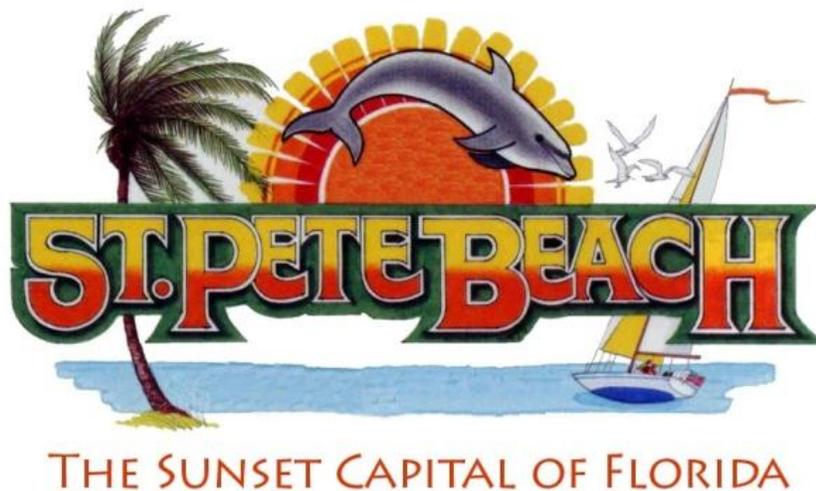


CITY OF ST. PETE BEACH, FLORIDA

Comprehensive Annual Financial Report

For the Year Ended September 30, 2011



CITY OF ST. PETE BEACH, FLORIDA

**Comprehensive
Annual Financial Report**

For the Year Ended September 30, 2011

Prepared by Finance Department

CITY OF ST. PETE BEACH,
FLORIDA

CITY COMMISSION / CITY MANAGER
FORM OF GOVERNMENT

CITY COMMISSION

Steve McFarlin
MAYOR

Beverly Garnett
VICE-MAYOR

Jim Parent

Al Halpern

Marvin Shavlan

CITY OFFICIALS

Michael P. Bonfield
CITY MANAGER

CITY CLERK
Rebecca Haynes

CITY ATTORNEY
Michael Davis

FINANCE & LIBRARY DIRECTOR
Elaine Edmunds

POLICE CHIEF
Charles D. Romine

IT DIRECTOR
Donald Burkhardt

FIRE CHIEF
Dan Graves

COMMUNITY DEVELOPMENT DIRECTOR
Karl Holley

PUBLIC SERVICES DIRECTOR
Steven Hallock

Introductory Section

CITY OF ST. PETE BEACH, FLORIDA

SEPTEMBER 30, 2011

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Letter of Transmittal



City of St. Pete Beach

155 Corey Avenue

St. Pete Beach, Florida 33706-1839

727-367-2735

March 18, 2012

The Honorable Mayor and City Commission www.stpetebeach.org
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, 2011, 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, 2011 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, 2011, and 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 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 10,063. 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, sewer services, reclaimed water and stormwater management 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 several 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 2.6718 compared to the 2010 millage rate of 2.4834.

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. 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,

The Honorable Mayor and City Commission
 March 17, 2012

whichever is less. With respect to non-homesteaded 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 becomes 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 2.4834 to 2.6718. This millage is equal to the allowable roll back rate and will generate the same amount of tax revenue as the previous year.

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.

The latest CIP was adopted by the City Commission for FY 2012 through FY 2016. 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 implemented a stormwater fee which was assessed on all property tax bills beginning November 1, 2010. The initial fee is \$36 per property. These monies were used to hire a consultant to determine an equitable equivalent residential unit (ERU) for future charges. The ERU rate was determined to be \$44.30 and has been implemented in fiscal year 2012.

Projected Property Tax and Utility Rate Increases					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Property Tax (mills)	7.26%	TBD	TBD	TBD	TBD
Wastewater	0%	TBD	TBD	TBD	TBD
Reclaimed Water	14%	TBD	TBD	TBD	TBD
Stormwater Fee	\$36 flat fee plus \$44.30 per ERU annually	TBD	TBD	TBD	TBD

MAJOR INITIATIVES

The city commission is committed to increasing the general fund’s unassigned fund balance. Since the city is located on a barrier island, the commission has set a goal of an unassigned fund balance equal to 25% of annual expenditures. Currently, the general fund’s unassigned fund balance equates to 23% of annual expenditures or

The Honorable Mayor and City Commission
March 17, 2012

\$166,682 short of this goal. The City of St. Pete Beach has made a concerted effort not to use any reserves to balance the budget during these challenging economic times. To compensate for the decrease in revenues, the City has eliminated twenty five full time equivalent positions over the past four years. The transfer to the capital projects fund has been maintained at \$475,000 which is the same amount as transferred in fiscal year 2010. 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 is currently in collective bargaining with all three unions to freeze the plans and replace them with defined contribution plans for the members.

The Wastewater and Reclaimed Water fund were previously reported for as special revenue funds and were converted to enterprise funds in fiscal year 2010. 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, 2010. This is the fifteenth 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

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, 2010

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.



