – common stocks	4,688,772	n/a
<b>Investments</b>		
Equities – mutual funds	894,043	n/a
Total Investments	<u>\$ 9,561,021</u>	

Credit Risk and Interest Rate Risk – Credit Risk - The Police Pension investment managers will disclose to the Board of Trustees on a quarterly basis any securities that do not meet the investment criteria of the Police Pension. Such non-compliant investments may be held until it is economically feasible to dispose of such investments in accordance with the prudent man standard of care, but no additional investment may be made in this security unless authorized by law or ordinance. Interest Rate Risk – The fixed income portion of the Police Pension assets are expected to perform at a rate equal to the Lehman Brothers Intermediate Aggregate Bond Index.

**Firefighters’ Retirement System**

**Deposits**

Salem Trust Company holds un-invested cash in its capacity as custodian of Firefighters’ Retirement System (the Firefighters’ Pension). The cash is deposited into money market type accounts that are invested in short-term U. S. Treasury obligations.

September 30, 2010

**NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

**Investments**

The Board of Trustees of the Firefighters’ Pension are authorized to invest and reinvest in: 1. Time, savings and money market deposit accounts insured by the Federal Deposit Insurance Corporation; 2. Obligations issued by the United States Government or by an agency of the United States Government; 3. Stocks, commingled funds and group trusts, mutual funds and bonds or other evidences of indebtedness, issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, bonds issued by U. S. corporations, structured mortgage products issued by the United States Government, and mortgage related or asset backed securities not issued by the United States Government, and bonds issued by municipal issuers provided that all such securities meet the following criteria: a. Fixed income securities shall be Investment Grade as measured by Standard & Poor’s (S&P) or Moody’s, except that 20% of the fixed income portfolio can be invested in non – Investment Grade securities; b. equity securities must be traded on a national exchange, c. not more than 3% of the Firefighters’ Pension assets shall be invested in the common stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 3% of the outstanding capital stock of the company, and the value of bonds by any single corporation shall not exceed 3% of the total Firefighters’ Pension assets; 4. Real Estate; and 5. Foreign Securities, to include fixed income and equity securities. Investments in corporate common stock and convertible bonds shall not exceed 65% of the Firefighters’ Pension assets at cost or 70% of the Firefighters’ Pension assets at market value. Foreign securities shall not exceed 10% of the assets of the Firefighters’ Pension.

The Firefighters’ Pension held the following deposits and investments as of September 30, 2010:

<u>Salem Trust Company:</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
<b>Investments</b>		
Short-term investments – money market accounts	\$ 367,531	AAA
U. S. Government and Federal Agency Securities	1,115,875	AAA
Corporate bonds	2,089,848	BBB- to AA
Equities – common stocks	1,929,871	n/a
Equities – mutual funds	2,875,909	n/a
Total Investments	<u>\$ 8,379,034</u>	

Credit Risk and Interest Rate Risk – Credit Risk - The Firefighters’ Pension investment managers will disclose to the Board of Trustees on a quarterly basis any securities that do not meet the investment criteria of the Firefighters’ Pension. Such non-compliant investments may be held until it is economically feasible to dispose of such investments in accordance with the prudent man standard of care, but no additional investment may be made in this security unless authorized by law or ordinance. Interest Rate Risk – The fixed income portion of the Firefighters’ Pension assets are expected to perform at a rate equal to the Lehman Brothers Intermediate Aggregate Bond Index.

**General Employees’ Retirement System**

**Deposits**

Salem Trust Company holds un-invested cash in its capacity as custodian of General Employees’ Retirement System (the General Pension). The cash is deposited into money market type accounts that are invested in short-term U. S. Treasury obligations.

**Investments**

The Board of Trustees of the General Pension are authorized to invest and reinvest in: 1. Time, savings and money market deposit accounts insured by the Federal Deposit Insurance Corporation; 2. Obligations issued by the United States Government or by an agency of the United States Government; 3. Stocks, commingled funds and group trusts, mutual funds and bonds or other evidences of indebtedness, issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, bonds issued by U. S. corporations,

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS** (continued)

structured mortgage products issued by the United States Government, and mortgage related or asset backed securities not issued by the United States Government, and bonds issued by municipal issuers provided that all such securities meet the following criteria: a. Fixed income securities shall be Investment Grade as measured by Standard & Poor’s (S&P) or Moody’s, except that 20% of the fixed income portfolio can be invested in non – Investment Grade securities; b. equity securities must be traded on a national exchange, c. not more than 3% of the General Pension assets shall be invested in the common stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 3% of the outstanding capital stock of the company, and the value of bonds by any single corporation shall not exceed 3% of the total General Pension assets; 4. Real Estate; and 5. Foreign Securities, to include fixed income and equity securities. Investments in corporate common stock and convertible bonds shall not exceed 65% of the General Pension assets at cost or 70% of the General Pension assets at market value. Foreign securities shall not exceed 10% of the assets of the General Pension.

The General Pension held the following deposits and investments as of September 30, 2010:

Salem Trust Company:	Fair Value	S&P Rating
<b>Investments</b>		
Short-term investments – money market accounts	\$ 300,961	AAA
U. S. Government and Federal Agency Securities	1,383,129	AAA
Corporate bonds	2,542,748	BBB- to AA
Equities – common stocks	4,996,352	n/a
Equities – mutual funds	975,324	n/a
Total Investments	\$10,198,514	

Credit Risk and Interest Rate Risk – Credit Risk - The General Pension investment managers will disclose to the Board of Trustees on a quarterly basis any securities that do not meet the investment criteria of the General Pension. Such non-compliant investments may be held until it is economically feasible to dispose of such investments in accordance with the prudent man standard of care, but no additional investment may be made in this security unless authorized by law or ordinance. Interest Rate Risk – The fixed income portion of the General Pension assets are expected to perform at a rate equal to the Lehman Brothers Intermediate Aggregate Bond Index.

**NOTE D - DUE FROM AND TO OTHER GOVERNMENTS**

Due from and to other governments consists of the following as of September 30, 2010:

	Due From	Due To
<u>General Fund</u>		
Pinellas County		
Utility taxes	\$ 35,488	\$ -
Intergovernmental revenues	92,579	
Fines and parking tickets	10,320	
Parking meter		40,511
Utilities		9,370
Other	571	352
City of Treasure Island – Beach Trolley		113,250
Other municipalities		1,003
State of Florida		
Intergovernmental revenue	185,705	
U.S. Department of Justice - Grant	18,145	
	342,808	164,486

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE D - DUE FROM AND TO OTHER GOVERNMENTS** (continued)

	<u>Due From</u>	<u>Due To</u>
<u>Capital Improvement Projects Fund</u>		
Pinellas County		
Intergovernmental revenue	\$ 113,729	
<u>Transportation Impact Fee Fund</u>		
Pinellas County – Impact fees		994
<u>Wastewater Fund</u>		
City of St. Petersburg - Wastewater Treatment		185,545
Pinellas County - Utilities	-	405
		<u>185,950</u>
<u>Reclaimed Water Fund</u>		
Pinellas County – utilities		22,426
	<u>\$ 456,537</u>	<u>\$ 373,856</u>

These amounts are unsecured and represent concentrations of credit risk in the event that any one of the entities was unable to remit the amounts due the City.

**NOTE E – INTER-FUND TRANSACTIONS**

Inter-fund receivable and payable balances consist of the following as of September 30, 2010.

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,420,662	\$ -
Wastewater Fund		
Current portion		285,270
Long-term portion		609,910
		<u>895,180</u>
Reclaimed Water Fund		
Current portion		50,001
Long-term portion		365,495
		<u>415,496</u>
Stormwater Fund		109,986
	<u>\$ 1,420,662</u>	<u>\$ 1,420,662</u>

The General Fund (\$1,420,662) has advanced funds to the Wastewater Fund (\$895,180), Reclaimed Water Fund (\$415,496), and Stormwater Fund (\$109,986) for the purpose of funding operations.

Inter-fund transfers consist of the following for the year ended September 30, 2010:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 475,000
Capital Improvement Projects Fund	475,000	
	<u>\$ 475,000</u>	<u>\$ 475,000</u>

The General Fund transferred funds to the Capital Improvement Projects Fund for capital project funding purposes.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE F- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2010, was as follows:

	Restated Balance 10-1-09	Additions	Deletions	Ending Balance 9-30-10
<b>Governmental Activities</b>				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 2,804,022	\$ 884,050	\$ -	\$ 3,688,072
<u>Depreciable assets:</u>				
Buildings and other land improvements	21,973,304	39,313		22,012,617
Furniture, machinery and equipment	4,646,731	374,259	207,598	4,813,392
Infrastructure	11,650,572	195,082		11,845,654
Total at historical cost	<u>\$ 41,074,629</u>	<u>\$ 1,492,704</u>	<u>\$ 207,598</u>	<u>\$ 42,359,735</u>
<u>Less accumulated depreciation for:</u>				
Buildings and other land improvements	\$ 5,038,071	\$ 645,332	\$ -	\$ 5,683,403
Furniture, machinery and equipment	3,200,681	369,663	166,916	3,403,428
Infrastructure	4,836,509	393,944		5,230,453
Total accumulated depreciation	<u>13,075,261</u>	<u>1,408,939</u>	<u>166,916</u>	<u>14,317,284</u>
Capital assets, net	<u>\$ 27,999,368</u>	<u>\$ 83,765</u>	<u>\$ 40,682</u>	<u>\$ 28,042,451</u>
<b>Business-Type Activities</b>				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 310,117	\$ -	\$ -	\$ 310,117
<u>Depreciable assets:</u>				
Furniture, machinery and equipment	427,653			427,653
Infrastructure	19,878,575	284,230		20,162,805
Total at historical cost	<u>\$ 20,616,345</u>	<u>\$ 284,230</u>	<u>\$ -</u>	<u>\$ 20,900,575</u>
<u>Less accumulated depreciation for:</u>				
Furniture, machinery and equipment	\$ 216,114	\$ 50,235	\$ -	\$ 266,349
Infrastructure	6,410,521	386,623		6,797,144
Total accumulated depreciation	<u>6,626,635</u>	<u>436,858</u>	<u>\$ -</u>	<u>7,063,493</u>
Capital assets, net	<u>\$ 13,989,710</u>	<u>\$ (152,628)</u>	<u>\$ -</u>	<u>\$ 13,837,082</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 181,567
Community development	906
Library	28,388
Public safety – police	183,489
Public safety – fire	155,766
Public services	858,823
	<u>\$ 1,408,939</u>

In accordance with GASB Statement #51 – “Accounting and Financial Reporting for Intangible Assets”, the City includes computer software purchases as a capital asset in the category of “Furniture, machinery and equipment” and property easements are included within the category of “Land and land rights”.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE G- LONG-TERM DEBT**

Long-term debt activity for the fiscal year ended September 30, 2010 was as follows:

	Beginning Balance 10-1-09	Increases	Decreases	Ending Balance 9-30-10	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds,					
Series 1993	\$ 600,000	\$ -	\$ 140,000	\$ 460,000	\$ 145,000
Revenue Bonds, Series 2001A	820,000		260,000	560,000	275,000
Revenue Bonds, Series 2006	3,170,000		295,000	2,875,000	305,000
Capital leases	214,561	875,000	645,376	444,185	249,185
Accumulated unused					
Compensated absences	688,612	18,741	46,970	660,113	49,686
	<u>\$ 5,493,173</u>	<u>\$ 893,471</u>	<u>\$ 1,387,346</u>	<u>\$ 4,999,298</u>	<u>\$ 1,023,871</u>
<b>Business-Type Activities</b>					
State Revolving Loan (1992)	\$ 3,176,220	\$ -	\$ 484,272	\$ 2,691,948	\$ 501,474
State Revolving Loan (2003)	220,276		12,828	207,448	13,173
State Revolving Loan (2005)	3,083,084		163,217	2,919,867	167,803
Capital leases	93,955		29,827	64,128	31,294
Accumulated unused					
Compensated absences	45,988		4,860	41,128	3,095
	<u>\$ 6,619,523</u>	<u>\$ -</u>	<u>\$ 695,004</u>	<u>\$ 5,924,519</u>	<u>\$ 716,839</u>

Long-term debt for the governmental activities is comprised of the following as of September 30, 2010:

General Obligation Bonds, Series 1993: General Obligation Bonds in the amount of \$2,125,000 were issued to finance the construction and equipping of a new police station. The remaining bonds mature in various amounts annually, ranging from \$145,000 to \$160,000, through October 1, 2013. Interest on the remaining bonds accrues at the rate of 5.25% and is payable semi-annually on April 1 and October 1. The bond principal and interest is payable from ad valorem taxes levied and collected on all taxable property within the City. The full faith, credit and taxing power of the City are pledged as security for the payment of the bond principal and interest.

\$ 460,000

Revenue Bonds, Series 2001A: Revenue Bonds in the amount of \$2,350,000 were issued through the Florida Municipal Loan Council to finance the construction of a new City Hall. The remaining bonds mature in various amounts annually, ranging from \$275,000 to \$285,000, through November 1, 2011. Interest on the remaining bonds accrues at the rate of 5.00% and is payable semi-annually on May 1 and November 1. The bond principal and interest is secured by and payable from non – ad valorem revenues.

560,000

Revenue Bonds, Series 2006: Revenue Bonds in the amount of \$3,915,000 were issued through the Florida Municipal Loan Council to finance a portion of the construction of the new Recreation Center. The remaining bonds mature in various amounts annually, ranging from \$305,000 to \$420,000, through October 1, 2018. Interest on the remaining bonds accrues at rates ranging from 4.00% to 5.00% and is payable semi-annually on April 1 and October 1. The bond principal and interest is secured by and payable from non – ad valorem revenues.

2,875,000

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE G – LONG-TERM DEBT** (continued)

Capital Leases: The City currently leases multi-space parking equipment under a capital lease-purchase agreement which expires in August 2011. The lease generally provides that the City pay the insurance and maintenance expenses related to the leased equipment. In addition, the City entered into a lease-purchase agreement on October 1, 2009 for property that will be utilized as parkland. The term of the agreement is for three years with the last payment due October 1, 2012. The agreement calls for the City to pay \$290,000 upon the signing of the contract with three remaining annual payments of \$195,000, plus interest at the prime rate plus 1% on the remaining lease obligation. The present value of future minimum lease payments is:

444,185

Accumulated unused compensated absences: represents the vested portion of accumulated vacation and sick pay benefits due employees.

660,113

Total Governmental Activities Long-Term Debt

\$ 4,999,298

Long-term debt for the business-type activities is comprised of the following as of September 30, 2010:

State Revolving Loan (1992): The City entered into a revolving loan agreement with the State of Florida, Department of Environmental Protection (DEP), on September 29, 1992, whereby the DEP agreed to finance a portion of the Reclaimed Water Project. The total amount drawn on the loan is \$8,541,335 and is to be repaid in annual installments of \$597,101 including interest of 3.57% and 3.16%, through December 31, 2014. The loan is secured by a lien on pledged revenues derived from the reclaimed water system after payment of operation and maintenance expenses.

\$ 2,691,948

State Revolving Loan (2003): The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on November 5, 2001, whereby DEP agreed to finance a sanitary sewer and reclaimed water relocation – reconstruction project. The final amended agreement provided for a total amount of available loan proceeds of \$492,549. The total amount drawn on the loan, including capitalized interest and excluding service fees, was \$287,004. The loan is to be repaid in semi-annual installments of \$9,725, including interest at 3.05%, through September 15, 2023. The first payment was due March 15, 2004. The loan is secured by a lien on pledged revenues from the sewer system after payment of operation and maintenance expenses.