Linda C. Danison

President

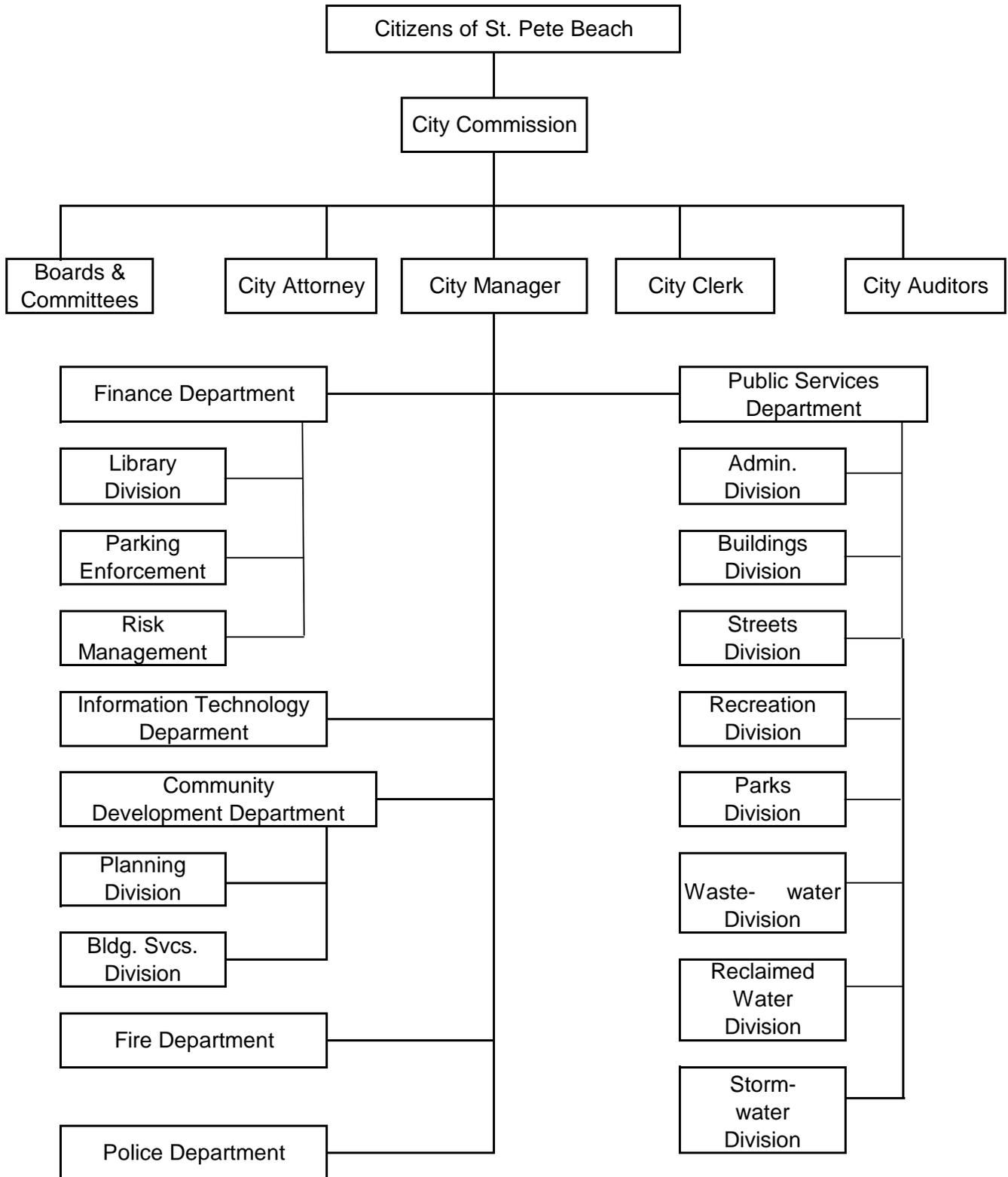
Jeffrey R. Emer

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, 2010 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, 2011, 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 2010 financial statements and, in our report dated March 17, 2011, 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, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 12 and the budgetary comparison information on pages 63 to 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining financial statements, other supplementary financial schedules listed in the table of contents and statistical section are presented for additional analysis and are not a required part of the financial statements. The required supplementary budgetary information, 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on or provide any assurance on them.

Wells, Houser & Schatzel, P.A.

March 18, 2012

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 2011, the assets for the City of St. Pete Beach exceeded the liabilities by \$40,784,912 (net assets). Of this amount, \$4,692,088 (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 \$2,470,139. Of this amount, \$1,705,803 is attributable to an increase in the investment in capital assets net of related debt. All assets purchased were paid for with cash and no further debt was incurred. The reclaimed water fund had a rate increase that resulted in an increase in revenue of \$92,015 and the implementation of a stormwater assessment resulted in \$264,594 of revenues. The general fund was budgeted to have an excess of revenues over expenditures of \$290,760. The actual excess revenue over expenditures was \$576,478. A more detailed explanation can be found on pages 7 and 17.
- As of September 30, 2011, the City of St. Pete Beach's governmental funds reported combined ending fund balances of \$4,888,172 which is a decrease of \$109,408 over the previous year. Approximately 62% or \$3,031,689 the total fund balance is available for spending at the City's discretion (unassigned fund balance.)
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,229,855, or 23% of total general fund expenditures.
- There was no increase in long term debt. Long term debt payments made in fiscal year 2011 resulted in an overall decrease of \$1,882,678.
- Prior to Fiscal Year 2010, the wastewater and reclaimed water funds were reported as special revenue funds and have since been converted to enterprise funds. Additionally, the new stormwater fund has also been established as an enterprise fund. 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 implemented a stormwater fee which was assessed on all property tax bills beginning November 1, 2010. The initial fee is \$36 per property. These monies were used to hire a consultant to determine an equitable equivalent residential unit (ERU) for future charges. In November 2011 the second tier of the stormwater assessments was instituted and charged to the properties in the City.

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 14-15) 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 16-17) 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 (see pages 14 -17) 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, 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 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 government-wide financial statements can be found on pages 14 – 17 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 basic 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 fiduciary fund financial statements can be found on pages 28-29 and 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 \$40,784,912.

More than 81% (\$33,362,758) 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's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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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	
	2011	2010	2011	2010	2011	2010
Current assets	\$5,373,420	\$5,045,448	\$3,131,651	\$2,214,245	\$8,505,071	\$7,259,693
Non-current other assets	699,559	1,014,678	1,746,367	2,224,333	2,445,926	3,239,011
Capital assets	27,948,730	28,042,451	13,753,926	13,837,082	41,702,656	41,879,533
Total Assets	34,021,709	34,102,577	18,631,944	18,275,660	52,653,653	52,378,237
Current liabilities	1,865,831	1,962,499	1,436,956	1,614,015	3,302,787	3,576,514
Long-term liabilities less current portion	2,933,080	3,975,427	5,136,265	6,183,087	8,069,345	10,158,514
Other non-current liabilities	472,832	315,109	23,777	13,327	496,609	328,436
Total Liabilities	5,271,743	6,253,035	6,596,998	7,810,429	11,868,741	14,063,464
Net Assets:						
Invested in capital assets, net of related debt	24,778,730	23,703,266	8,584,028	7,953,689	33,362,758	31,656,955
Restricted	369,866	382,107	2,360,200	2,761,992	2,730,066	3,144,099
Unrestricted	3,601,370	3,764,169	1,090,718	(250,450)	4,692,088	3,513,719
Total net assets	28,749,966	27,849,542	12,034,946	10,465,231	40,784,912	38,314,773

Restricted assets apply to assets whose use is subject to constraints that are either external or imposed by law. Outside restrictions include debt covenants (\$2,360,200), restricted donations for the library (\$198,063) state restrictions on confiscated property (\$5,325), and county restrictions on transportation impact fees collected (\$166,478). Taking this into account, the balance of unrestricted net assets (\$4,692,088) may be used to meet the City's ongoing obligations to citizens and creditors.

There was a decrease of \$401,792 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 the State of Florida Revolving Loan Fund.

The government's net assets increased by \$2,470,139 during the current fiscal year. About two thirds of this increase represents the increase in capital assets, net of related debt. The city reduced long term debt through scheduled payments and purchased new assets without the issuance of additional debt. The remainder of the growth largely reflects an increase in wastewater and reclaimed water fees charged to customers as well as the assessment for stormwater improvements.

Governmental Activities

Governmental activities increased the City of St. Pete Beach's net assets by \$900,424, thereby accounting for 36% 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 page 16-17.

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$2,689,205	\$2,366,977	\$5,558,818	\$5,142,598	\$8,248,023	\$7,509,575
Operating grants and contributions	1,411,742	1,414,213	-		1,411,742	1,414,213
Capital grants and contributions	316,946	371,068	-		316,946	371,068
General revenues:						
Property taxes	5,659,947	5,655,614	-		5,659,947	5,655,614
Franchise fees	1,198,408	1,291,867	-		1,198,408	1,291,867
Utility taxes	2,124,927	2,238,043	-		2,124,927	2,238,043
State sales tax	485,227	480,771	-		485,227	480,771
Infrastructure tax	719,060	805,652	-		719,060	805,652
Local option gas tax	126,339	139,354	-		126,339	139,354
Impact fees	-	1,074	9,939	17,898	9,939	18,972
State excise tax - public safety	244,087	252,317	-		244,087	252,317
Other taxes	45,701	45,060	-		45,701	45,060
State revenue sharing	264,996	263,617	-		264,996	263,617
Investment income	2,491	6,892	26,434	100,152	28,925	107,044
Miscellaneous	105,241	116,770			105,241	116,770
Total revenues	15,394,317	15,449,289	5,595,191	5,260,648	20,989,508	20,709,937
Expenses:						
General government	1,975,312	2,306,345			1,975,312	2,306,345
Community development	581,888	593,337			581,888	593,337
Library	571,243	552,497			571,243	552,497
Parking Enforcement	267,877	-			267,877	-
Public safety - police	3,884,179	4,048,923			3,884,179	4,048,923
Public safety - fire	3,047,866	3,100,901			3,047,866	3,100,901
Public services	3,962,149	3,872,799			3,962,149	3,872,799
Wastewater			3,052,904	3,467,822	3,052,904	3,467,822
Reclaimed water			819,844	778,626	819,844	778,626
Stormwater			152,728	110,227	152,728	110,227
Interest on long term debt	203,379	255,846	-	-	203,379	255,846
Total expenses	14,493,893	14,730,648	4,025,476	4,356,675	18,519,369	19,087,323
Increase in net assets	900,424	718,641	1,569,715	903,973	2,470,139	1,622,614
Net Assets 10/1/10	27,849,542	27,130,901	10,465,231	9,561,258	38,314,773	36,692,159
Net Assets 9/30/11	28,749,966	27,849,542	12,034,946	10,465,231	40,784,912	38,314,773

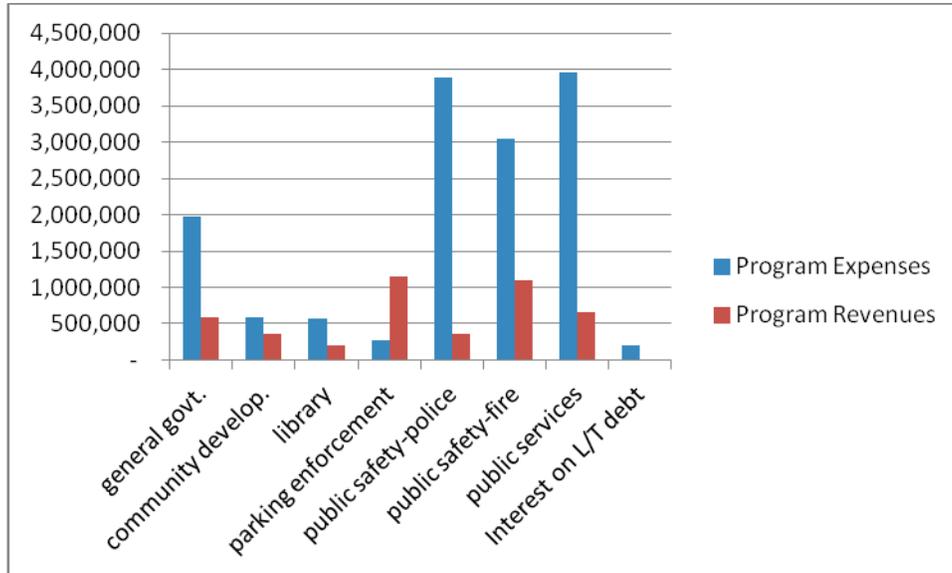
- Property taxes were only slightly higher (\$4,333) than the previous year because the City adopted the roll-back millage rate which is designed to bring in the same amount of revenue as the previous year. Property values actually decreased 6.8%. This decrease was offset by an increase in the ad valorem millage rate from 2.4834 to 2.6718 which was equivalent to the roll-back rate.

- Franchise fees and utility taxes decreased by \$206,578 (5.8%) which is attributable to a decrease in the amount collected for electric franchise and utility tax fees. The area experienced an extremely cold winter the previous year which increased usage thereby increasing revenues in fiscal year 2010.

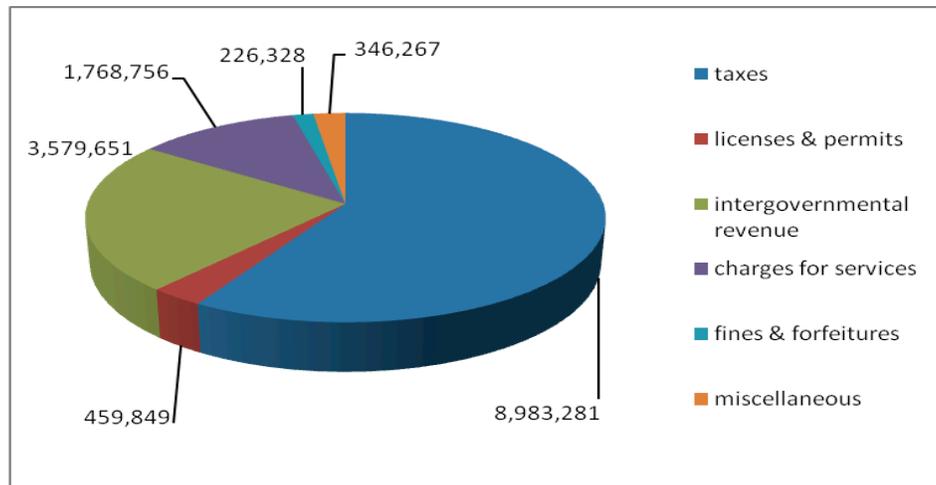
Governmental Activities

Governmental activities increased the City’s net assets by \$900,424 which, when added to the increase in net asset of the business-type activities, resulted in a total increase in net assets of \$2,470,139.