207,448

State Revolving Loan (2005): The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on May 14, 2004, whereby DEP agreed to finance a new master lift station. The final amended agreement provided for a total amount of available loan proceeds of \$3,630,146. The total amount drawn on the loan, excluding capitalized interest and service fees, was \$3,515,929. The loan is to be repaid in semi-annual installments of \$121,314, including interest at 2.60%, through September 15, 2025. The first payment was due March 15, 2007. The loan is secured by a lien on pledged revenues from the sewer system after payment of operation and maintenance expenses.

2,919,867

Capital Leases: The City currently leases a sewer flusher apparatus vehicle under a lease-purchase agreement which expires in July 2012. This lease provides that the City pay the taxes, insurance and maintenance expenses related to the leased vehicle. The present value of future minimum lease payments is:

64,128

Accumulated unused compensated absences: represents the vested portion of accumulated vacation and sick pay benefits due employees.

41,128

Total Business-Type Activities Long Term Debt

\$ 5,924,519

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE G – LONG-TERM DEBT** (continued)

Interest expense and fiscal charges for Governmental Activities in the amount of \$255,846, including amortization of bond issuance costs of \$10,223, has been separately reported as interest on long-term debt in the Statement of Activities for the year ended September 30, 2010. Interest expense of \$190,131 has been reported for the Business-type Activities – Enterprise Funds for the year ended September 30, 2010.

Funding of General Obligation Bonds, Series 1993

The total amount of principal, interest and bond agent fees paid during fiscal year 2010 on the General Obligation Bonds, Series 1993 was \$172,308. This amount was paid from a separately levied debt service ad valorem tax for the same approximate amount. The total amount of ad valorem taxes levied by the City for fiscal year 2010 was \$5,655,614.

Funding of Revenue Bonds, Series 2001A and Revenue Bonds, Series 2006

The total amount of principal and interest paid during fiscal year 2010 on the Revenue Bonds, Series 2001A and Revenue Bonds, Series 2006 was \$289,067 and \$440,950, respectively. The debt service payments are secured by non – ad valorem revenues. The City has identified the infrastructure sales tax revenues as the source for the debt service payments on both the Revenue Bonds, Series 2001A and Revenue Bonds, Series 2006. The combined amount of debt service payments for the Revenue Bonds, Series 2001A and Revenue Bonds, Series 2006, and the amount of infrastructure sales tax revenues received for fiscal year 2009 was \$730,017 and \$805,652, respectively.

Funding Requirements of State Revolving Loan (1992)

The loan agreement provides that the City would initially establish an escrow account in the amount of \$4,342,334, which would be reserved (Reserved Escrow Account), along with the earnings thereon, and dedicated solely for the repayment of the loan. This Escrow account has been established and is accounted for in the Reclaimed Water Fund as a restricted asset. Additionally, the City was required to establish a pledged revenue escrow account in the amount of \$100,000, which shall be reserved, along with the earnings thereon, as pledged security for the loan. A loan repayment reserve account is also required to be established in the amount of 15% of the annual loan payment. The escrow account and loan repayment reserve account are accounted for in the Reclaimed Water Fund as restricted assets. The required balances and the amount of restricted assets as of September 30, 2010, are as follows:

Reserved escrow account	\$ 2,462,055
Pledged Reserve escrow account	245,907
Loan repayment reserve account	89,565
Total restricted assets	<u>\$ 2,797,527</u>

The City has used the Reserved Escrow Account funds to purchase \$4,342,417 of U.S. Treasury Zero Coupon Bonds with an original face value of \$10,000,000. The U.S. Treasury bonds mature in \$500,000 increments annually for twenty years through November 15, 2014. This maturity schedule coincides with the annual loan repayment terms requiring annual payments through December 31, 2014. The face value of unmaturing bonds as of September 30, 2010 is \$2,500,000.

The total amount of principal and interest paid for fiscal year 2010 on the 1992 State Revolving Loan was \$597,101, of which \$500,000 was paid from the maturing U. S. Treasury bond and \$97,101 from the pledged reclaimed water system revenues. The total amount of reclaimed water system revenues for fiscal year 2010 was \$601,311.

Funding Requirements of State Revolving Loan (2003)

The loan agreement provides that the City shall establish a Loan Repayment Reserve Account in the amount of \$14,346 by September 15, 2003 which shall be dedicated solely for the repayment of the loan. Additionally, a Loan Debt Service

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE G – LONG-TERM DEBT** (continued)

Account shall be established by September 15, 2003 into which shall be deposited monthly 1/6<sup>th</sup> of the semi-annual loan payment of \$9,725. These Escrow accounts have been established and are accounted for in the Wastewater Fund as a restricted asset. The required balances and the amount of restricted assets as of September 30, 2010, are as follows:

Loan Repayment reserve account	\$ 14,346
Loan Debt Service account	<u>1,620</u>
Total restricted assets	<u><u>\$ 15,966</u></u>

The total amount of principal and interest paid for fiscal year 2010 on the 2003 State Revolving Loan was \$19,434. This amount was paid from the pledged sewer system revenues. The total amount of sewer system revenues for fiscal year 2010 was \$4,541,287 and operating expenditures and capital outlay expenditures totaled \$3,661,849.

Funding Requirements of State Revolving Loan (2005)

The loan agreement provides that a Loan Debt Service Account shall be established by September 15, 2006 into which shall be deposited monthly 1/6<sup>th</sup> of the semi-annual loan payment of \$121,314. This Escrow account has been established and is accounted for in the Wastewater Fund as a restricted asset. The required balance and the amount of restricted assets as of September 30, 2010, are as follows:

Loan Debt Service account	<u>\$ 20,219</u>
Total restricted assets	<u><u>\$ 20,219</u></u>

The total amount of principal and interest paid for fiscal year 2010 on the 2005 State Revolving Loan was \$242,177. This amount was paid from the pledged sewer system revenues. The total amount of sewer system revenues for fiscal year 2010 was \$4,541,287 and operating expenditures and capital outlay expenditures totaled \$3,661,849.

Total funding requirements for the State Revolving Loans:

State Revolving Loan (1992)	\$ 2,797,527
State Revolving Loan (2003)	15,966
State Revolving Loan (2005)	<u>20,219</u>
Total restricted assets	<u><u>\$ 2,833,712</u></u>

The restricted assets pertaining to the funding requirements for the State Revolving Loans are presented in the accompanying Statement of Net Assets as of September 30, 2010 as follows:

Current assets –Pooled cash and investments	\$ 109,379
Investments, at fair value	500,000
Non-current assets – Pooled cash and investments	262,278
Investments, at fair value	<u>1,962,055</u>
Total restricted assets	<u><u>\$ 2,833,712</u></u>

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CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE G – LONG-TERM DEBT** (continued)

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2010, are as follows:

<u>General Obligation Bonds, Series 1993</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 145,000	\$ 24,150	\$ 169,150
2012	155,000	16,357	171,357
2013	160,000	8,400	168,400
	<u>\$ 460,000</u>	<u>\$ 48,907</u>	<u>\$ 508,907</u>
<u>Revenue Bonds, Series 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 275,000	\$ 21,125	\$ 296,125
2012	285,000	7,125	292,125
	<u>\$ 560,000</u>	<u>\$ 28,250</u>	<u>\$ 588,250</u>
<u>Revenue Bonds, Series 2006</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 305,000	\$ 134,150	\$ 439,150
2012	320,000	121,950	441,950
2013	335,000	109,150	444,150
2014	345,000	95,750	440,750
2015	365,000	78,500	443,500
	1,670,000	539,500	2,209,500
2016-2018	1,205,000	122,250	1,327,250
	<u>\$ 2,875,000</u>	<u>\$ 661,750</u>	<u>\$3,536,750</u>
<u>Capital Leases</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 249,185	\$ 17,939	\$ 267,124
2012	195,000	8,287	203,287
	<u>\$ 444,185</u>	<u>\$ 26,226</u>	<u>\$ 470,411</u>
<u>Total Annual Requirements Excluding Accumulated Unused Compensated Absences</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 974,185	\$ 197,364	\$ 1,171,549
2012	955,000	153,719	1,108,719
2013	495,000	117,550	612,550
2014	345,000	95,750	440,750
2015	365,000	78,500	443,500
	3,134,185	642,883	3,777,068
2016-2018	1,205,000	122,250	1,327,250
	<u>\$ 4,339,185</u>	<u>\$ 765,133</u>	<u>\$ 5,104,318</u>

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CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE G – LONG-TERM DEBT** (continued)

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2010, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>State Revolving Loan (1992)</u>			
2011	\$ 501,474	\$ 95,627	\$ 597,101
2012	519,287	77,814	597,101
2013	537,734	59,367	597,101
2014	556,836	40,265	597,101
2015	576,617	20,484	597,101
	<u>\$ 2,691,948</u>	<u>\$293,557</u>	<u>\$ 2,985,505</u>
<u>State Revolving Loan (2003)</u>			
2011	\$ 13,173	\$ 6,276	\$ 19,449
2012	13,580	5,869	19,449
2013	14,000	5,449	19,449
2014	14,433	5,016	19,449
2015	14,879	4,570	19,449
	<u>70,065</u>	<u>27,180</u>	<u>97,245</u>
2016-2020	81,592	15,655	97,247
2021-2023	55,791	3,084	58,875
	<u>\$ 207,448</u>	<u>\$ 45,919</u>	<u>\$ 253,367</u>
<u>State Revolving Loan (2005)</u>			
2011	\$ 167,803	\$ 74,825	\$ 242,628
2012	172,194	70,434	242,628
2013	176,700	65,928	242,628
2014	181,324	61,304	242,628
2015	186,069	56,559	242,628
	<u>884,090</u>	<u>329,050</u>	<u>1,213,140</u>
2016-2020	1,005,985	207,155	1,213,140
2021-2025	1,029,792	68,455	1,098,247
	<u>\$ 2,919,867</u>	<u>\$604,660</u>	<u>\$ 3,524,527</u>
<u>Capital Leases</u>			
2011	\$ 31,294	\$ 3,155	\$ 34,449
2012	32,834	1,615	34,449
	<u>\$ 64,128</u>	<u>\$ 4,770</u>	<u>\$ 68,898</u>

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CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE G – LONG-TERM DEBT** (continued)

<u>Total Annual Requirements Excluding Accumulated Unused Compensated Absences</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 713,744	\$ 179,883	\$ 893,627
2012	737,895	155,732	893,627
2013	728,434	130,744	859,178
2014	752,593	106,585	859,178
2015	777,565	81,613	859,718
	<u>3,710,231</u>	<u>654,557</u>	<u>4,364,788</u>
2016-2020	1,087,577	222,810	1,310,387
2021-2025	1,085,583	71,539	1,157,122
	<u>\$ 5,883,391</u>	<u>\$ 948,906</u>	<u>\$ 6,832,297</u>

The following is an analysis of the leased property under capital lease:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Governmental Activities:			
Multi-space Parking Equipment	\$ 302,600	\$ 89,099	\$ 213,501
Egan Park Land	884,050	-	884,050
	<u>\$ 1,186,650</u>	<u>\$ 89,099</u>	<u>\$ 1,097,551</u>
Business-type Activities:			
Sewer Flusher Apparatus	\$ 234,365	\$ 128,901	\$ 105,464

**NOTE H - PENSIONS**

**Defined Benefit Plans**

The City administers three defined benefit pension plans (the Plans): the Police Officers’ Retirement System (Police Pension), the Firefighters’ Retirement System (Firefighters’ Pension) and the General Employees’ Retirement System (General Pension). All three of the Plans are single employer defined benefit plans. The Plans are administered pursuant to the following laws: Police Pension - Florida Statutes Chapter 185; Firefighters’ Pension - Florida Statutes Chapter 175, and General Pension - City Code of Ordinances Chapter 16, Article III. The Plans are reported herein as Fiduciary Funds as part of the City’s reporting entity. The financial statements of each Plan are included in the Comprehensive Annual Financial Report of the City. The Plans do not issue stand-alone financial reports.

The investments of the Plans are held by the City in a trustee capacity and are maintained in segregated trust accounts for each Plan. The trust accounts are managed by a professional trustee pursuant to trust agreements with the City. The costs of administering the pension funds, including professional fees, are paid by each respective pension plan.

The Plans’ significant accounting policies are as follows (several of these policies are briefly disclosed in Note A to the financial statements):

Basis of Accounting: The Plans’ financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE H - PENSIONS** (continued)

Method Used to Value Investments: Investments are reported at fair value. Short-term money market type investments are reported at cost, which is equal to fair value. Securities traded on a national exchange are valued at the last reported sales price.

*Plan Description*: Each of the Plans provides retirement, disability, death benefits and deferred retirement option plans (DROP) to plan members and their beneficiaries. Each Plan has early retirement provisions and cost of living increase provisions.

*Membership of the Plans*: Membership of each plan consisted of the following at September 30, 2010:

	Police Pension	Firefighters' Pension	General Pension
Retirees and beneficiaries receiving benefits	19	17	67
Terminated plan members entitled to but not yet receiving benefits	4	3	43
Active plan members	22	27	31
DROP plan members (active)	4	3	6
	49	50	147

*Funding Policy and Annual Pension Cost*: The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the City. The City's annual pension cost for the current year and related information for each plan is as follows:

	Police Pension	Firefighters' Pension	General Pension
Contribution rates:			
City	Actuarially Determined - 31.4%	Actuarially Determined - 20.1%	Actuarially Determined - 31.7%
State	Actuarially Determined	Actuarially Determined	N/A
Contribution rates:			
Plan members	8.3%	10.3%	7.6%
Actuarial valuation date	October 1, 2010	October 1, 2010	October 1, 2010
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of pay, closed 30 years	Level percentage of pay, closed 30 years	Level percentage of pay, closed 30 years
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	4 year smoothing	4 year smoothing	4 year smoothing
Actuarial assumptions:			
Investment rate of return	8.5%	8.5%	8.5%
Projected salary increases	6% per year	5.5% per year	6% per year
Inflation rate	3%	3%	3%
Cost of living adjustments (General - 10 years after retirement, Fire & Police – 7 years after retirement)	3%	3%	3%

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE H – PENSIONS** (continued)

	Three Year Trend Information			
	Year Ending September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation *
Police Pension	2008	\$376,799	100%	\$(24,138)
	2009	408,962	100	(24,641)
	2010	448,765	100	(24,920)
Firefighters' Pension	2008	\$233,575	101%	\$(80,297)
	2009	257,922	100	(81,531)
	2010	319,239	100	(82,789)
General Pension	2008	\$453,831	100%	0
	2009	471,792	100	0
	2010	430,860	100	0

\* The Annual Pension Cost is composed entirely of the employer Annual Required Contribution.