Expenses and Revenues – Governmental Activities



Revenues by Source - Governmental Activities



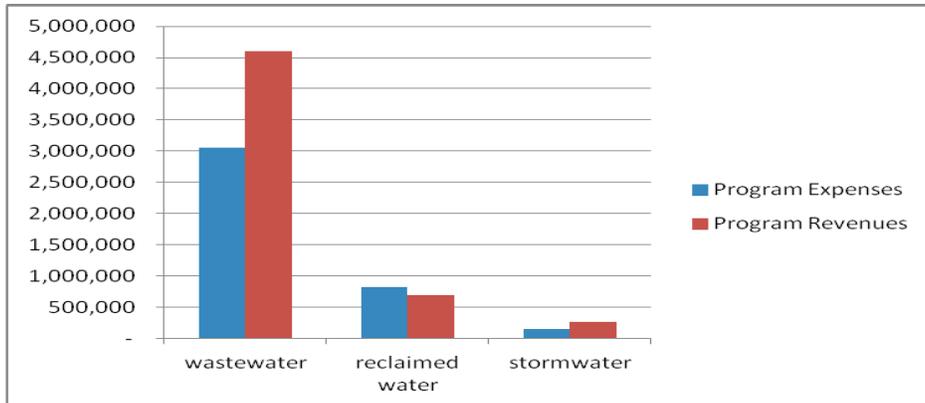
For the most part, expenses continued to decrease due to cutbacks in operating costs necessary to offset decreases in revenues. Parking enforcement was moved from being reported under the police department to the finance department. This accounts for the slight decrease in the police department budget from the previous year. The City continues to experience high attorney fees due to litigation over the City redevelopment plan. Extra legal costs were down, however, from the previous year’s amount of \$481,814 to \$312,470. The streets division purchased a bucket

truck in the amount of \$88,410. The City is now the sponsor of the St. Pete Beach Classic running event which resulted in an increase in recreational revenue of \$52,660 and a corresponding increase in recreational costs of \$54,230.

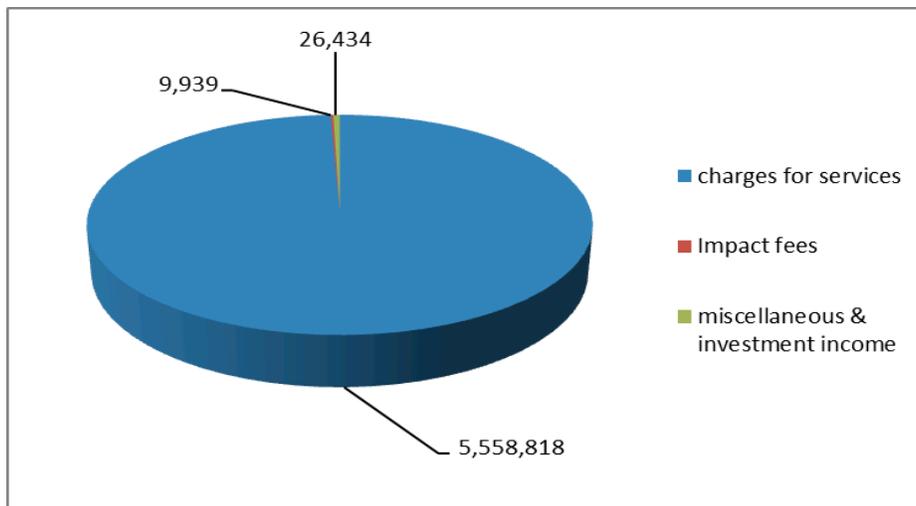
Business-type Activities

Business-type activities increased the City’s net assets by \$1,569,715 which, when added to the increase in net asset of the governmental activities, resulted in a total increase in net assets of \$2,470,139.

Expenses and Revenues – Business-type Activities



Revenues by Source – Business Activities



Charges for services for business-type activities increased by \$416,220 or 8%. Reclaimed water accounts for a significant portion of this increase resulting from a 25% rate increase in October 2010. The fees for reclaimed water 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 and replenish reserves. There is an additional fee increase of 14% scheduled for October 2011.

A stormwater assessment fee in the amount of \$36 per property was placed on the tax rolls and collected in fiscal year 2011. This resulted in \$264,594 of additional revenue. A second tier of the stormwater assessment was invoiced in January 2012. This assessment is based on \$44.30 per equivalent residential unit and is expected to generate approximately \$350,000.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$4,888,172, a decrease of \$109,408 in comparison to the prior year. Approximately 19% of this amount (\$920,961) is non-spendable. Non-spendable refers to assets that cannot be spent because of their form and include items such as inventory, prepaid expenses and long term receivables. Another 7.5% of this amount (\$369,866) is restricted which means there are externally enforceable limitations on the use of the funds. Such limitations have been placed by contributors or laws and regulations of other governmental entities. Approximately 12% of this amount (\$565,656) has been assigned for the payment of compensated absences. Compensated absences refer to paid time off made available to employees in connection with vacation leave and sick leave. The unassigned balance is 63% (\$3,081,690) which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At September 30, 2011, the unassigned balance of the general fund was \$3,229,855 while the total fund balance was \$4,914,535. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.3% of total general fund expenditures while total fund balance represents 37% of that same amount.

The fund balance of the City's general fund increased by \$576,478 during the current fiscal year. This represents a positive variance in comparison to the final revised budget which estimated an increase of \$290,760.

Proprietary Funds: As mentioned previously, the wastewater and reclaimed water funds 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, 2011 show a positive balance of \$1,090,718 compared to a negative balance of \$250,450 the previous year. A rate study for wastewater and reclaimed water was completed at the end of fiscal year 2010. For wastewater, this resulted in a 25% rate increase in October 2010 followed by a 7.5% rate increase in October 2011. Reclaimed water rates were increased 25% in October 2010 followed by a 14% increase in October 2011. Additionally, the stormwater fund was established in fiscal year 2010. The assessment of \$36 per property to pay for the establishment of this fund was collected in fiscal year 2011. A second tier of the stormwater assessment based on impervious surface is scheduled for fiscal year 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$289,960 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$105,000 supplemental appropriation for funding extra legal costs associated with multiple land development lawsuits.
- \$57,500 supplemental appropriation for funding the St. Pete Beach Classic race. This increase in funding was offset by an increase in revenues for the same amount.
- \$52,460 supplemental appropriation for additional funding needed to purchase of a bucket truck.
- \$20,000 supplemental appropriation to fund the purchase of a self check out station at the public library.
- \$17,000 supplemental appropriation to help fund the police department's purchase of a new records management system.

Increases in items not funded through a grant or increase in intergovernmental funding were possible because of additional anticipated revenues, primarily in parking fees and donations.

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, 2011 amounts to \$41,702,656 (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:

- Installation of a fabric curtain to harden the police station
- Horan park lighting
- Street rehabilitation, seawall and sidewalk repairs
- Installation of energy efficiency improvements in various city facilities

City of St. Pete Beach's Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2011	2010	2011	2010	2011	2010
Land	\$3,698,977	\$3,688,072	\$310,117	\$310,117	\$4,009,094	\$3,998,189
Capital projects in process	59,937	-	-	-	59,937	-
Building and improvements	16,111,547	16,329,214	-	-	16,111,547	16,329,214
Furniture, machinery and equipment	1,311,507	1,409,964	181,250	161,304	1,492,757	1,571,268
Infrastructure	6,766,762	6,615,201	13,262,559	13,365,661	20,029,321	19,980,862
Total	27,948,730	28,042,451	13,753,926	13,837,082	41,702,656	41,879,533

Additional information on the City of St. Pete Beach's capital assets can be found in note F on page 45 of this report.