*Plans' Funded Status.* The Plans' Funded status as of the disclosed valuation dates is presented below:

	Police Pension	Firefighters' Pension	General Pension
Actuarial Valuation Date	October 1, 2010	October 1, 2010	October 1, 2010
Actuarial Value of Assets	\$ 9,527,348	\$ 8,543,626	\$10,551,102
Actuarial Accrued Liability	\$15,008,600	\$14,562,699	\$15,243,589
Unfunded Actuarial Accrued Liability	\$ 5,481,252	\$ 6,019,073	\$ 4,692,487
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	63.48%	58.67%	69.22%
Annual Covered Payroll	\$ 1,437,902	\$ 1,531,808	\$ 1,296,564
Ratio of the Unfunded Actuarial Liability to Covered Payroll	381.20%	392.94%	361.92%

*Net Pension Obligation:*

The development of the Police Officers' Net Pension Obligation (NPO) to date is as follows:

	2008	2009	2010
Actuarially determined contribution (A)	\$ 376,799	\$ 408,962	\$ 448,765
Interest on NPO	(2,010)	(2,052)	(2,094)
Adjustment to (A)	1,517	1,549	1,815
Annual Pension Cost	376,306	408,459	448,486
Contributions made	376,799	408,962	448,765
Increase in NPO	(493)	(503)	(279)
NPO beginning of year	(23,645)	(24,138)	(24,641)
NPO end of year	<u>\$ (24,138)</u>	<u>\$ (24,641)</u>	<u>\$ (24,920)</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE H - PENSIONS** (continued)

The development of the Firefighters' Net Pension Obligation (NPO) to date is as follows:

	2008	2009	2010
Actuarially determined contribution (A)	\$ 233,575	\$ 257,922	\$ 319,239
Interest on NPO	(6,524)	(6,825)	(6,930)
Adjustment to (A)	4,925	5,591	5,672
Annual Pension Cost	231,976	256,688	317,981
Contributions made	235,520	257,922	319,239
Increase in NPO	(3,544)	(1,234)	(1,258)
NPO beginning of year	(76,753)	(80,297)	(81,531)
NPO end of year	<u>\$ (80,297)</u>	<u>\$ (81,531)</u>	<u>\$ (82,789)</u>

*Other Required Supplementary Information:*

Schedules of Funding Progress

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Police Pension	10/01/10	\$9,527,348	\$15,008,600	\$5,481,252	63.48%	\$1,437,902	381.20%
	10/01/09	9,552,752	14,398,893	4,846,141	66.34%	1,404,026	345.16%
	10/01/08	9,721,667	13,868,917	4,147,250	70.10%	1,525,292	271.90%
	10/01/07	9,292,217	12,715,471	3,423,254	73.08%	1,742,423	196.47%
	10/01/06	8,611,355	11,722,305	3,110,950	73.46%	1,601,166	194.29%
	10/01/05	7,978,376	11,450,292	3,471,916	69.68%	1,647,322	210.76%
Firefighters' Pension	10/01/10	\$8,543,626	\$14,562,699	\$6,019,073	58.67%	\$1,531,808	392.94%
	10/01/09	8,474,767	13,540,454	5,065,687	62.59%	1,434,893	353.04%
	10/01/08	8,497,551	12,683,346	4,185,795	67.00%	1,408,594	297.16%
	10/01/07	8,147,279	11,795,421	3,648,142	69.07%	1,359,065	268.43%
	10/01/06	7,588,002	11,142,195	3,554,193	68.10%	1,416,717	250.88%
	10/01/05	7,130,369	10,516,279	3,385,910	67.80%	1,369,469	247.24%
General Pension	10/01/10	\$10,551,102	\$15,243,589	\$4,692,487	69.22%	\$1,296,564	361.92%
	10/01/09	10,675,257	14,898,199	4,222,942	71.65%	\$1,399,819	301.68%
	10/01/08	10,797,663	14,221,580	3,423,917	75.92%	1,396,054	245.26%
	10/01/07	10,590,405	13,976,538	3,386,133	75.77%	1,855,096	182.53%
	10/01/06	9,763,982	13,199,459	3,435,477	73.97%	2,555,727	134.42%
	10/01/05	8,920,788	12,602,393	3,681,604	70.79%	2,474,731	148.77%

Schedules of Contributions from the Employer and Other Contributing Entities

	Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
Police Pension	2010	\$509,659	\$448,765	* \$60,894	100.00%
	2009	469,856	408,962	* 60,894	100.00%
	2008	437,693	376,799	* 60,894	100.00%
	2007	456,851	395,957	* 60,894	100.00%
	2006	409,219	371,487	* 60,894	105.66%
	2005	408,333	370,601	* 37,732	100.00%

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE H – PENSIONS** (continued)

	Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
Firefighters' Pension	2010	\$461,572	\$319,239	* \$142,333	100.00%
	2009	400,255	257,922	* 142,333	100.00%
	2008	375,908	235,520	* 142,333	100.52%
	2007	356,832	246,435	140,388	108.40%
	2006	322,059	222,974	110,397	103.51%
	2005	278,161	185,090	99,085	102.16%
General Pension	2010	\$430,860	\$430,860	\$ 0	100.00%
	2009	471,792	471,792	0	100.00%
	2008	453,831	453,831	0	100.00%
	2007	488,421	488,421	0	100.00%
	2006	440,564	440,564	0	100.00%
	2005	623,216	623,216	0	100.00%

\* - The State contribution is 'frozen' pursuant to the provisions of Chapters 185 and 175, respectively, Florida Statutes.

The pension contributions made by the State of Florida on behalf of the City to the Police Pension and Firefighters' Pension during the fiscal year ended September 30, 2010 in the amounts of \$74,058 and \$178,259, respectively, have been recognized as revenues and expenditures in the General Fund during the period.

*Financial Statements:*

The financial statements for each of the Retirement Funds as of and for the year ended September 30, 2010 are as follows:

Statement of Net Assets  
September 30, 2010

	Police	Firefighters'	General
<b>Assets</b>			
Investments, at fair value	\$ 9,561,021	\$ 8,379,034	\$ 10,198,514
Receivables	36,084	55,685	44,676
<b>Total assets</b>	<b>9,597,105</b>	<b>8,434,719</b>	<b>10,243,190</b>
<b>Liabilities</b>			
Administrative expenses payable	9,890	1,675	19,052
Deferred contribution	3,305	13,950	
<b>Total Liabilities</b>	<b>13,195</b>	<b>15,625</b>	<b>19,052</b>
<b>Net Assets</b>			
Held in Trust for Pension Benefits	\$ 9,583,910	\$ 8,419,094	\$ 10,224,138

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE H – PENSIONS** (continued)

Statement of Changes in Net Assets  
For the year Ended September 30, 2010

	<u>Police</u>	<u>Firefighters'</u>	<u>General</u>
<b>Additions</b>			
Contributions			
Employer	\$ 448,766	\$ 319,239	\$ 430,860
Plan members	119,496	172,104	103,298
	<u>568,262</u>	<u>491,343</u>	<u>534,158</u>
Intergovernmental revenue			
State excise tax rebate and Supplemental Compensation Trust Fund	74,058	178,259	-
Investment earnings			
Net appreciation (depreciation) in fair value of investments	750,910	512,083	803,232
Interest and dividends	264,776	264,106	292,005
Miscellaneous Income	6,340	13,886	5,449
Total investment earnings	<u>1,022,026</u>	<u>790,075</u>	<u>1,100,686</u>
Less investment expense	<u>38,013</u>	<u>47,996</u>	<u>66,466</u>
Net investment earnings	<u>984,013</u>	<u>742,079</u>	<u>1,034,220</u>
Total additions	<u>1,626,333</u>	<u>1,411,681</u>	<u>1,568,378</u>
<b>Deductions</b>			
Benefits	\$ 674,051	\$ 529,370	\$ 741,233
Lump sum Deferred Retirement Option Plan (DROP) payments	-	486,297	75,227
Refunds of contributions	26,921	16,617	11,601
Administrative expenses	<u>27,886</u>	<u>24,491</u>	<u>35,441</u>
Total deductions	<u>728,858</u>	<u>1,056,775</u>	<u>863,502</u>
Change in Net Assets	897,475	354,906	704,876
Net Assets – October 1, 2009	<u>8,686,435</u>	<u>8,064,188</u>	<u>9,519,262</u>
Net Assets – September 30, 2010	<u>\$ 9,583,910</u>	<u>\$ 8,419,094</u>	<u>\$ 10,224,138</u>

**Defined Contribution Plan**

Plan Description: The City implemented a defined contribution - money purchase - retirement plan (the Plan) during fiscal year 2005. Eligible participants consist of the city manager, department directors and other managerial, administrative, professional and supervisory personnel that have opted out of the General Employees' Retirement System. All Plan provisions, including benefits, eligibility and vesting, are established by the City Commission and can only be amended with Commission approval.

The Plan is administered by ICMA Retirement Corporation. The Plan provides retirement benefits to plan members and beneficiaries. ICMA Retirement Corporation issues financial statements and reports as well as required supplementary

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE H – PENSIONS** (continued)

information regarding the Plan. This information can be obtained by writing ICMA Retirement Corporation at 777 North Capitol Street NE, Washington, D.C. 20002-4240 or by calling 800-326-7272.

Funding Policy: The City contributes 12% of eligible wages pertaining to the city manager and department directors and 10% of eligible wages for all other personnel electing to participate pursuant to the Plan agreement. The City's contributions for the years ended September 30, 2010, 2009 and 2008 were \$93,926, \$95,743, and \$90,162, respectively. The City contributed the required amount for each fiscal year.

**NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN**

The City has adopted the provisions of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as of October 1, 2008. This Statement provides for the determination and disclosure of the annual cost of providing other postemployment benefits (OPEB). The City provides other postemployment benefits in the form of the Other Postemployment Benefits Program.

*Plan Description:* The City provides a defined benefit postemployment health care, dental and life insurance plan, the Other Postemployment Benefits Program (the Plan), whereby retired employees are able to purchase health care, dental and life benefits through the City's health care, dental and life insurance providers. The Plan is administered by the City as a single-employer plan. The Plan is currently unfunded. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for the Plan. All approved benefits are paid from general assets when due. The Plan does not issue separate, stand-alone audited financial statements.

To be eligible to participate in the Plan, *General employees* must have been participating in the City's General Employee Pension Plan and have retired at age 50 with a minimum of 10 years of vesting service, retired at age 55 or retired upon completion of 25 years of service. *Firefighter employees* are eligible to participate in the Plan if have been participating in the City's Firefighters' Pension Plan and they retire at the age of 50 or above with 10 years of service, retire at age 55 or retire upon completion of 20 years of service. *Police Officer employees* are eligible to participate in the Plan if they have been participating in the City's Police Pension Plan and they retire at the age of 50 or above with 10 years of service, retire at age 55 or retire upon completion of 20 years of service.

The retired employees (including their eligible dependents) that are eligible to participate in the Plan are required to pay 100% of their respective health care, dental and life insurance premiums.

The City's overall cost of providing health care, dental and life insurance benefits is increased as a result of an implicit insurance rate subsidy resulting from retired employees being permitted to pay lower than age-adjusted premiums through the use of blended premiums for both retirees and active employees. The resulting incremental increase in health care, dental and life insurance premiums results in an actuarial accrued liability to the City based on projected health care, dental and life insurance costs.

*Funding Policy:* The annual required contribution to fund the incremental cost of the benefits plan is based on a pay-as-you-go funding approach. For the year ended September 30, 2010, the expected contribution for the City was \$20,840.

*Annual Other Postemployment Benefit Cost (OPEB) and Net OPEB Obligation:* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The ARC represents a level of funding that would be required to cover the normal cost of the plan each year on a pay-as-you-go basis assuming a 30 year amortization period. The following table shows the City's annual OPEB cost and the amount expected to be contributed by the City towards this OPEB obligation:

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN** (continued)

	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/10
Annual Required Contribution (ARC)	\$ 148,875
Interest on net OPEB obligation	5,471
Adjustment to ARC	(6,361)
Annual OPEB cost	147,985
Expected employer contribution	20,840
Increase in net OPEB obligation	127,145
Net OPEB obligation beginning of year	123,145
Net OPEB obligation end of year	<u>\$ 250,290</u>

*Other Required Supplementary Information:*

Three year trend information:

Year Ending	Annual OPEB Cost	Percentage of OBEP Cost Contributed	Net OPEB Obligation
9/30/10	\$147,985	14.0%	\$250,290
9/30/09	\$145,970	16.7%	\$121,582
9/30/08	N/A	N/A	N/A

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/08	\$ -	\$825,565	\$825,565	0.0%	\$4,807,559	17.2%
10/01/07	N/A	N/A	N/A	N/A	N/A	N/A
10/01/06	N/A	N/A	N/A	N/A	N/A	N/A

Required Actuarial Information:

Contribution Rate	4.50%
Actuarial valuation date	10/1/08
Annual OPEB Cost	\$147,985
Contributions made	\$20,840
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions	
Investment rate of return *	4.50%
Projected salary increases *	1.00%
Payroll growth assumptions	1.00%
Initial trend rate	8.00%
Ultimate trend rate	5.00%
* - Includes inflation at	5.00%

September 30, 2010

**NOTE J – OPERATING LEASE COMMITMENTS**

The City has entered into office equipment lease agreements having original terms of 60 months. The lease agreements do not contain renewal or escalation provisions. Rental expense for the year ended September 30, 2010 was \$11,024. The remaining lease payments as of September 30, 2010 are as follows:

	Payment Requirement
2011	\$ 6,425
2012	4,647
2013	4,646
2014	4,646
2015	1,936
Total	<u>\$ 22,300</u>

**NOTE K - RISK FINANCING**

The City is subject to losses in the normal course of operations resulting from general liability, property and casualty, workers’ compensation, employee health and accident, environmental and antitrust matters. The City has purchased commercial insurance to protect against property loss as a result of flooding and employee health losses. The City is insured through Public Risk Management of Florida for purposes of protecting against workers’ compensation losses, real and personal property losses, automobile damage, and general liability, including malpractice and errors and omissions.

The City does not self-insure against any risks. To the extent that the City has purchased commercial insurance, all risk of loss has been transferred to the insurance underwriter.

Public Risk Management of Florida is a risk pool that assumes the risk of loss for all participating members. The members are subject to additional premium assessments in the event that the risk pool requires additional funding to satisfy all claims. The City has not been assessed any additional insurance premiums for the year ended September 30, 2010, nor is the City aware of any contingent assessments. The City has not reduced insurance coverage from the prior year for any category of insurance risk. Settlement claims, if any, have not exceeded insurance coverage at any time for each of the past three fiscal years.

**NOTE L - DEFERRED COMPENSATION PLAN**

The City offers certain employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is managed by independent plan administrators, permits employees 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. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. The fiduciary responsibility for the plan assets has been conveyed to a third party administrator. As a result, these assets are not reported in the accompanying financial statements.

**NOTE M – COMMITMENTS AND CONTINGENCIES**

Sewer Service: On November 29, 2001, the City entered into a new contract with the City of St. Petersburg to treat wastewater. This contract will be in effect as long as the City of St. Petersburg’s Northwest Treatment Plant is in operation. The rates paid are set by the City of St. Petersburg, using a rate formula containing the following factors: Operation and Maintenance Charge and Capital Charge: The Capital Charge for improvements made to the wastewater system before April 1, 2001 will be a net annual amount of \$247,129 paid in monthly installments for the period October 1, 2001 to September 30, 2006; \$274,375 for fiscal year 2007; \$301,621 for fiscal year 2008, and for fiscal years after 2008 annual amounts

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE M – COMMITMENTS AND CONTINGENCIES** (continued)

beginning at \$99,467 and declining until full payment has been made in fiscal year 2025. The City's allocable share of new capital improvements to the wastewater system will be billed based upon the indebtedness incurred by the City of St. Petersburg to construct the improvements or an agreed upon pay-as-you-go basis.

Contingent Liability: As of September 30, 2010, the City is involved in legal matters that are incidental to its routine operations. It is the opinion of management, based upon the advice of legal counsel, that the likely outcomes of these matters will not be material in nature to the overall operating results of the City.

**NOTE N – SUBSEQUENT EVENTS**

The City has considered subsequent events through the date of the audit report which is the date that the financial statements were available to be issued. There were no subsequent events that required an adjustment to the financial statements or disclosure in the notes to the financial statements.

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## **Required Supplementary Information**

The required supplementary information consists of budgetary comparison schedules for the General Fund, Sewer Revenue Fund and Reclaimed Water Revenue Fund.

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2010  
With Comparative Actual Amounts for the Year Ended September 30, 2009

	2010			Variance with Final Budget Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
<b>RESOURCES (INFLOWS)</b>					
Taxes					
Ad valorem tax	\$ 5,678,247	\$ 5,678,247	\$ 5,655,614	\$ (22,633)	\$ 5,888,489
Franchise tax	1,240,530	1,240,530	1,291,867	51,337	1,224,333
Telecommunications tax	665,000	665,000	602,344	(62,656)	655,803
Utility tax	1,410,000	1,410,000	1,635,698	225,698	1,401,759
	<u>8,993,777</u>	<u>8,993,777</u>	<u>9,185,523</u>	<u>191,746</u>	<u>9,170,384</u>
Licenses and permits					
Local business tax	105,000	105,000	105,469	469	107,350
Building, sign and other permits	344,000	344,000	389,165	45,165	348,044
	<u>449,000</u>	<u>449,000</u>	<u>494,634</u>	<u>45,634</u>	<u>455,394</u>
Intergovernmental revenues					
State sales tax	478,483	478,483	480,771	2,288	484,524
Emergency medical services	783,691	1,108,691	1,108,691	-	1,236,947
Federal, state and local grants	140,635	240,185	214,829	(25,356)	133,806
State excise tax rebate - Fire Pension	220,000	220,000	178,259	(41,741)	148,341
State excise tax rebate - Police Pension	81,000	81,000	74,058	(6,942)	76,519
Pinellas Library Cooperative	189,674	189,674	189,759	85	216,185
Other intergovernmental revenues	430,000	430,000	448,032	18,032	444,281
	<u>2,323,483</u>	<u>2,748,033</u>	<u>2,694,399</u>	<u>(53,634)</u>	<u>2,740,603</u>
Charges for services					
Planning and zoning fees	9,000	9,000	9,117	117	11,785
Certification, copies and record search	8,000	8,000	6,851	(1,149)	7,158
Administration charges to other funds	312,102	322,801	322,981	180	303,012
Parking facilities	866,000	866,000	865,226	(774)	941,658
Library fees	28,000	28,000	27,427	(573)	30,183
Recreation activity fees	261,000	261,000	219,722	(41,278)	227,294
Other charges for services	13,520	13,520	3,928	(9,592)	9,215
Police services	67,467	67,467	57,217	(10,250)	42,461
	<u>1,565,089</u>	<u>1,575,788</u>	<u>1,512,469</u>	<u>(63,319)</u>	<u>1,572,766</u>
Fines and forfeitures					
Court fines and costs	78,000	78,000	65,725	(12,275)	76,936
Police education	4,000	4,000	3,769	(231)	4,339
Parking tickets	70,000	70,000	63,308	(6,692)	71,405
Other fines and forfeitures	4,000	4,000	15,330	11,330	11,021
	<u>156,000</u>	<u>156,000</u>	<u>148,132</u>	<u>(7,868)</u>	<u>163,701</u>
Miscellaneous revenues					
Interest income	30,000	30,000	6,260	(23,740)	6,044
Rentals of City owned facilities	234,865	234,865	210,320	(24,545)	170,567
Surplus and scrap sales	20,000	20,000	52,231	32,231	31,746
Contributions and donations	11,100	11,100	12,912	1,812	39,124
Other miscellaneous revenues	28,100	28,100	33,583	5,483	19,133
	<u>324,065</u>	<u>324,065</u>	<u>315,306</u>	<u>(8,759)</u>	<u>266,614</u>

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2010 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2009

	2010			Variance with Final Budget Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 13,811,414	\$ 14,246,663	\$ 14,350,463	\$ 103,800	\$ 14,369,462
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
General Government					
City Commission					
Personal services	29,700	29,700	29,700	-	29,700
Other operating expenditures	93,470	93,470	92,256	1,214	93,554
City Clerk					
Personal services	244,736	245,684	236,103	9,581	251,600
Other operating expenditures	51,853	66,853	62,196	4,657	42,676
Legal					
Operating expenditures	265,000	550,000	549,177	823	360,263
City Manager					
Personal services	365,543	366,355	334,049	32,306	360,581
Other operating expenditures	212,675	236,164	193,108	43,056	238,930
Transfer to Capital Improvement Projects Fund	475,000	475,000	475,000	-	400,000
Financial Administration					
Personal services	258,736	259,548	254,442	5,106	262,354
Other operating expenditures	40,495	40,495	29,924	10,571	37,064
Information Technology					
Personal services	229,475	230,233	230,237	(4)	230,953
Other operating expenditures	102,244	102,770	88,592	14,178	107,639
Capital outlay	20,000	25,104	17,551	7,553	7,543
	<u>2,388,927</u>	<u>2,721,376</u>	<u>2,592,335</u>	<u>129,041</u>	<u>2,422,857</u>
Community Development					
Planning					
Personal services	201,819	202,360	200,555	1,805	289,906
Other operating expenditures	26,300	28,800	15,073	13,727	17,659
Building Services					
Personal services	328,013	329,097	333,345	(4,248)	281,493
Other operating expenditures	40,000	40,000	32,523	7,477	21,423
Capital outlay	-	34,268	-	34,268	6,350
	<u>596,132</u>	<u>634,525</u>	<u>581,496</u>	<u>53,029</u>	<u>616,831</u>
Library					
Personal services	362,795	364,420	344,344	20,076	410,911
Other operating expenditures	197,544	193,544	185,960	7,584	177,042
Capital outlay	-	4,000	3,894	106	-
	<u>560,339</u>	<u>561,964</u>	<u>534,198</u>	<u>27,766</u>	<u>587,953</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2010 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2009

	2010			Variance with Final Budget Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
<b>CHARGES TO APPROPRIATIONS</b>					
<b>(OUTFLOWS) (continued)</b>					
Public Safety					
Police					
Personal services	\$ 3,401,382	\$ 3,453,312	\$ 3,376,494	\$ 76,818	\$ 3,450,276
Other operating expenditures	425,711	484,402	442,357	42,045	462,786
Capital outlay	130,443	106,605	104,710	1,895	69,216
Debt service	228,913	228,913	232,907	(3,994)	60,596
Fire - Fire Suppression					
Personal services	1,782,271	1,791,709	1,634,149	157,560	2,620,814
Other operating expenditures	173,111	180,166	174,975	5,191	215,198
Debt service	114,205	108,518	108,518	-	108,517
Fire - EMS					
Personal services	775,998	1,060,938	1,073,126	(12,188)	-
Other operating expenditures	37,875	45,615	35,814	9,801	-
Capital outlay	8,333	8,333	-	8,333	-
	<u>7,078,242</u>	<u>7,468,511</u>	<u>7,183,050</u>	<u>285,461</u>	<u>6,987,403</u>
Public Services					
Administration					
Personal services	250,879	245,117	261,489	(16,372)	272,335
Other operating expenditures	432,775	434,675	454,726	(20,051)	416,003
Capital outlay	-	1,712	-	1,712	1,473
Building Administration					
Personal services	133,496	134,308	135,660	(1,352)	127,275
Other operating expenditures	100,850	103,350	102,392	958	116,496
Capital outlay	-	1,712	-	1,712	1,473
Streets					
Personal services	171,081	171,622	179,873	(8,251)	169,830
Other operating expenditures	630,308	649,030	578,030	71,000	590,702
Capital outlay	65,000	66,712	64,101	2,611	1,473
Recreation					
Personal services	488,772	490,667	446,800	43,867	491,400
Other operating expenditures	247,895	234,636	253,769	(19,133)	275,408
Capital outlay	-	-	-	-	10,667
Parks					
Personal services	252,274	253,628	247,783	5,845	298,550
Other operating expenditures	414,444	418,538	365,813	52,725	380,325
Capital outlay	-	-	-	-	33,770
	<u>3,187,774</u>	<u>3,205,707</u>	<u>3,090,436</u>	<u>115,271</u>	<u>3,187,180</u>
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>13,811,414</u>	<u>14,592,083</u>	<u>13,981,515</u>	<u>610,568</u>	<u>13,802,224</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	-	(345,420)	368,948	714,368	567,238
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>3,969,109</u>	<u>3,969,109</u>	<u>3,969,109</u>	-	<u>3,401,871</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,969,109</u>	<u>\$ 3,623,689</u>	<u>\$ 4,338,057</u>	<u>\$ 714,368</u>	<u>\$ 3,969,109</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2010 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2009

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS AND GAAP REVENUE AND EXPENDITURES

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 14,350,463
Differences - budget to GAAP:	
Proceeds from sale of surplus capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(52,231)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 14,298,232</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 13,981,515
Differences - budget to GAAP:	
Transfers out are outflows for budgetary purposes but are not expenditures for financial reporting purposes.	<u>(475,000)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 13,506,515</u>

## **Combining Financial Statements**

These financial statements provide a more detailed view of the nonmajor funds that were combined for the governmental activities and the individual fiduciary funds that were combined in the basic financial statements.

CITY OF ST. PETE BEACH, FLORIDA

COMBINING BALANCE SHEET  
NON- MAJOR GOVERNMENTAL FUNDS

September 30, 2010  
With Comparative Total Amounts for September 30, 2009

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	Governmental Funds	
			2010	2009
<b>ASSETS</b>				
Pooled cash and investments and cash equivalents	\$ 167,508	\$ 17,530	\$ 185,038	\$ 182,002
<b>TOTAL ASSETS</b>	<u>\$ 167,508</u>	<u>\$ 17,530</u>	<u>\$ 185,038</u>	<u>\$ 182,002</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other governments	\$ 994	\$ -	\$ 994	\$ -
<b>TOTAL LIABILITIES</b>	<u>994</u>	<u>-</u>	<u>994</u>	<u>-</u>
<b>FUND BALANCES</b>				
Fund balances				
Reserved				
Transportation Improvements	166,514	-	166,514	165,353
Law enforcement	-	17,530	17,530	16,649
<b>TOTAL FUND BALANCES</b>	<u>166,514</u>	<u>17,530</u>	<u>184,044</u>	<u>182,002</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 167,508</u>	<u>\$ 17,530</u>	<u>\$ 185,038</u>	<u>\$ 182,002</u>

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON- MAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

With Comparative Total Amounts for the Year Ended September 30, 2009

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	Governmental Funds	
			2010	2009
REVENUES				
Fines and forfeitures	\$ -	\$ 2,060	\$ 2,060	\$ 250
Impact fees	1,074	-	1,074	-
Miscellaneous	98	10	108	352
TOTAL REVENUES	<u>1,172</u>	<u>2,070</u>	<u>3,242</u>	<u>602</u>
EXPENDITURES				
Contractual/other services	<u>11</u>	<u>1,189</u>	<u>1,200</u>	<u>-</u>
TOTAL EXPENDITURES	<u>11</u>	<u>1,189</u>	<u>1,200</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,161	881	2,042	602
FUND BALANCES - BEGINNING OF YEAR	<u>165,353</u>	<u>16,649</u>	<u>182,002</u>	<u>181,400</u>
FUND BALANCES - END OF YEAR	<u>\$ 166,514</u>	<u>\$ 17,530</u>	<u>\$ 184,044</u>	<u>\$ 182,002</u>

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

September 30, 2010

With Comparative Total Amounts for September 30, 2009

	Police	Firefighters'	General	Totals	
	Pension	Pension	Pension	2010	2009
<b>ASSETS</b>					
Investments, at fair value					
Money market funds	\$ 401,447	\$ 367,531	\$ 300,961	\$ 1,069,939	\$ 826,454
U. S. Government and Federal					
Agency securities	1,256,304	1,115,875	1,383,129	3,755,308	5,064,578
Corporate bonds	2,320,455	2,089,848	2,542,748	6,953,051	8,249,682
Equities - common stock	4,688,772	1,929,871	4,996,352	11,614,995	10,524,192
Equities - mutual funds	894,043	2,875,909	975,324	4,745,276	1,495,043
	<u>9,561,021</u>	<u>8,379,034</u>	<u>10,198,514</u>	<u>28,138,569</u>	<u>26,159,949</u>
Receivables					
Accrued interest and dividends	36,084	32,037	40,300	108,421	125,118
Contribution receivable	-	-	4,376	4,376	-
State excise tax rebate	-	23,648	-	23,648	1,745
	<u>36,084</u>	<u>55,685</u>	<u>44,676</u>	<u>136,445</u>	<u>126,863</u>
<b>TOTAL ASSETS</b>	<u>9,597,105</u>	<u>8,434,719</u>	<u>10,243,190</u>	<u>28,275,014</u>	<u>26,286,812</u>
<b>LIABILITIES</b>					
Administrative expenses payable	9,890	1,675	19,052	30,617	16,927
Deferred contribution	3,305	13,950	-	17,255	-
<b>TOTAL LIABILITIES</b>	<u>13,195</u>	<u>15,625</u>	<u>19,052</u>	<u>47,872</u>	<u>16,927</u>
<b>NET ASSETS HELD IN TRUST</b>					
Held in trust for pension benefits and other purposes	<u>\$ 9,583,910</u>	<u>\$ 8,419,094</u>	<u>\$ 10,224,138</u>	<u>\$ 28,227,142</u>	<u>\$ 26,269,885</u>

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

Year Ended September 30, 2010

With Comparative Total Amounts for the Year Ended September 30, 2009

	Police	Firefighters'	General	Totals	
	Pension	Pension	Pension	2010	2009
<b>ADDITIONS</b>					
Contributions					
Employer	\$ 448,766	\$ 319,239	\$ 430,860	\$ 1,198,865	\$ 1,138,676
Plan members	119,496	172,104	103,298	394,898	393,097
	<u>568,262</u>	<u>491,343</u>	<u>534,158</u>	<u>1,593,763</u>	<u>1,531,773</u>
Intergovernmental revenue					
State excise tax rebate	74,058	178,259	-	252,317	224,860
Investment income					
Net appreciation (depreciation)					
in fair value of investments	750,910	512,083	803,232	2,066,225	(352,154)
Interest and dividends	264,776	264,106	292,005	820,887	874,367
Miscellaneous income	6,340	13,886	5,449	25,675	13,318
Total investment earnings (loss)	<u>1,022,026</u>	<u>790,075</u>	<u>1,100,686</u>	<u>2,912,787</u>	<u>535,531</u>
Less investment expense	<u>38,013</u>	<u>47,996</u>	<u>66,466</u>	<u>152,475</u>	<u>112,440</u>
Net investment earnings (loss)	<u>984,013</u>	<u>742,079</u>	<u>1,034,220</u>	<u>2,760,312</u>	<u>423,091</u>
<b>TOTAL ADDITIONS (REDUCTIONS)</b>	<u>1,626,333</u>	<u>1,411,681</u>	<u>1,568,378</u>	<u>4,606,392</u>	<u>2,179,724</u>
<b>DEDUCTIONS</b>					
Benefits	674,051	529,370	741,233	1,944,654	1,855,193
Lump sum Deferred Retirement					
Option Plan (DROP) payments	-	486,297	75,227	561,524	149,045
Refunds of contributions	26,921	16,617	11,601	55,139	104,050
Administrative expenses	<u>27,886</u>	<u>24,491</u>	<u>35,441</u>	<u>87,818</u>	<u>85,942</u>
<b>TOTAL DEDUCTIONS</b>	<u>728,858</u>	<u>1,056,775</u>	<u>863,502</u>	<u>2,649,135</u>	<u>2,194,230</u>
<b>CHANGE IN NET ASSETS</b>	<u>897,475</u>	<u>354,906</u>	<u>704,876</u>	<u>1,957,257</u>	<u>(14,506)</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>8,686,435</u>	<u>8,064,188</u>	<u>9,519,262</u>	<u>26,269,885</u>	<u>26,284,391</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,583,910</u>	<u>\$ 8,419,094</u>	<u>\$ 10,224,138</u>	<u>\$ 28,227,142</u>	<u>\$ 26,269,885</u>