Long-term debt: At the end of the current fiscal year, the City of St. Pete Beach had total debt outstanding of \$8,339,898. Of this amount, \$315,000 comprises debt backed by the full faith and credit of the government and \$7,992,061 represents bonds and loans secured solely by specified revenue sources. The city is currently obligated under a capital lease for a sewer flusher apparatus vehicle. The outstanding balance of the lease of \$32,837 will be fully paid by July 2012.

City of St. Pete Beach' Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2011	2010	2011	2010	2011	2010
Revenue bonds and loans	\$2,855,000	\$3,435,000	\$5,137,061	\$5,819,263	\$7,992,061	\$9,254,263
General obligation bonds	315,000	460,000	-	-	315,000	460,000
Capital leases	-	444,185	32,837	64,128	32,837	508,312
Total	3,170,000	4,339,185	5,169,898	5,883,391	8,339,898	10,222,575

Additional information on the City of St. Pete Beach's long term debt can be found in note G on pages 46-47 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property values have continued to decline for the third consecutive year. Property values declined in fiscal year 2012 as well and the Pinellas County Property Appraiser is projecting another decline for fiscal year 2013.
- Since we are a tourist destination, the City is adversely impacted by downturns in the national as well as local economies. The number of business tax receipts issued has increased from 1,041 in fiscal year 2009 to 1,114 in fiscal year 2011 which is an increase of 7% and could be a positive sign of future recovery.
- 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 2012 fiscal year.

During the current fiscal year, unreserved, unassigned fund balance in the general fund increased to \$3,229,855. The City was able to balance the 2012 budget by increasing the millage rate from 2.6718 to 2.8569 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 plans 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, 2011

With Comparative Amounts for September 30, 2010

	2011			2010	
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 3,200	\$ 75	\$ -	\$ 3,275	\$ 3,725
Pooled cash and investments and cash equivalents	3,752,702	1,544,527	-	5,297,229	4,324,559
Restricted assets - State Revolving Loans:					
Pooled cash and investments	-	113,833	-	113,833	109,379
Investments, at fair value	-	500,000	-	500,000	500,000
Receivables					
Customer service charges	-	820,355	-	820,355	790,198
Other	266,204	12,489	-	278,693	287,938
Due from other funds	356,446	-	(356,446)	-	-
Due from other governments	633,350	45,649	-	678,999	456,537
Supplies inventory	559	72,825	-	73,384	61,399
Prepaid items	360,959	21,898	-	382,857	280,701
Total current assets	<u>5,373,420</u>	<u>3,131,651</u>	<u>(356,446)</u>	<u>8,148,625</u>	<u>6,814,436</u>
NON-CURRENT ASSETS					
Restricted assets - State Revolving Loans:					
Pooled cash and investments	-	258,787	-	258,787	262,278
Investments, at fair value	-	1,487,580	-	1,487,580	1,962,055
Due from other funds	668,960	-	(668,960)	-	-
Land and land rights	3,698,977	310,117	-	4,009,094	3,998,189
Buildings and other land improvements	22,441,295	-	-	22,441,295	22,012,617
Furniture, machinery and equipment	4,984,355	484,725	-	5,469,080	5,241,045
Infrastructure	12,398,462	20,451,138	-	32,849,600	32,008,459
Capital projects in process	59,937	-	-	59,937	-
Less: accumulated depreciation	(15,634,296)	(7,492,054)	-	(23,126,350)	(21,380,777)
Un-amortized debt costs	30,599	-	-	30,599	39,273
Total non-current assets	<u>28,648,289</u>	<u>15,500,293</u>	<u>(668,960)</u>	<u>43,479,622</u>	<u>44,143,139</u>
TOTAL ASSETS	<u>\$ 34,021,709</u>	<u>\$ 18,631,944</u>	<u>\$ (1,025,406)</u>	<u>\$ 51,628,247</u>	<u>\$ 50,957,575</u>

	2011				2010
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 194,323	\$ 44,826	\$ -	\$ 239,149	\$ 270,167
Accrued liabilities	600,800	21,477	-	622,277	523,576
Accrued interest payable	6,346	-	-	6,346	11,641
Due to other governments	144,716	211,984	-	356,700	373,856
Current portion of:					
Unearned revenue	117,070	-	-	117,070	136,455
Due to other funds	-	356,446	(356,446)	-	-
Compensated absences	42,576	2,769	-	45,345	52,781
Revenue bonds payable	605,000	-	-	605,000	580,000
General obligation bonds payable	155,000	-	-	155,000	145,000
Capital lease obligations	-	32,837	-	32,837	280,479
State Revolving Loan	-	152,785	-	152,785	147,923
Payable from restricted assets:					
Accrued interest payable - State					
Revolving Loan	-	61,556	-	61,556	74,852
State Revolving Loans - current portion	-	552,276	-	552,276	534,527
Total current liabilities	<u>1,865,831</u>	<u>1,436,956</u>	<u>(356,446)</u>	<u>2,946,341</u>	<u>3,131,257</u>
NON-CURRENT LIABILITIES					
Net other post employment benefit obligation	413,070	23,777	-	436,847	250,290
Unearned revenue	59,762	-	-	59,762	78,146
Due to other funds	-	668,960	(668,960)	-	-
Compensated absences	523,080	35,305	-	558,385	648,460
Revenue bonds payable	2,250,000	-	-	2,250,000	2,855,000
General obligation bonds payable	160,000	-	-	160,000	315,000
Capital lease obligations	-	-	-	-	227,837
State Revolving Loans	-	4,432,000	-	4,432,000	5,136,812
Total non-current liabilities	<u>3,405,912</u>	<u>5,160,042</u>	<u>(668,960)</u>	<u>7,896,994</u>	<u>9,511,545</u>
TOTAL LIABILITIES	<u>5,271,743</u>	<u>6,596,998</u>	<u>(1,025,406)</u>	<u>10,843,335</u>	<u>12,642,802</u>
NET ASSETS					
Investment in capital assets, net of related debt	24,778,730	8,584,028	-	33,362,758	31,656,955
Restricted:					
Debt service	-	2,360,200	-	2,360,200	2,761,992
Library	198,063	-	-	198,063	198,063
Law enforcement	5,325	-	-	5,325	17,530
Transportation improvements	166,478	-	-	166,478	166,514
Unrestricted	3,601,370	1,090,718	-	4,692,088	3,513,719
TOTAL NET ASSETS	<u>28,749,966</u>	<u>12,034,946</u>	<u>-</u>	<u>40,784,912</u>	<u>38,314,773</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,021,709</u>	<u>\$ 18,631,944</u>	<u>\$ (1,025,406)</u>	<u>\$ 51,628,247</u>	<u>\$ 50,957,575</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, 2011