## **Other Supplementary Schedules**

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

CITY OF ST. PETE BEACH, FLORIDA

COMPARATIVE BALANCE SHEET  
GENERAL FUND

	September 30,	
	2010	2009
<b>ASSETS</b>		
Cash	\$ 3,650	\$ 3,850
Pooled cash and investments and cash equivalents	3,033,214	2,456,236
Receivables		
Other	273,534	271,787
Due from other funds	1,420,662	1,549,242
Due from other governments	342,808	293,379
Supplies inventory	192	1,248
Prepaid insurance	158,863	107,855
	<u>5,232,923</u>	<u>4,683,597</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,232,923</u>	<u>\$ 4,683,597</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 244,870	\$ 154,536
Accrued liabilities	372,119	306,808
Due to other governments	164,486	145,174
Deferred revenue	113,391	107,970
	<u>894,866</u>	<u>714,488</u>
<b>TOTAL LIABILITIES</b>	<u>894,866</u>	<u>714,488</u>
<b>FUND BALANCES</b>		
Reserved		
Supplies inventory	192	1,248
Long-term receivable	975,405	1,260,675
Prepays	158,663	107,855
Library	198,063	198,063
Unreserved		
Designated for:		
Capital improvement projects	8,333	100,000
Compensated absences	660,112	694,400
Undesignated	2,337,289	1,606,868
	<u>4,338,057</u>	<u>3,969,109</u>
<b>TOTAL FUND BALANCES</b>	<u>4,338,057</u>	<u>3,969,109</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,232,923</u>	<u>\$ 4,683,597</u>

CITY OF ST. PETE BEACH, FLORIDA

SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET  
 PROPRIETARY FUND - WASTEWATER

For the Year Ended September 30, 2010  
 With Comparative Actual Amounts for the Year Ended September 30, 2009

	2010			Variance with Final Budget Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
<b>RESOURCES (INFLOWS)</b>					
Charges for services					
Customer service charges	\$ 4,452,904	\$ 4,452,904	\$ 4,541,287	\$ 88,383	\$ 3,719,270
Investment income					
Interest	10,000	10,000	497	(9,503)	943
Miscellaneous revenues					
Impact fees	25,000	25,000	15,468	(9,532)	33,920
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>4,487,904</u>	<u>4,487,904</u>	<u>4,557,252</u>	<u>69,348</u>	<u>3,754,133</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>					
Personal services	440,495	439,859	429,403	10,456	293,860
Contractual/other services	2,938,793	2,940,774	2,757,845	182,929	2,936,750
Vehicle/equipment lease principle	35,000	35,000	29,827	5,173	28,428
Interest and fiscal charges	80,064	80,064	90,203	(10,139)	92,827
Capital outlay	23,750	202,528	284,230	(81,702)	27,946
State revolving loan principle	182,013	182,013	176,045	5,968	175,370
Repayment of advance from General Fund	238,566	238,566	238,566	-	-
Transfers out	375,000	325,000	-	325,000	-
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>4,313,681</u>	<u>4,443,804</u>	<u>4,006,119</u>	<u>437,685</u>	<u>3,555,181</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ 174,223</u>	<u>\$ 44,100</u>	<u>\$ 551,133</u>	<u>\$ 507,033</u>	<u>\$ 198,952</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$190,371, for generally accepted accounting principles (GAAP) purposes was \$3,467,822. Capital outlay expenditures of \$284,230, lease principal of \$29,827, state revolving loan principle \$176,045, and repayment of advance from Gneral Fund of \$238,566 are not expenses for GAAP purposes.

CITY OF ST. PETE BEACH, FLORIDA

SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET  
 PROPRIETARY FUND - RECLAIMED WATER

For the Year Ended September 30, 2010  
 With Comparative Actual Amounts for the Year Ended September 30, 2009

	2010			Variance with Final Budget Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final	Budgetary Basis		
<b>RESOURCES (INFLOWS)</b>					
Charges for services					
Customer service charges	\$ 646,092	\$ 646,092	\$ 591,590	\$ (54,502)	\$ 525,084
Investment income					
Interest	5,000	5,000	56	(4,944)	57
Miscellaneous revenues					
Impact fees	5,000	5,000	2,430	(2,570)	2,200
Other	16,800	16,800	9,721	(7,079)	21,615
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>672,892</u>	<u>672,892</u>	<u>603,797</u>	<u>(69,095)</u>	<u>548,956</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>					
Personal services	92,707	92,707	78,367	14,340	228,487
Contractual/other services	356,332	356,332	353,844	2,488	296,212
Transfers out	122,101	122,101	-	122,101	97,101
Capital Outlay	5,000	6,712	-	6,712	17,996
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>576,140</u>	<u>577,852</u>	<u>432,211</u>	<u>145,641</u>	<u>639,796</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ 96,752</u>	<u>\$ 95,040</u>	<u>\$ 171,586</u>	<u>\$ 76,546</u>	<u>\$ (90,840)</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation and interest expense. Total expenses, including depreciation expense of \$246,487 and interest expense of \$99,928, for generally accepted accounting principles (GAAP) purposes was \$778,626. Also, the City does not budget for changes in investment values and interest income from sinking fund investments. Total revenue, including interest income from sinking fund investments of \$164,980 and a decrease in investment value of (\$65,381), for GAAP purposes was \$703,396.

CITY OF ST. PETE BEACH, FLORIDA

RECONCILIATION OF TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUNDS  
TO TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES

September 30, 2010

	Total Governmental Funds	Long-term Assets, Liabilities	Other Items, Reclasses and Eliminations	Statement of Net Asset Totals
<b>ASSETS</b>				
Cash	\$ 3,650	\$ -	\$ -	\$ 3,650
Pooled cash and investments and cash equivalents	3,599,706			3,599,706
Receivables				
Other	273,534			273,534
Due from other funds	1,420,662			1,420,662
Due from other governments	456,537			456,537
Supplies inventory	192			192
Prepaid items	158,863		107,709	266,572
Land and land rights		3,688,072		3,688,072
Buildings and other land improvements		22,012,617		22,012,617
Furniture, machinery and equipment		4,813,392		4,813,392
Infrastructure		11,845,654		11,845,654
Less: accumulated depreciation		(14,317,284)		(14,317,284)
Un-amortized debt costs		39,273		39,273
<b>TOTAL ASSETS</b>	<b>\$ 5,913,144</b>	<b>\$ 28,081,724</b>	<b>\$ 107,709</b>	<b>\$ 34,102,577</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 252,932	\$ -	\$ -	\$ 252,932
Accrued liabilities	383,761		(11,641)	372,120
Accrued interest payable			11,641	11,641
Due to other governments	165,480			165,480
Current portion of				
Deferred revenue	113,391	23,064		136,455
Compensated absences		49,686		49,686
Revenue bonds payable		580,000		580,000
General obligation bonds payable		145,000		145,000
Capital lease obligations		249,185		249,185
Non-current portion of				
Net other post employment benefit obligation		236,963		236,963
Deferred revenue		78,146		78,146
Compensated absences		610,427		610,427
Revenue bonds payable		2,855,000		2,855,000
General obligation bonds payable		315,000		315,000
Capital lease obligations		195,000		195,000
<b>TOTAL LIABILITIES</b>	<b>915,564</b>	<b>5,337,471</b>	<b>-</b>	<b>6,253,035</b>
<b>TOTAL FUND BALANCES / NET ASSETS</b>	<b>4,997,580</b>	<b>22,744,253</b>	<b>107,709</b>	<b>27,849,542</b>
<b>TOTAL LIABILITIES AND FUND BALANCES / NET ASSETS</b>	<b>\$ 5,913,144</b>	<b>\$ 28,081,724</b>	<b>\$ 107,709</b>	<b>\$ 34,102,577</b>

CITY OF ST. PETE BEACH, FLORIDA

RECONCILIATION OF NET CHANGE IN FUND BALANCES FOR THE GOVERNMENTAL FUNDS  
TO CHANGE IN NET ASSETS FOR GOVERNMENTAL ACTIVITIES

For the Year Ended September 30, 2010

	Total Governmental Funds	Capital Outlay, Disposals and Depreciation	Long-term Debt Transactions	Other Items, Reclasses and Eliminations	Statement of Activities Totals
<b>REVENUES</b>					
Taxes	\$ 9,185,523	\$ -	\$ -	\$ (9,185,523)	\$ -
Licenses and permits	494,634			(494,634)	-
Intergovernmental revenue	3,678,096			(3,678,096)	-
Charges for services	1,512,469			854,508	2,366,977
Fines and forfeitures	150,192			(150,192)	-
Miscellaneous revenues	389,009	11,550	27,816	(428,375)	-
Operating grants and contributions				1,414,213	1,414,213
Capital grants and contributions				371,068	371,068
General revenues				11,297,031	11,297,031
<b>TOTAL REVENUES</b>	<b>15,409,923</b>	<b>11,550</b>	<b>27,816</b>	<b>-</b>	<b>15,449,289</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	2,099,784	181,567	24,994		2,306,345
Community development	581,496	906	10,935		593,337
Library	530,304	28,388	(6,195)		552,497
Public safety	6,738,104			(6,738,104)	-
Public safety - police		183,489	45,673	3,819,761	4,048,923
Public safety - fire		155,766	28,329	2,916,806	3,100,901
Public services	3,026,346	858,823	(12,370)		3,872,799
Capital Outlay	1,492,704	(1,492,704)			-
<b>Debt service</b>					
Principal retirement	1,340,375		(1,340,375)		-
Interest and fiscal charges	245,623		10,223		255,846
<b>TOTAL EXPENDITURES</b>	<b>16,054,736</b>	<b>(83,765)</b>	<b>(1,238,786)</b>	<b>(1,537)</b>	<b>14,730,648</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of surplus capital assets proceeds	52,231	(52,231)			-
Issuance of debt - capital lease proceeds	875,000		(875,000)		-
Transfers in	475,000			(475,000)	-
Transfers out	(475,000)			475,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>927,231</b>	<b>(52,231)</b>	<b>(875,000)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE / NET ASSETS</b>	<b>\$ 282,418</b>	<b>\$ 43,084</b>	<b>\$ 391,602</b>	<b>\$ 1,537</b>	<b>\$ 718,641</b>

CITY OF ST. PETE BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE PROJECTS  
AND LOCAL ASSISTANCE

For the Year Ended September 30, 2010

Grantor / Pass - through Grantor Federal Program / State Project / Local Assistance	CFDA / CSFA Number	Contract/ Grant Number	Grant / Loan Award	Grant Expenditures
<u>Federal Awards</u>				
U. S. Department of the Interior				
Florida Department of Environmental Protection				
Clean Vessel Act Grant	15.616	LE692 / CVA 09-554	22,418	17,555
U. S. Department of Justice				
Office of Community Oriented Policing Services				
COPS Hiring Recovery Program (ARRA)	16.71	2009RKWX0244	232,872	57,920
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	-	3,948	3,588
Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-JAGC-PINE-6-4X-056	63,443	63,443
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-JAGD-PINE-7-4Y-073	5,853	5,853
Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	2010-ARRC-PINE-15-W7-017	160,490	160,490
Total Expenditures of Federal Awards				<u>\$ 308,849</u>
<u>State Projects</u>				
None				<u>\$ -</u>
<u>Local Assistance</u>				
Pinellas County				
Department of Solid Waste Operations				
Recycling Grant	N/A	N/A	\$ 7,639	\$ 7,546
Department of Environmental Management				
Marine Turtle Sensitive Lighting Grant	N/A	N/A	25,000	24,384
				<u>\$ 31,930</u>

**Notes to Schedule of Expenditures of Federal Awards, State Projects and Local Assistance**

Note A - Basis of Presentation

The schedule of expenditures of federal awards, state projects and local assistance includes the federal, state and local grant activity of the City of St. Pete Beach, Florida and is presented on the accrual basis of accounting.

## **Statistical Section - Supplemental Information**

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

The City of St. Pete Beach has had no general bonded debt or revenue bonded debt in the last ten fiscal years requiring sinking fund deposits from general government revenues or other pledged revenues, respectively.

The City of St. Pete Beach's Charter makes no provision for a general obligation legal debt margin.

## **Schedules of Financial Trends Information**

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

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City of St. Pete Beach, Florida  
 Schedule 1  
 Net Assets by Component  
 Last Ten Fiscal Years

	2001	2002	2003	2004	2005
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	*	\$ 19,013,898	\$ 19,523,418	\$ 21,383,617	\$ 23,823,782
Restricted	*	5,816,382	5,379,961	5,026,731	4,677,706
Unrestricted	*	5,701,461	5,639,076	6,361,174	5,551,958
<b>Total governmental activities net assets</b>	*	<b>\$ 30,531,741</b>	<b>\$ 30,542,455</b>	<b>\$ 32,771,522</b>	<b>\$ 34,053,446</b>
	*				
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	*				
Restricted	*				
Unrestricted	*				
<b>Total business-type activities net assets</b>	*	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	*	\$ 19,013,898	\$ 19,523,418	\$ 21,383,617	\$ 23,823,782
Restricted	*	5,816,382	5,379,961	5,026,731	4,677,706
Unrestricted	*	5,701,461	5,639,076	6,361,174	5,551,958
<b>Total primary government net assets</b>	*	<b>\$ 30,531,741</b>	<b>\$ 30,542,455</b>	<b>\$ 32,771,522</b>	<b>\$ 34,053,446</b>

Notes:

1. \*- The City implemented GASB #34 in fiscal year ended September 30, 2002.
2. The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in FY 2010. Fiscal year 2009 was converted for comparison purposes.