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

FUNCTIONS / PROGRAMS	2011			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,975,312	\$ 450,656	\$ -	\$ 142,500
Community development	581,888	363,853	-	-
Library	571,243	25,048	173,606	10,000
Parking enforcement	267,877	1,143,883	-	-
Public safety - police	3,884,179	169,361	82,127	99,760
Public safety - fire	3,047,866	-	1,101,575	-
Public services	3,962,149	536,404	54,434	64,686
Interest on long-term debt	203,379	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	14,493,893	2,689,205	1,411,742	316,946
BUSINESS-TYPE ACTIVITIES				
Water pollution control - wastewater	3,052,904	4,596,497	-	-
Water pollution control - reclaimed water	819,844	697,727	-	-
Water pollution control - stormwater	152,728	264,594	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	4,025,476	5,558,818	-	-
TOTAL	\$ 18,519,369	\$ 8,248,023	\$ 1,411,742	\$ 316,946

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

Net assets - end of year

2011			2010
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Total
\$ (1,382,156)	\$ -	\$ (1,382,156)	\$ (1,866,941)
(218,035)	-	(218,035)	(195,056)
(362,589)	-	(362,589)	(335,211)
876,006	-	876,006	-
(3,532,931)	-	(3,532,931)	(2,667,438)
(1,946,291)	-	(1,946,291)	(1,992,210)
(3,306,625)	-	(3,306,625)	(3,265,688)
(203,379)	-	(203,379)	(255,846)
<u>(10,076,000)</u>	<u>-</u>	<u>(10,076,000)</u>	<u>(10,578,390)</u>
-	1,543,593	1,543,593	1,073,465
-	(122,117)	(122,117)	(177,315)
-	111,866	111,866	(110,227)
<u>-</u>	<u>1,533,342</u>	<u>1,533,342</u>	<u>785,923</u>
<u>(10,076,000)</u>	<u>1,533,342</u>	<u>(8,542,658)</u>	<u>(9,792,467)</u>
5,659,947	-	5,659,947	5,655,614
1,198,408	-	1,198,408	1,291,867
1,542,300	-	1,542,300	1,635,699
582,627	-	582,627	602,344
485,227	-	485,227	480,771
719,060	-	719,060	805,652
126,339	-	126,339	139,354
-	9,939	9,939	18,972
244,087	-	244,087	252,317
45,701	-	45,701	45,060
264,996	-	264,996	263,617
2,491	26,434	28,925	107,044
105,241	-	105,241	116,770
<u>10,976,424</u>	<u>36,373</u>	<u>11,012,797</u>	<u>11,415,081</u>
900,424	1,569,715	2,470,139	1,622,614
27,849,542	10,465,231	38,314,773	36,692,159
<u>\$ 28,749,966</u>	<u>\$ 12,034,946</u>	<u>\$ 40,784,912</u>	<u>\$ 38,314,773</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, 2011
With Comparative Total Amounts for September 30, 2010

	2011				2010
	General	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds	Total
ASSETS					
Cash	\$ 3,200	\$ -	\$ -	\$ 3,200	\$ 3,650
Pooled cash and investments and cash equivalents	3,580,026	873	171,803	3,752,702	3,599,706
Receivables					
Other	266,204	-	-	266,204	273,534
Due from other funds	1,379,552	-	-	1,379,552	1,420,662
Due from other governments	391,039	242,311	-	633,350	456,537
Supplies inventory	559	-	-	559	192
Prepaid insurance and deposits	251,622	-	-	251,622	158,863
TOTAL ASSETS	\$ 5,872,202	\$ 243,184	\$ 171,803	\$ 6,287,189	\$ 5,913,144
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 113,465	\$ 80,858	\$ -	\$ 194,323	\$ 252,932
Accrued liabilities	600,800	6,346	-	607,146	383,761
Due to other funds	-	354,146	-	354,146	-
Due to other governments	144,716	-	-	144,716	165,480
Deferred revenue	98,686	-	-	98,686	113,391
TOTAL LIABILITIES	957,667	441,350	-	1,399,017	915,564
FUND BALANCES					
Fund balances					
Nonspendable:					
Supplies inventory	559	-	-	559	192
Prepays	251,442	-	-	251,442	158,663
Long-term receivable	668,960	-	-	668,960	975,405
Restricted for:					
Library	198,063	-	-	198,063	198,063
Law enforcement	-	-	5,325	5,325	17,530
Transportation improvements	-	-	166,478	166,478	166,514
Assigned to:					
Capital improvement projects	-	-	-	-	8,333
Compensated absences	565,656	-	-	565,656	660,112
Unassigned:					
General fund	3,229,855	-	-	3,229,855	2,337,289
Capital projects fund (deficit)	-	(198,166)	-	(198,166)	475,479
TOTAL FUND BALANCES	4,914,535	(198,166)	171,803	4,888,172	4,997,580
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,872,202	\$ 243,184	\$ 171,803	\$ 6,287,189	\$ 5,913,144

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, 2011

Fund Balances - total governmental funds \$ 4,888,172

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	\$ 84,176	
Police Officers' Pension	<u>25,161</u>	
		109,337

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

Governmental capital assets	43,583,026	
Less: Accumulated depreciation	<u>(15,634,296)</u>	
		27,948,730

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>(83,497)</u>	
		30,599

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	(413,070)	
Compensated absences	(565,656)	
Revenue bonds payable	(2,855,000)	
General obligation bonds payable	<u>(315,000)</u>	
		(4,148,726)

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>253,227</u>	
		<u>(78,146)</u>