2006	2007	2008	2009	2010
\$27,490,946	\$30,398,426	\$ 30,608,205	\$ 23,194,806	\$ 23,703,266
4,301,727	4,081,739	3,869,130	380,065	382,107
3,463,277	720,323	1,447,615	3,556,029	3,764,169
<u>\$35,255,950</u>	<u>\$35,200,488</u>	<u>\$ 35,924,950</u>	<u>\$ 27,130,900</u>	<u>\$ 27,849,542</u>
			\$ 7,416,175	\$ 7,953,689
			3,149,490	2,761,992
			(1,004,406)	(250,450)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,561,259</u>	<u>\$ 10,465,231</u>
\$27,490,946	\$30,398,426	\$ 30,608,205	\$ 30,610,981	\$ 31,656,955
4,301,727	4,081,739	3,869,130	3,529,555	3,144,099
3,463,277	720,323	1,447,615	2,551,623	3,513,719
<u>\$35,255,950</u>	<u>\$35,200,488</u>	<u>\$ 35,924,950</u>	<u>\$ 36,692,159</u>	<u>\$ 38,314,773</u>

City of St. Pete Beach, Florida  
Schedule 2  
Changes in Net Assets  
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006
<b>Expenses</b>						
Governmental activities:						
General government	*	\$ 1,933,508	\$ 2,022,865	\$ 1,821,046	\$ 2,229,939	\$ 2,413,760
Community Development	*					
Library	*					
Public Safety - police	*	3,141,496	3,199,872	3,439,816	3,665,002	4,006,979
Public Safety - fire	*	2,170,304	2,310,861	2,465,313	2,595,777	2,863,945
Public Services	*	2,293,995	2,343,603	2,497,075	2,808,846	2,905,516
Leisure services	*	1,535,037	1,604,063	1,665,900	1,818,392	2,056,743
Interest on long term-debt	*	425,620	417,549	379,763	344,444	325,147
Total governmental activities expenses	*	11,499,960	11,898,813	12,268,913	13,462,400	14,572,090
Business-type activities:						
Water pollution control - sewer	*	2,559,570	2,841,510	2,504,303	2,732,414	3,079,658
Water pollution control - reclaimed water	*	573,844	597,903	583,852	652,864	653,777
Water pollution control - stormwater	*	-	-	-	-	-
Total business-type activities expenses	*	3,133,414	3,439,413	3,088,155	3,385,278	3,733,435
Total primary government expenses	*	\$ 14,633,374	\$ 15,338,226	\$ 15,357,068	\$ 16,847,678	\$ 18,305,525
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General Government	*	\$ 892,109	\$ 958,330	\$ 1,001,936	\$ 950,401	\$ 1,076,223
Community Development	*					
Library	*					
Public Safety - Police	*	284,863	304,822	244,177	237,425	278,485
Public Works	*	309,794	321,161	692,546	714,049	716,278
Leisure Services	*	225,106	235,166	196,554	214,464	189,466
Operating grants and contributions	*	943,232	976,886	1,023,476	1,469,448	1,651,769
Capital grants and contributions	*	156,929	183,727	1,242,972	388,287	27,817
Total governmental activities program revenues	*	2,812,033	2,980,092	4,401,661	3,974,074	3,940,038
Business-type activities:						
Charges for services:						
Water pollution control - sewer	*	2,972,991	2,664,845	2,807,469	2,755,062	2,846,516
Water pollution control - reclaimed water	*	538,567	546,808	561,701	549,432	564,592
Water pollution control - stormwater	*	-	-	-	-	-
Operating grants and contributions	*	-	-	-	-	-
Capital grants and contributions	*	-	-	-	-	-
Total business-type activities program revenues	*	3,511,558	3,211,653	3,369,170	3,304,494	3,411,108
Total primary government program revenues	*	\$ 6,323,591	\$ 6,191,745	\$ 7,770,831	\$ 7,278,568	\$ 7,351,146
<b>Net (Expense)/Revenue</b>						
Governmental activities	*	\$ (8,687,927)	\$ (8,918,721)	\$ (7,867,252)	\$ (9,488,326)	\$ (10,632,052)
Business-type activities	*	378,144	(227,760)	281,015	(80,784)	(322,327)
Total primary government net expense	*	\$ (8,309,783)	\$ (9,146,481)	\$ (7,586,237)	\$ (9,569,110)	\$ (10,954,379)
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Ad valorem	*	\$ 3,820,809	\$ 4,365,962	\$ 4,898,802	\$ 5,514,840	\$ 6,361,917
Franchise fees	*	864,072	869,008	885,027	961,157	1,123,954
Utility taxes	*	1,906,361	1,840,129	1,841,342	1,880,502	1,952,652
State sales tax	*	527,694	530,896	558,141	572,134	585,464
Infrastructure tax	*	793,485	800,759	847,225	927,344	979,980
Local option gas tax	*	85,260	86,725	91,080	91,964	92,348
Impact fess	*	44,994	117,895	107,867	187,896	52,250
State excise tax - public safety	*	-	-	-	-	194,804
Other taxes	*	35,568	45,478	48,707	48,494	44,328
State revenue sharing - unrestricted	*	224,787	224,344	234,436	269,947	270,611
Investment income	*	672,306	251,280	253,640	302,017	426,297
Miscellaneous	*	77,748	24,719	49,037	94,739	72,278
Special item - loss on capital assets	*	(357,140)	-	-	-	-
Total governmental activities	*	8,695,944	9,157,195	9,815,304	10,851,034	12,156,883
Business-type activities:						
Impact fees	*					
Investment income	*					
Total business-type activities	*	-	-	-	-	-
Total primary government	*	\$ 8,695,944	\$ 9,157,195	\$ 9,815,304	\$ 10,851,034	\$ 12,156,883
<b>Change in Net Assets</b>						
Governmental activities	*	\$ 8,017	\$ 238,474	\$ 1,948,052	\$ 1,362,708	\$ 1,524,831
Business-type activities	*	378,144	(227,760)	281,015	(80,784)	(322,327)
Total primary government	*	\$ 386,161	\$ 10,714	\$ 2,229,067	\$ 1,281,924	\$ 1,202,504

2007	2008	2009	2010
\$ 2,546,390	\$ 2,093,889	\$ 2,223,320	\$ 2,306,345
	707,288	620,111	593,337
	603,915	613,869	552,497
4,165,767	4,400,470	4,132,774	4,048,923
3,023,061	3,249,397	3,071,551	3,100,901
3,058,319	4,217,367	3,999,036	3,872,799
2,477,342	-	-	-
509,659	534,107	483,111	255,846
<u>15,780,538</u>	<u>15,806,433</u>	<u>15,143,772</u>	<u>14,730,648</u>
4,022,773	3,457,675	3,385,327	3,467,822
643,833	638,710	776,244	778,626
-	-	-	110,227
<u>4,666,606</u>	<u>4,096,385</u>	<u>4,161,571</u>	<u>4,356,675</u>
<u>\$ 20,447,144</u>	<u>\$ 19,902,818</u>	<u>\$ 19,305,343</u>	<u>\$ 19,087,323</u>

\$ 411,629	\$ 435,010	\$ 425,373	\$ 439,404
	434,465	359,829	398,281
	28,069	30,182	27,427
969,146	1,155,181	1,147,821	1,070,575
619,330	419,320	399,399	431,290
263,963	-	-	-
1,314,450	1,625,473	1,581,096	1,414,213
653,672	276,854	264,062	371,068
<u>4,232,190</u>	<u>4,374,372</u>	<u>4,207,762</u>	<u>4,152,258</u>

2,944,746	3,222,774	3,719,270	4,541,287
567,251	562,528	546,699	601,311
-	-	-	-
-	-	-	-
-	-	-	-
<u>3,511,997</u>	<u>3,785,302</u>	<u>4,265,969</u>	<u>5,142,598</u>
<u>\$ 7,744,187</u>	<u>\$ 8,159,674</u>	<u>\$ 8,473,731</u>	<u>\$ 9,294,856</u>

\$ (11,548,348)	\$ (11,432,061)	\$ (10,936,010)	\$ (10,578,390)
(1,154,609)	(311,083)	104,398	785,923
<u>\$ (12,702,957)</u>	<u>\$ (11,743,144)</u>	<u>\$ (10,831,612)</u>	<u>\$ (9,792,467)</u>

\$ 7,205,756	\$ 6,662,973	\$ 6,057,622	\$ 5,655,614
1,129,082	1,104,184	1,224,333	1,291,867
1,993,340	2,032,406	2,057,562	2,238,043
558,172	530,500	484,524	480,771
947,581	920,711	808,949	805,652
88,496	133,095	128,949	139,354
58,176	14,674	-	1,074
300,840	334,351	224,860	252,317
40,112	42,785	52,617	45,060
272,013	267,207	262,715	263,617
508,419	345,567	56,045	6,892
85,022	79,153	105,148	116,770
(539,514)	-	-	-
<u>12,647,495</u>	<u>12,467,606</u>	<u>11,463,324</u>	<u>11,297,031</u>

		36,120	17,898
		99,377	100,152
		135,497	118,050
<u>\$ 12,647,495</u>	<u>\$ 12,467,606</u>	<u>\$ 11,598,821</u>	<u>\$ 11,415,081</u>

\$ 1,099,147	\$ 1,035,545	\$ 527,314	\$ 718,641
(1,154,609)	(311,083)	239,895	903,973
<u>\$ (55,462)</u>	<u>\$ 724,462</u>	<u>\$ 767,209</u>	<u>\$ 1,622,614</u>

Notes:

1. \* The City implemented GASB #34 in fiscal year ended September 30, 2002.
2. Beginning in fiscal year 2006, parking meter revenues have been recorded as a charge for service in Public Safety - Police rather than in General Government.
3. Beginning in fiscal year 2008, the following departmental changes were implemented:
  - a. Community Development department has been separately presented;
  - b. Library division has been separately presented;
  - c. The Parks and Recreation divisions have been included as part of Public Services.
4. a. Beginning in fiscal year 2010, the wastewater and reclaimed water funds are classified as enterprise funds.
  - b. Fiscal year 2009 has been converted for comparison purposes.

City of St. Pete Beach, Florida  
 Schedule 3  
 Fund Balances, Governmental Funds  
 Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved	\$ 220,780	\$ 224,858	\$ 218,607	\$ 226,416	\$ 220,154
Unreserved	3,230,144	2,897,568	2,729,099	2,982,241	3,142,415
Total general fund	<u>\$ 3,450,924</u>	<u>\$ 3,122,426</u>	<u>\$ 2,947,706</u>	<u>\$ 3,208,657</u>	<u>\$ 3,362,569</u>
All Other Governmental Funds					
Reserved	\$ 6,509,323	\$ 5,659,921	\$ 5,225,428	\$ 4,863,264	\$ 4,531,608
Unreserved					
Special revenue funds	349,547	680,312	266,547	554,768	735,530
Debt service fund				734	734
Capital project fund	2,178,567	2,943,377	3,495,281	3,681,056	2,477,094
Total all other governmental funds	<u>\$ 9,037,437</u>	<u>\$ 9,283,610</u>	<u>\$ 8,987,256</u>	<u>\$ 9,099,822</u>	<u>\$ 7,744,966</u>

Note:

The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in FY 2010 and fiscal year 2009 was converted for comparison purposes.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 213,744	\$ 210,005	\$ 209,325	\$ 1,567,841	\$ 1,332,323
2,857,924	2,936,042	3,192,546	2,401,268	3,005,734
<u>\$ 3,071,668</u>	<u>\$ 3,146,047</u>	<u>\$ 3,401,871</u>	<u>\$ 3,969,109</u>	<u>\$ 4,338,057</u>
\$ 4,140,422	\$ 3,917,959	\$ 3,707,404	\$ 182,002	\$ 184,044
636,941	(702,015)	(1,047,146)	-	-
734	(46,827)	(49,778)	-	-
716,737	(651,603)	49,928	564,051	475,479
<u>\$ 5,494,834</u>	<u>\$ 2,517,514</u>	<u>\$ 2,660,408</u>	<u>\$ 746,053</u>	<u>\$ 659,523</u>

City of St. Pete Beach, Florida  
Schedule 4  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006
<b>Revenues</b>						
Taxes	\$ 6,103,888	\$ 6,591,241	\$ 7,075,099	\$ 7,625,170	\$ 8,356,499	\$ 9,438,522
Licenses and permits	371,711	399,703	404,891	775,716	807,856	807,175
Intergovernmental revenue	3,104,141	2,765,335	2,836,682	4,054,678	3,551,832	3,846,278
Charges for services	4,458,258	4,437,454	4,201,676	4,366,235	4,279,208	4,518,661
Fines and forfeitures	235,406	264,102	295,183	218,029	204,855	215,241
Miscellaneous revenue	1,475,731	897,058	544,737	579,720	925,520	665,691
Total revenues	<u>15,749,135</u>	<u>15,354,893</u>	<u>15,358,268</u>	<u>17,619,548</u>	<u>18,125,770</u>	<u>19,491,568</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	1,242,775	1,701,368	1,884,933	1,645,426	2,040,786	2,240,435
Community Development						
Library						
Public safety	4,598,752	5,061,172	5,245,120	5,636,732	5,971,810	6,416,531
Public services	1,650,064	1,973,182	2,035,317	2,167,072	2,453,416	2,564,046
Water pollution control	6,119,100	2,875,541	3,101,302	2,757,135	3,038,394	3,359,030
Leisure services	1,350,887	1,415,945	1,483,136	1,514,680	1,655,771	1,806,596
Non-departmental	485,834	-	-	-	-	-
Total Current Expenditures	<u>15,447,412</u>	<u>13,027,208</u>	<u>13,749,808</u>	<u>13,721,045</u>	<u>15,160,177</u>	<u>16,386,638</u>
<b>Capital outlay</b>						
General government	10,676	3,213,865	89,287	28,640	10,975	486,928
Community Development						
Library						
Public safety	231,945	271,799	100,111	133,892	348,387	1,065,265
Public services	292,048	522,826	184,610	1,309,619	854,586	678,155
Water pollution control	567,181	134,868	172,598	698,174	870,342	1,838,557
Leisure services	306,372	157,069	401,173	195,056	1,285,574	2,565,988
Non-departmental	1,072,204					
Total Capital Outlay	<u>2,480,426</u>	<u>4,300,427</u>	<u>947,779</u>	<u>2,365,381</u>	<u>3,369,864</u>	<u>6,634,893</u>
<b>Debt service</b>						
Principal retirement	544,863	599,730	756,412	799,099	800,120	819,389
Interest and fiscal charges	341,376	419,445	411,009	373,824	339,133	320,480
Total Debt Service	<u>886,239</u>	<u>1,019,175</u>	<u>1,167,421</u>	<u>1,172,923</u>	<u>1,139,253</u>	<u>1,139,869</u>
Debt costs		41,325				
Total expenditures	<u>18,814,077</u>	<u>18,388,135</u>	<u>15,865,008</u>	<u>17,259,349</u>	<u>19,669,294</u>	<u>24,161,400</u>
Excess of revenues over (under) expenditures	(3,064,942)	(3,033,242)	(506,740)	360,199	(1,543,524)	(4,669,832)
<b>Other Financing Sources (Uses)</b>						
Capital lease obligation incurred		136,140			234,365	658,553
Bond proceeds		2,495,775				
Loan proceeds		284,364	13,012		73,117	1,455,892
Sale of surplus capital assets proceeds		30,517	22,654	13,318	35,098	14,354
Transfers in	1,239,351	200,000	6,111,942	209,860	322,619	589,101
Transfers out	(1,239,351)	(200,000)	(6,111,942)	(209,860)	(322,619)	(589,101)
Total other financing sources (uses)	<u>-</u>	<u>2,946,796</u>	<u>35,666</u>	<u>13,318</u>	<u>342,580</u>	<u>2,128,799</u>
Net change in fund balances	(3,064,942)	(86,446)	(471,074)	373,517	(1,200,944)	(2,541,033)
Fund balances - beginning of year	15,557,424	12,492,482	12,406,036	11,934,962	12,308,479	11,107,535
Fund balance - end of year	<u>\$ 12,492,482</u>	<u>\$ 12,406,036</u>	<u>\$ 11,934,962</u>	<u>\$ 12,308,479</u>	<u>\$ 11,107,535</u>	<u>\$ 8,566,502</u>
Debt service as a percentage of non-capital expenditures	5.7%	7.8%	8.5%	8.5%	7.5%	7.0%

Note: The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in FY 2010.  
Fiscal year 2009 was converted for comparison purposes