Net assets of governmental activities. \$ 28,749,966

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, 2011

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

	2011			2010	
	General	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds	Total
REVENUES					
Taxes	\$ 8,983,281	\$ -	\$ -	\$ 8,983,281	\$ 9,185,523
Licenses and permits	459,849	-	-	459,849	494,634
Intergovernmental revenue	2,584,294	995,357	-	3,579,651	3,678,096
Charges for services	1,768,756	-	-	1,768,756	1,512,469
Fines and forfeitures	221,530	-	4,798	226,328	150,192
Miscellaneous	311,624	34,682	(39)	346,267	389,009
TOTAL REVENUES	14,329,334	1,030,039	4,759	15,364,132	15,409,923
EXPENDITURES					
CURRENT					
General government	1,786,770	-	-	1,786,770	2,099,784
Community development	567,536	-	-	567,536	581,496
Library	529,431	-	-	529,431	530,304
Parking enforcement	267,877	-	-	267,877	-
Public safety	6,628,405	-	-	6,628,405	6,738,104
Public services	3,064,189	-	-	3,064,189	3,026,346
CAPITAL OUTLAY					
General government	20,294	280,194	-	300,488	17,551
Community development	8,590	-	-	8,590	-
Library	16,427	9,809	-	26,236	3,894
Public safety	106,316	104,867	-	211,183	265,200
Public services	89,810	645,432	-	735,242	1,206,059
DEBT SERVICE					
Principal reductions	199,185	970,000	-	1,169,185	1,340,375
Interest and fiscal charges	26,322	168,382	-	194,704	245,623
TOTAL EXPENDITURES	13,311,152	2,178,684	-	15,489,836	16,054,736
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,018,182	(1,148,645)	4,759	(125,704)	(644,813)
OTHER FINANCING SOURCES (USES)					
Issuance of debt - capital lease proceeds	-	-	-	-	875,000
Sale of surplus capital assets proceeds	16,296	-	-	16,296	52,231
Transfers in	17,000	475,000	-	492,000	475,000
Transfers out	(475,000)	-	(17,000)	(492,000)	(475,000)
TOTAL OTHER FINANCING SOURCES (USES)	(441,704)	475,000	(17,000)	16,296	927,231
NET CHANGE IN FUND BALANCES	576,478	(673,645)	(12,241)	(109,408)	282,418
FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	4,338,057	475,479	184,044	4,997,580	6,912,281
NET CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE B)	-	-	-	-	(2,197,119)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	4,338,057	475,479	184,044	4,997,580	4,715,162
FUND BALANCES - END OF YEAR	\$ 4,914,535	\$ (198,166)	\$ 171,803	\$ 4,888,172	\$ 4,997,580

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, 2011

Net change in fund balances - total governmental funds \$ (109,408)

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	\$ 1,281,739	
Less: Current year depreciation	<u>(1,366,283)</u>	(84,544)

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		(9,175)
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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.

1,169,185

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		23,064
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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	1,387	
Negative Net Pension Obligation - Police Officers' Pension	<u>241</u>	1,628

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	(176,107)	
Amortization of debt issuance costs	(8,675)	
Change in compensated absences	<u>94,456</u>	<u>(90,326)</u>

Change in net assets of governmental activities	<u><u>\$ 900,424</u></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, 2011
 With Comparative Total Amounts for September 30, 2010

	Business-type Activities - Enterprise Funds				2010
	2011			Total	
	Wastewater	Reclaimed Water	Stormwater		
					Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 75	\$ -	\$ -	\$ 75	\$ 75
Pooled cash and cash equivalents	1,429,561	93,330	21,636	1,544,527	724,853
Receivables					
Customer service charges	707,336	113,019	-	820,355	790,198
Due from other governments	43,762	-	1,887	45,649	-
Other	-	12,489	-	12,489	14,404
Supplies inventory	72,825	-	-	72,825	61,207
Prepaid insurance	18,726	2,724	448	21,898	14,129
Restricted:					
Cash equivalents	36,186	77,647	-	113,833	109,379
Investments, at fair value	-	500,000	-	500,000	500,000
Total current assets	<u>2,308,471</u>	<u>799,209</u>	<u>23,971</u>	<u>3,131,651</u>	<u>2,214,245</u>
NON-CURRENT ASSETS					
Restricted:					
Cash equivalents	-	258,787	-	258,787	262,278
Investments, at fair value	-	1,487,580	-	1,487,580	1,962,055
Capital Assets:					
Land and land rights	310,117	-	-	310,117	310,117
Infrastructure	8,778,623	11,672,515	-	20,451,138	20,162,805
Furniture, machinery and equipment	433,254	51,471	-	484,725	427,653
Less: accumulated depreciation	<u>(3,274,361)</u>	<u>(4,217,693)</u>	<u>-</u>	<u>(7,492,054)</u>	<u>(7,063,493)</u>
Total non-current assets	<u>6,247,633</u>	<u>9,252,660</u>	<u>-</u>	<u>15,500,293</u>	<u>16,061,415</u>
TOTAL ASSETS	<u>\$ 8,556,104</u>	<u>\$ 10,051,869</u>	<u>\$ 23,971</u>	<u>\$ 18,631,944</u>	<u>\$ 18,275,660</u>

Business-type Activities - Enterprise Funds

	2011				2010
	Wastewater	Reclaimed		Total	Total
		Water	Stormwater		
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 20,627	\$ 2,936	\$ 21,263	\$ 44,826	\$ 17,235
Accrued liabilities	15,967	5,252	258	21,477	151,456
Due to other governments	204,234	7,750	-	211,984	208,376
Current portion of:					
Due to other funds	285,270	71,176	-	356,446	445,257
Compensated absences	2,612	129	28	2,769	3,095
Capital lease obligation	32,837	-	-	32,837	31,294
State Revolving Loans	152,785	-	-	152,785	147,923
Payable from restricted assets					
Accrued interest payable	3,196	58,360	-	61,556	74,852
State Revolving Loan	32,989	519,287	-	552,276	534,527
Total current liabilities	<u>750,517</u>	<u>664,890</u>	<u>21,549</u>	<u>1,436,956</u>	<u>1,614,015</u>
NON-CURRENT LIABILITIES					
Net other post employment benefit obligation	17,370	5,962	445	23,777	13,327
Due to other funds	324,640	344,320	-	668,960	975,405
Compensated absences	33,379	1,588	338	35,305	38,033
Capital lease obligation	-	-	-	-	32,837
State Revolving Loans	2,760,813	1,671,187	-	4,432,000	5,136,812
Total non-current liabilities	<u>3,136,202</u>	<u>2,023,057</u>	<u>783</u>	<u>5,160,042</u>	<u>6,196,414</u>
TOTAL LIABILITIES	<u>3,886,719</u>	<u>2,687,947</u>	<u>22,332</u>	<u>6,596,998</u>	<u>7,810,429</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,268,209	5,315,819	-	8,584,028	7,953,689
Restricted - expendable:					
Long-term debt requirements	36,186	2,324,014	-	2,360,200	2,761,992
Unrestricted	1,364,990	(275,911)	1,639	1,090,718	(250,450)
TOTAL NET ASSETS	<u>4,669,385</u>	<u>7,363,922</u>	<u>1,639</u>	<u>12,034,946</u>	<u>10,465,231</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,556,104</u>	<u>\$ 10,051,869</u>	<u>\$ 23,971</u>	<u>\$ 18,631,944</u>	<u>\$ 18,275,660</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, 2011