2007	2008	2009	2010
\$ 10,328,178	\$ 9,799,563	\$ 9,339,517	\$ 9,185,523
713,523	534,094	455,394	494,634
3,922,805	4,004,139	3,689,253	3,678,096
4,679,076	5,325,751	1,572,766	1,512,469
224,958	209,512	163,951	150,192
1,029,823	731,898	360,139	389,009
<u>20,898,363</u>	<u>20,604,957</u>	<u>15,581,020</u>	<u>15,409,923</u>
2,378,877	1,926,479	2,015,314	2,099,784
	716,378	610,481	581,496
	571,361	587,953	530,304
6,810,757	7,308,294	6,749,074	6,738,104
2,629,373	3,401,670	3,138,324	3,026,346
4,259,808	3,701,133		
2,158,388	-	-	-
-	-	-	-
<u>18,237,203</u>	<u>17,625,315</u>	<u>13,101,146</u>	<u>12,976,034</u>
69,723	163,246	54,889	17,551
	3,000	6,350	-
	163,251	-	3,894
231,343	70,770	69,216	265,200
802,927	418,265	219,989	1,206,059
1,358,178	25,399	274,086	
6,731,060	-	-	-
<u>9,193,231</u>	<u>843,931</u>	<u>624,530</u>	<u>1,492,704</u>
1,338,279	1,433,818	813,322	1,340,375
571,085	521,138	261,648	245,623
<u>1,909,364</u>	<u>1,954,956</u>	<u>1,074,970</u>	<u>1,585,998</u>
<u>29,339,798</u>	<u>20,424,202</u>	<u>14,800,646</u>	<u>16,054,736</u>
(8,441,435)	755	780,374	(644,813)
-	-		
4,100,598			
1,414,321	388,742	269,843	875,000
23,575	9,221	31,746	52,231
934,601	547,101	400,000	475,000
(934,601)	(547,101)	(400,000)	(475,000)
<u>5,538,494</u>	<u>397,963</u>	<u>301,589</u>	<u>927,231</u>
(2,902,941)	398,718	1,081,963	282,418
8,566,502	5,663,561	3,633,199	4,715,162
<u>\$ 5,663,561</u>	<u>\$ 6,062,279</u>	<u>\$ 4,715,162</u>	<u>\$ 4,997,580</u>
10.5%	11.1%	8.2%	12.2%

City of St. Pete Beach, Florida  
 Schedule 5  
 Program Revenue by Function / Program  
 Last Ten Fiscal Years

	2001	2002	2003	2004
<b>Function / Program</b>				
Governmental activities :				
Charges for services				
General government	*	\$ 892,109	\$ 369,138	\$ 403,300
Community Development	*	-	-	-
Library	*	-	-	-
Public safety - police	*	284,863	894,014	842,813
Public services	*	309,794	321,161	692,546
Leisure services	*	225,106	235,166	196,554
Total charges for services	*	<u>1,711,872</u>	<u>1,819,479</u>	<u>2,135,213</u>
Operating grants and contributions				
Library	*	198,122	201,179	202,725
Public safety - police	*	-	-	10,000
Public safety - fire	*	745,110	767,581	790,617
Public services	*	-	8,126	20,134
Total operating grants and contributions	*	<u>943,232</u>	<u>976,886</u>	<u>1,023,476</u>
Capital grants and contributions				
Public safety - police	*	37,830	10,000	-
Public safety - fire	*	-	53,955	-
Public services	*	-	-	681,145
Leisure services	*	119,099	119,772	561,827
Total capital grants and contributions	*	<u>156,929</u>	<u>183,727</u>	<u>1,242,972</u>
Sub-total governmental activities	*	<u>\$ 2,812,033</u>	<u>\$ 2,980,092</u>	<u>\$ 4,401,661</u>
Business-type activities:				
Charges for services:				
Water pollution control - sewer	*	2,972,991	2,664,845	2,807,469
Water pollution control - reclaimed water	*	538,567	546,808	561,701
Water pollution control - stormwater	*	-	-	-
Total charges for services	*	<u>3,511,558</u>	<u>3,211,653</u>	<u>3,369,170</u>
Operating grants and contributions				
Total operating grants and contributions	*	-	-	-
Capital grants and contributions				
Total capital grants and contributions	*	-	-	-
Sub-total business-type activities program revenues	*	<u>3,511,558</u>	<u>3,211,653</u>	<u>3,369,170</u>
Total primary government program revenues	*	<u>\$ 6,323,591</u>	<u>\$ 6,191,745</u>	<u>\$ 7,770,831</u>

Note:

1. The City implemented GASB #34 in fiscal year ended September 30, 2002.
2. The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in FY 2010. The prior fiscal years have been converted for comparison purposes.

2005	2006	2007	2008	2009	2010
\$ 398,765	\$ 450,424	\$ 411,629	\$ 435,010	\$ 425,373	439,404
-	-	-	434,465	359,829	398,281
-	-	-	28,069	30,182	27,427
789,061	904,284	969,146	1,155,181	1,147,821	1,070,575
714,049	716,278	619,330	419,320	399,399	431,290
214,464	189,466	263,963	-	-	-
<u>2,116,339</u>	<u>2,260,452</u>	<u>2,264,068</u>	<u>2,472,045</u>	<u>2,362,604</u>	<u>2,366,977</u>
218,190	235,674	271,841	248,257	218,470	189,859
5,185	14,484	92,235	76,465	47,129	63,569
833,463	865,930	904,660	1,182,893	1,236,947	1,108,691
412,610	535,681	45,714	117,858	49,532	52,084
<u>1,469,448</u>	<u>1,651,769</u>	<u>1,314,450</u>	<u>1,625,473</u>	<u>1,552,078</u>	<u>1,414,203</u>
-	-	-	-	118,719	247,341
-	-	-	-	-	-
-	-	-	-	174,361	123,727
<u>388,287</u>	<u>27,817</u>	<u>653,672</u>	<u>276,854</u>	-	-
<u>388,287</u>	<u>27,817</u>	<u>653,672</u>	<u>276,854</u>	<u>293,080</u>	<u>371,068</u>
<u>\$ 3,974,074</u>	<u>\$ 3,940,038</u>	<u>\$ 4,232,190</u>	<u>\$ 4,374,372</u>	<u>\$ 4,207,762</u>	<u>\$ 4,152,248</u>
2,755,062	2,846,516	2,944,746	3,222,774	3,719,270	4,541,287
549,432	564,592	567,251	562,528	546,699	601,311
-	-	-	-	-	-
<u>3,304,494</u>	<u>3,411,108</u>	<u>3,511,997</u>	<u>3,785,302</u>	<u>4,265,969</u>	<u>5,142,598</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,304,494</u>	<u>3,411,108</u>	<u>3,511,997</u>	<u>3,785,302</u>	<u>4,265,969</u>	<u>5,142,598</u>
<u>\$ 7,278,568</u>	<u>\$ 7,351,146</u>	<u>\$ 7,744,187</u>	<u>\$ 8,159,674</u>	<u>\$ 8,473,731</u>	<u>\$ 9,294,846</u>

City of St. Pete Beach, Florida  
 Schedule 6  
 Tax Revenues by Source, Governmental Funds  
 Last Ten Fiscal Years

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Utility Taxes	Total
2010	\$ 5,655,614	\$ 1,291,867	\$ 2,238,042	\$ 9,185,523
2009	6,057,622	1,224,333	2,057,562	9,339,517
2008	6,662,973	1,104,184	2,032,406	9,799,563
2007	7,205,756	1,129,082	1,993,340	10,328,178
2006	6,361,917	1,123,954	1,952,652	9,438,523
2005	5,514,840	961,157	1,880,502	8,356,499
2004	4,898,802	885,027	1,841,342	7,625,171
2003	4,365,962	869,008	1,840,129	7,075,099
2002	3,820,809	864,072	1,906,361	6,591,242
2001	3,483,568	1,047,937	1,572,383	6,103,888

## **Schedules of Revenue Capacity Information**

These schedules contain information to help the reader assess the City's most significant local revenue source - the property tax.

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City of St. Pete Beach, Florida  
 Schedule 7  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (in thousands of dollars)

Fiscal Year Ended September 30,	Tax Roll	Residential Property	Commercial Property	Governmental Property	Institutional Property
2010	2009	\$ 2,342,901,980	\$ 445,636,072	\$ 35,817,214	\$ 21,262,737
2009	2008	2,554,643,705	664,746,200	63,915,000	25,236,900
2008	2007	2,916,165,500	715,107,200	63,887,600	24,314,300
2007	2006	2,943,231,980	751,347,000	64,732,200	23,819,900
2006	2005	2,337,775,200	587,997,200	48,716,300	21,779,100
2005	2004	2,032,334,600	354,679,900	45,885,100	19,956,600
2004	2003	1,756,142,800	315,059,800	42,372,200	17,706,700
2003	2002	1,489,703,400	294,171,600	36,969,900	16,708,700
2002	2001	1,231,292,300	289,110,200	69,208,300	18,072,300
2001	2000	1,057,187,000	270,413,100	68,849,600	14,749,200

Source:

Pinellas County Property Appraiser

Other Real Property	Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 5,680,761	\$ 55,337,521	\$ 2,906,636,285	\$ 630,277,813	\$ 2,276,358,472	2.5588
4,397,000	53,478,550	3,366,417,355	805,857,299	2,560,560,056	2.4425
5,038,700	50,266,380	3,774,779,680	950,102,233	2,824,677,447	2.4363
3,186,800	47,787,380	3,834,105,260	1,044,433,806	2,789,671,454	2.6656
1,914,900	43,287,248	3,041,469,948	761,552,330	2,279,917,618	2.8792
1,738,700	39,857,810	2,494,452,710	590,553,250	1,903,899,460	2.9954
1,551,800	41,073,890	2,173,907,190	492,255,710	1,681,651,480	3.0060
1,838,300	41,214,100	1,880,606,000	387,177,940	1,493,428,060	3.0198
1,940,100	48,155,730	1,657,778,930	312,841,640	1,344,937,290	2.9378
1,721,100	47,737,150	1,460,657,150	242,458,820	1,218,198,330	2.9458

City of St. Pete Beach, Florida  
 Schedule 8  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (rates per \$1,000 of assessed value)

Fiscal Year	City Millage	City Debt	Total City	Pinellas County			Total County - Operating	Pinellas C
				Operating	Mosquito Control	Health Department		State School Operating
2010	2.4834	0.0754	2.5588	4.8108	-	0.0622	4.8730	5.3480
2009	2.3764	0.0661	2.4425	4.8108	-	0.0622	4.8730	5.1720
2008	2.3764	0.0599	2.4363	4.8108	-	0.0622	4.8730	4.7300
2007	2.6000	0.0656	2.6656	5.3400	0.0600	0.0700	5.4700	5.0460
2006	2.8000	0.0792	2.8792	5.9920	0.0790	0.0700	6.1410	5.1910
2005	2.9000	0.0954	2.9954	5.9920	0.0790	0.0700	6.1410	5.5040
2004	2.9000	0.1060	3.0060	5.9920	0.0790	0.0700	6.1410	5.6140
2003	2.9000	0.1198	3.0198	5.9920	0.0790	0.0700	6.1410	5.8080
2002	2.8000	0.1378	2.9378	5.9920	0.0790	0.0700	6.1410	5.8390
2001	2.8000	0.1458	2.9458	5.8540	0.0810	0.0690	6.0040	N/A

Note:

N/A - Information not available

Source:

Pinellas County Tax Collector

<u>County School Board</u>		<u>Emerg. Medical Services</u>	<u>Pinellas Planning Council</u>	<u>Juvenile Welfare Board</u>	<u>Southwest Florida Water Management District</u>	<u>Pinellas Anclote River Basin</u>	<u>Total</u>
<u>Local School Operating</u>	<u>Total School Board</u>						
2.9980	8.3460	0.5832	0.0125	0.7915	0.3866	0.3200	17.8716
2.8890	8.0610	0.5832	0.0170	0.7915	0.3866	0.3600	17.5148
3.0010	7.7310	0.5832	0.0170	0.7384	0.3866	0.3701	17.1356
3.1640	8.2100	0.6300	0.0195	0.7963	0.4220	0.4000	18.6134
3.1990	8.3900	0.6600	0.0218	0.8117	0.4220	0.4000	19.7257
2.6180	8.1220	0.6600	0.0220	0.8117	0.4220	0.4000	19.5741
2.6290	8.2430	0.6600	0.0225	0.8117	0.4220	0.4000	19.7062
2.6410	8.4490	0.6600	0.0225	0.8117	0.4220	0.4000	19.9260
2.6480	8.4870	0.6600	0.0225	0.8117	0.4220	0.4000	19.8820
N/A	8.4430	0.7470	0.0225	0.8117	0.4220	0.4000	19.7960

City of St. Pete Beach, Florida  
 Schedule 9  
 Principal Property Tax Payers  
 Current Year and Nine Years Ago

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Don Cesar Resort Hotel	\$ 49,188,002	1	1.74%	\$ 41,647,720	1	3.42%
Nicklaus, H Gregg Tre	26,800,000	2	0.95%	20,901,100	3	1.72%
Dolphin Village Partners LLC	17,035,438	3	0.60%			
RIA - Breckenridge, Inc.	16,600,000	4	0.59%			
RIA - Sandpiper Inc.	15,600,000	5	0.55%			
Grand Plaza Resorts Inc.	11,100,000	6	0.39%			
St. Pete Partners LLC	11,019,599	7	0.39%			
RIA - Tradewinds, Inc.	9,760,000	8	0.35%			
Dolphin Holdings, LTD	9,700,000	9	0.34%	8,547,300	10	0.70%
Alden Enterprises, Inc.	9,100,000	10	0.32%	9,043,100	9	0.74%
Reef Resort Condo Assn.				9,163,600	7	0.75%
Resort Inns of America, Inc.				28,723,600	2	2.36%
Dale R. Hughes				12,747,500	5	1.05%
Resort Industries, Inc.				13,000,000	4	1.07%
Irving M. Rosenblum				9,120,700	8	0.75%
National Realty Holdings, Inc.				10,110,100	6	0.83%
Total Principal Taxpayers	175,903,039		7.73%	\$ 163,004,720		13.38%
All Other Taxpayers	2,100,455,433		92.27%	1,055,193,610		86.62%
Total	<u>\$ 2,276,358,472</u>		<u>100%</u>	<u>\$ 1,218,198,330</u>		<u>100%</u>

Source:

Pinellas County Property Appraiser's Office

City of St. Pete Beach, Florida  
 Schedule 10  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2010	\$ 5,824,746	\$ 5,655,614	97.10%
2009	6,254,168	6,057,622	96.86%
2008	6,881,762	6,662,973	96.82%
2007	7,436,148	7,205,756	96.90%
2006	6,564,338	6,361,917	96.92%
2005	5,702,940	5,514,840	96.70%
2004	5,055,044	4,898,802	96.91%
2003	4,509,854	4,365,962	96.81%
2002	3,951,156	3,820,809	96.70%
2001	3,588,568	3,483,568	97.07%

Note:

Subsequent year collections are minimal, therefore only total tax collected within the fiscal year is presented.

Source:

Pinellas County Property Appraiser

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## **Schedules of Debt Capacity Information**

These schedules present information to help the reader understand and assess the City's debt burden and its ability to issue additional debt.

There are no limitations placed upon the amount of debt the City of St. Pete Beach may issue by either the City Charter or the City's Code of Ordinances, or by Florida Statutes.

City of St. Pete Beach, Florida  
 Schedule 11  
 Direct and Overlapping Governmental Activities Debt  
 As of September 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Pinellas County School Board Capital Leases (2)	\$ 15,666,172	3.77%	\$ 590,782
Pinellas County Capital Leases (2)	30,814	3.77%	1,162
Pinellas County School Board (Overlapping) (2)	<u>29,955,000</u>	3.77%	<u>1,129,624</u>
Total Overlapping Debt	45,651,986		1,721,568
City direct debt	<u>10,222,577</u>	100.00%	<u>10,222,577</u>
Total direct and overlapping governmental activities debt	<u>\$ 55,874,563</u>		<u>\$ 11,944,145</u>
Total direct and overlapping governmental activities debt per capita (2) (3)			<u>\$ 1,191</u>

Notes:

- (1) The City's share is calculated based on the ratio of the 2009 City Taxable Value of \$ 2,276,358,472 to the County's Taxable Value of \$ 60,363,734,938.
- (2) The City of St. Pete Beach is not responsible for the debt of the County or School Board.
- (3) 2010 permanent St. Pete Beach population at 10,026.

Source:

Pinellas County, Florida; City of St. Pete Beach Finance Department; University of Florida

City of St. Pete Beach, Florida  
Schedule 12  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type	
	General Obligation Bonds 1993	Revenue Bond Series 2001A	Revenue Bond 2006A	Capital Leases Payable	State Revolving Loan 1992	State Revolving Loan 2002
2010	\$ 460,000	\$ 560,000	\$ 2,875,000	\$ 444,186	\$ 2,691,948	\$ 207,448
2009	600,000	820,000	3,170,000	214,561	3,176,220	220,276
2008	730,000	1,065,000	3,455,000	490,269	3,643,880	232,722
2007	855,000	1,300,000	3,725,000	663,950	4,095,498	244,796
2006	975,000	1,525,000	-	829,920	4,531,626	256,511
2005	1,090,000	1,740,000	-	228,222	4,952,795	267,876
2004	1,200,000	1,950,000	-	56,230	5,359,518	278,902
2003	1,305,000	2,150,000	-	139,081	5,752,290	297,377
2002	1,405,000	2,350,000	-	216,192	6,131,591	284,364
2001	1,500,000	-	-	218,490	6,497,883	-

Activities			General Bonded Debt			
State Revolving Loan 2005	Capital Leases Payable	Total Primary Government	Percentage of Actual Taxable Value of Property	Per Capita	Percentage of Personal Income	Per Capita
\$ 2,919,867	\$ 64,128	\$ 10,222,577	0.020%	\$46	0.09%	\$ 1,020
3,083,084	93,955	11,378,102	0.023%	\$59	0.12%	1,124
2,976,163	-	12,593,040	0.026%	\$72	0.15%	1,236
2,753,865	-	13,638,115	0.031%	85	0.22%	1,352
1,529,010	-	9,647,073	0.043%	97	0.27%	962
73,117	-	8,352,010	0.057%	109	0.28%	836
-	-	8,844,650	0.071%	120	0.33%	886
-	-	9,643,748	0.087%	131	0.40%	967
-	-	10,387,147	0.104%	141	0.45%	1,043
-	-	8,216,373	0.123%	151	0.44%	827

City of St. Pete Beach, Florida  
 Schedule 13  
 Pledged-Revenue Coverage  
 Last Ten Fiscal Years

Year	Ad valorem Taxes	General Obligation Bonds 1993			Reclaimed Water Service Charges	Less: Operating Expenses (B)	Plus: Sinking Fund - Sale of U.S. Treasury Zero Coupon Bonds	Net Available Revenue	State Revolving Loan,	
		Principal	Interest	Coverage					Principal	Interest
2010	\$ 171,500	\$ 140,000	\$ 31,500	1.00	\$ 591,590	\$ 432,211	\$ 500,000	\$ 659,379	\$ 484,272	\$ 112,829
2009	168,325	130,000	38,325	1.00	525,084	524,699	500,000	500,385	467,660	129,441
2008	170,383	125,000	44,575	1.00	545,836	399,199	500,000	646,637	451,618	145,482
2007	171,383	120,000	50,575	1.00	548,495	416,599	500,000	631,896	436,128	160,973
2006	172,133	115,000	57,133	1.00	551,893	421,297	500,000	630,596	421,169	175,933
2005	172,413	110,000	62,413	1.00	539,341	408,253	500,000	631,088	406,723	190,378
2004	172,337	105,000	67,337	1.00	537,314	360,088	500,000	677,226	392,772	204,329
2003	171,938	100,000	71,938	1.00	531,719	365,261	500,000	666,458	379,301	217,800
2002	171,117	95,000	76,117	1.00	529,927	334,613	500,000	695,314	366,292	230,809
2001	169,789	90,000	79,789	1.00	496,394	315,300	500,000	681,094	353,729	243,372

Note:

(A) The Revenue Bonds Series 2001A and 2006A are secured by non - ad valorem revenues. The City has utilized the infrastructure sales surtax revenue as the source for debt payments.

(B) Operating expenses are stated net of depreciation expense.

<u>1992</u> <u>Coverage</u>	Sewer Service Charges	Less: Operating Expenses (B)	Net Available Revenue	State Revolving Loan 2003 and 2005			Infrastructure Sales Tax	Revenue Bonds Series 2001A and Series 2006A		
				Principal	Interest	Coverage		Principal	Interest	Coverage
1.10	\$ 4,541,287	\$ 3,187,248	\$ 1,354,039	\$ 176,301	\$ 85,776	5.17	\$ 805,652	\$ 555,000	\$ 180,450	1.10
0.84	3,719,270	3,230,610	488,660	175,370	86,708	1.86	808,949	530,000	\$ 204,475	1.10
1.08	3,222,774	3,349,795	(127,021)	178,518	83,807	<b>None</b>	920,711	505,000	\$ 223,084	1.26
1.06	2,944,746	3,890,969	(946,223)	201,181	60,897	<b>None</b>	947,581	415,000	\$ 201,857	1.54
1.06	2,846,516	2,945,427	(98,911)	11,365	8,084	<b>None</b>	979,980	215,000	\$ 78,788	3.34
1.06	2,755,062	2,888,438	(133,376)	11,026	9,423	<b>None</b>	927,344	210,000	87,825	3.11
1.13	2,807,469	2,707,164	100,305	8,102	8,866	5.91	847,225	200,000	95,275	2.87
1.12	N/A	N/A	-	N/A	N/A	-	800,759	200,000	101,775	2.65
1.16	N/A	N/A	-	N/A	N/A	-	N/A	N/A	N/A	-
1.14	N/A	N/A	-	N/A	N/A	-	N/A	N/A	N/A	-

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## **Schedules of Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, and to facilitate comparison of financial statement information over time.

City of St. Pete Beach, Florida  
 Schedule 14  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2010	10,026	\$ 493,880,760	\$ 49,260	56.8	102,672	12.1%
2009	10,121	491,050,678	48,518	56.4	103,302	11.1%
2008	10,192	479,941,280	47,090	55.9	104,717	7.1%
2007	10,085	384,087,225	38,085	44.1	113,651	4.3%
2006	10,032	357,209,424	35,607	44.2	113,651	3.4%
2005	9,989	394,695,357	39,513	44.0	108,930	3.8%
2004	9,985	358,840,930	35,938	43.6	110,120	4.4%
2003	9,978	323,367,024	32,408	43.4	110,051	5.2%
2002	9,960	311,957,160	31,321	43.6	110,101	5.5%
2001	9,932	343,041,348	34,539	43.0	108,545	4.1%

Sources:

- (1) Pinellas County Bureau of Economic Development
- (2) Pinellas County Schools - elementary through high school for Pinellas' County School District.
- (3) U.S. Department of Labor - Bureau of Labor Statistics - Pinellas County

City of St. Pete Beach, Florida  
 Schedule 15  
 Principal Employers, St. Pete Beach  
 Current Year and Four Years Ago

Employer	2010		2006	
	Employees	Rank	Employees	Rank
Tradewinds Island Resorts	650	1	637	1
The Don Cesar Beach Resort	550	2	513	2
Sirata Beach Resort	300	3	239	3
City of St. Pete Beach	119	4	140	5
Fortune Hotels Inc.	100	5		
Grand Plaza Hotel	100	6	137	6
Hurricane Lounge, Inc.	100	7	100	9
Sandpiper Hotel & Suites	99	8	153	4
Beachcomber Beach Resort & Htl	85	9	75	10
Dolphin Beach Resort	83	10		
Publix Super Markets			129	8
Grace Healthcare of St. Petersburg			134	7
	<u>2,186</u>		<u>2,257</u>	

Source:

Pinellas County Economic Development Department.

(1) The information pertaining to the principal employers for nine years ago is not available. The earliest information is for 2006.

## **Schedules of Operating Information**

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

City of St. Pete Beach, Florida  
 Schedule 16  
 Full-time Equivalent City Government Employees by Function/Program  
 Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of September 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government										
City Manager	3.0	3.0	4.0	5	5	4	4	4	4	4
City Clerk	3.5	3.5	4.5	4.5	4.5	5	5	5	5	3
Community Development	6.0	7.0	9.0	10	3	4	2	2	3	3
Finance	3.0	3.0	4.0	4	4	4	4	4	4	5
Library	6.0	7.0	7.0	-	-	-	-	-	-	-
Information Technology	3.0	3.0	3.0	3	3	3	2	2	3	1
Police	35.0	37.0	44.0	44	44	43	41	42	40	44
Fire	26.8	30.0	32.0	32	32	32	32	31	32	30
Public Services	33.0	33.2	36.5	16	24	24	25	24	25	33
Leisure Services	0.0	0.0	-	24	20	21	24	24	26	17
	<u>119</u>	<u>127</u>	<u>144.0</u>	<u>143</u>	<u>140</u>	<u>140</u>	<u>139</u>	<u>138</u>	<u>142</u>	<u>140</u>

Source:

Human Resource Office

Note: Leisure Services Department dissolved. Library now recorded separately.  
 Parks and recreation staff recorded in Public Services

City of St. Pete Beach  
 Schedule 17  
 Operating Indicators by Function/Program  
 Last Nine Fiscal Years

Function/Program	2010	2009	2008	2007	2006
<b>Police</b>					
Calls for Service	16,038	19,672	26,853	29,428	27,980
Felony Arrests	145	190	235	222	208
Traffic Enforcement	2,118	2,760	4,614	4,253	3,783
Parking Violations	3,778	3,559	3,862	5,800	5,170
<b>Fire</b>					
Medical	1,946	2,033	1,951	2,182	2,126
Structure Response	97	95	95	141	151
Auto Crash	118	143	134	209	198
Water Rescue	38	38	30	28	45
<b>Public Works</b>					
Street resurfacing (miles)	0 mile	0 mile	0 mile	0 mile	1 mile
<b>Recreation</b>					
Summer Camp	166	170	172	65	63
Classes Offered	65	119	72	55	13
Program Participants	3,009	2,608	4,616	3,646	2,168
Rentals	283	329	298	203	84
<b>Library</b>					
Materials Borrowed	138,946	160,874	124,537	129,690	134,077
Reference Questions	6,539	1,172	1,709	4,703	5,036
<b>Sewer</b>					
Average daily flow	2.59 mgd	2.61 mgd	2.62 mgd	2.61 mgd	2.83 mgd
Miles of sewer lines	41.5	41.5	41.5	41.5	41.5
<b>Reclaimed Water</b>					
New Connections	3	8	18	16	26
Average daily consumption	2.8mgd	1.8mgd	2.57 mgd	2.59 mgd	2.99 mgd

Source:

Various Government Departments

Note: Data prior to FY 2002 not available.

2005	2004	2003	2002
25,545	21,914	22,472	25,666
138	135	134	196
3,055	2,233	3,006	3,612
6,380	6,747	7,773	6,626
2,041	1,979	1,494	1,469
231	182	166	214
77	209	173	158
48	30	40	26
1.1 miles	2.2 miles	N/A	N/A
103	116	106	93
9	12	8	N/A
1,668	2,088	1,497	N/A
156	108	132	N/A
125,823	124,336	121,258	124,322
4,810	2,844	1,422	1,407
2.86 mgd	3.00 mgd	2.77 mgd	2.77
41.5	41.5	41.5	41.5
42	20	28	28
2.93 mgd	2.10 mgd	2.02 mgd	2.02 mgd

City of St. Pete Beach, Florida  
Schedule 18  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police						
Stations	1	1	1	1	1	1
Fire						
Stations	2	2	2	2	2	2
Libraries						
Main	1	1	1	1	1	1
Checked out Volumes	138,946	176,031	134,077	125,823	124,336	121,258
Public Schools						
Gulf Beach Elementary (students)	0	0	390	390	390	390
Public works						
Streets (miles)	45.73	45.73	45.73	45.73	45.73	45.73
Recreation						
Parks (acres)	35.5	34.7	34.7	34.7	34.7	34.7
Beaches (acres)	39.8	39.8	39.8	39.8	39.8	39.8
Playgrounds	7	7	7	5	5	5
Picnic areas	6	6	6	5	5	5
Fishing piers	2	2	2	2	2	2
Fishing areas	5	5	5	5	5	5
Boat ramps	2	2	2	2	2	2
Tennis courts	9	9	9	9	9	9
Baseball fields	3	3	3	3	3	3
Basketball courts	3	3	3	3	3	3
Water						
					Owned and operated by Pinellas County	
Wastewater						
Sanitary sewers (miles)	37	37	37	37	37	37
Pump stations	17	17	17	17	17	17
Average daily flow (mgd)	2.6	2.6	2.6	2.8	2.8	3.0
Reclaimed water						
Reclaimed lines (miles)	40	40	40	40	40	40
Number of connections	1	1	1	1	1	1

Source:

Various City Departments

2004	2003	2002	2001
1	1	1	1
2	2	2	2
1	1	1	1
122,332	123,015	120,000 est.	120,000 est.
390	390	390	390
45.73	45.73	45.73	45.73
34.7	34.7	34.7	34.7
39.8	39.8	39.8	39.8
5	5	5	5
5	5	5	5
2	2	2	2
5	5	5	5
2	2	2	2
9	9	9	9
3	3	3	3
3	3	3	3
37	37	37	37
17	17	17	17
2.8	2.8	2.8	2.8
40	40	40	40
1	1	1	1

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## **Other Reports**

This section contains the Auditor's Reports required by *Government Auditing Standards*, issued by the Comptroller General of the United States and the Auditor General of the State of Florida.

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, Members of  
the City Commission and City Manager  
City of St. Pete Beach, 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 St. Pete Beach, Florida (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 17, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Wells, Houser & Schatzel, P.A.*

March 17, 2011

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor, Members of  
the City Commission and City Manager  
City of St. Pete Beach, Florida

We have audited the financial statements of the City of St. Pete Beach, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated March 17, 2011.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in this report, which is dated March 17, 2011, 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 government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

1. The Rules of the Auditor General Section 10.554 (1)(i) 1., requires that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
2. The Rules of the Auditor General Section 10.554 (1)(i) 2., requires our audit to include 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 St. Pete Beach, Florida complied with Section 218.145, Florida Statutes.
3. The Rules of the Auditor General Section 10.554 (1)(i) 3., requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
4. 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.
5. 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 financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, and 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.
6. The Rules of the Auditor General Section 10.554 (1)(i) 6. requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City's legal authority is disclosed in Note A to the financial statements.

7. Rules of the Auditor General Section 10.554 (1)(i) 7.a., requires a statement be included as to whether or not the local government entity has met one or more conditions described in Section 218.503(1), Florida Statutes, "Determination of Financial Emergency" and identification of the specific condition(s) met. In connection with our audit, we determined that the City of St. Pete Beach, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
8. Rules of the Auditor General Section 10.554 (1)(i) 7.b., requires that we determine whether the annual financial report for the City of St. Pete Beach, Florida, for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
9. Pursuant to Sections 10.554 (1)(i) 7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of St. Pete Beach, Florida'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 Commission, 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.

*Wells, Housa & Schatzel, P.A.*

March 17, 2011