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

	Business-type Activities - Enterprise Funds				2010 Total
	2011			Total	
	Wastewater	Reclaimed Water	Stormwater		
OPERATING REVENUES					
Charges for services	\$ 4,596,119	\$ 683,605	\$ 264,594	\$ 5,544,318	\$ 5,132,877
Other fees	378	14,122	-	14,500	9,721
TOTAL OPERATING REVENUES	4,596,497	697,727	264,594	5,558,818	5,142,598
OPERATING EXPENSES					
Personal services	410,378	134,139	8,373	552,890	518,786
Contractual and other services	2,365,278	367,556	144,355	2,877,189	3,210,900
Depreciation	192,679	235,882	-	428,561	436,858
TOTAL OPERATING EXPENSES	2,968,335	737,577	152,728	3,858,640	4,166,544
OPERATING INCOME (LOSS)	1,628,162	(39,850)	111,866	1,700,178	976,054
NON-OPERATING REVENUE (EXPENSES)					
Interest earned	-	137,940	-	137,940	165,533
Decrease in fair value of investments	-	(111,506)	-	(111,506)	(65,381)
Interest and debt service fees paid	(84,569)	(82,267)	-	(166,836)	(190,131)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(84,569)	(55,833)	-	(140,402)	(89,979)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,543,593	(95,683)	111,866	1,559,776	886,075
Impact fees	8,514	1,425	-	9,939	17,898
CHANGE IN NET ASSETS	1,552,107	(94,258)	111,866	1,569,715	903,973
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	3,117,278	7,458,180	(110,227)	10,465,231	-
NET CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE B)	-	-	-	-	9,561,258
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	3,117,278	7,458,180	(110,227)	10,465,231	9,561,258
NET ASSETS - END OF YEAR	\$ 4,669,385	\$ 7,363,922	\$ 1,639	\$ 12,034,946	\$ 10,465,231

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, 2011
With Comparative Total Amounts for the Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds				2010 Total
	2011			Total	
	Wastewater	Reclaimed Water	Stormwater		Total
INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS					
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,591,154	\$ 674,828	\$ 264,594	\$ 5,530,576	\$ 4,827,998
Cash payments to suppliers for goods and services	(2,331,904)	(263,757)	(114,618)	(2,710,279)	(3,121,997)
Cash payments to employees for services	(407,020)	(129,381)	(7,654)	(544,055)	(513,419)
Cash paid for general government allocated expenses	(201,051)	(120,414)	(10,700)	(332,165)	(322,981)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,651,179	161,276	131,622	1,944,077	869,601
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash advances received from other funds	-	-	-	-	109,986
Cash advances repaid to other funds	(285,270)	-	(109,986)	(395,256)	(238,566)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(285,270)	-	(109,986)	(395,256)	(128,580)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Impact fees	8,514	1,425	-	9,939	17,898
Acquisition and construction of capital assets	(329,779)	(15,626)	-	(345,405)	(284,230)
Principal paid on State Revolving Loan	(180,727)	(501,474)	-	(682,201)	(660,317)
Principal paid on capital leases	(31,294)	-	-	(31,294)	(29,827)
Interest paid on State Revolving Loan	(81,350)	(95,627)	-	(176,977)	(198,861)
Interest paid on capital leases	(3,155)	-	-	(3,155)	(4,620)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(617,791)	(611,302)	-	(1,229,093)	(1,159,957)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on cash and cash equivalents	-	909	-	909	1,587
Proceeds from the maturity of investments	-	500,000	-	500,000	500,000
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	500,909	-	500,909	501,587
NET INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS	748,118	50,883	21,636	820,637	82,651
POOLED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	717,704	378,881	-	1,096,585	1,013,934
POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,465,822	\$ 429,764	\$ 21,636	\$ 1,917,222	\$ 1,096,585
POOLED CASH AND CASH EQUIVALENTS IS COMPRISED OF:					
Cash	\$ 75	\$ -	\$ -	\$ 75	\$ 75
Current pooled cash and cash equivalents	1,429,561	93,330	21,636	1,544,527	724,853
Current restricted cash equivalents	36,186	77,647	-	113,833	109,379
Non-current restricted cash equivalents	-	258,787	-	258,787	262,278
	\$ 1,465,822	\$ 429,764	\$ 21,636	\$ 1,917,222	\$ 1,096,585

	Business-type Activities - Enterprise Funds				2010
	2011			Total	
	Wastewater	Reclaimed Water	Stormwater		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$1,628,162	\$ (39,850)	\$ 111,866	\$1,700,178	\$ 976,054
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	192,679	235,882	-	428,561	436,858
Changes in assets and liabilities:					
(Increase) decrease in receivables - customer service charges	(10,176)	(19,981)	-	(30,157)	(321,631)
(Increase) decrease in receivables - other	4,833	(2,918)	-	1,915	7,031
(Increase) decrease in due from other governments	(43,762)	-	(1,887)	(45,649)	-
(Increase) decrease in supplies inventory	(11,618)	-	-	(11,618)	(5,239)
(Increase) decrease in prepaid items	(5,522)	(2,115)	(132)	(7,769)	(4,374)
Increase (decrease) in accounts payable	6,359	176	21,056	27,591	(4,493)
Increase (decrease) in accrued liabilities	(131,418)	1,181	258	(129,979)	135,066
Increase (decrease) in due to other governments	18,284	(14,676)	-	3,608	(352,090)
Increase (decrease) in compensated absences	(2,873)	(547)	366	(3,054)	(4,860)
Increase (decrease) in other post employment benefit obligation	6,231	4,124	95	10,450	7,279
TOTAL ADJUSTMENTS	23,017	201,126	19,756	243,899	(106,453)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$1,651,179</u>	<u>\$ 161,276</u>	<u>\$ 131,622</u>	<u>\$1,944,077</u>	<u>\$ 869,601</u>

There were no non-cash investing or financing activities for the years ended September 30, 2011 or 2010.

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, 2011
With Comparative Amounts for September 30, 2010

	Totals	
	2011	2010
ASSETS		
Investments, at fair value		
Money market funds	\$ 909,277	\$ 1,069,939
U. S. Government and Federal Agency securities	5,591,550	3,755,308
Corporate bonds	4,595,765	6,953,051
Equities - common stock	12,794,415	11,614,995
Equities - mutual funds	3,316,330	4,745,276
	<u>27,207,337</u>	<u>28,138,569</u>
Receivables		
Accrued interest and dividends	98,345	108,421
Contribution receivable	1,750	4,376
State excise tax rebate	171,912	23,648
	<u>272,007</u>	<u>136,445</u>
TOTAL ASSETS	<u>27,479,344</u>	<u>28,275,014</u>
LIABILITIES		
Administrative expenses payable	52,700	30,617
Deferred contribution	14,562	17,255
	<u>67,262</u>	<u>47,872</u>
TOTAL LIABILITIES	<u>67,262</u>	<u>47,872</u>
NET ASSETS HELD IN TRUST		
Held in trust for pension benefits and other purposes	<u>\$ 27,412,082</u>	<u>\$ 28,227,142</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, 2011

With Comparative Amounts for the Year Ended September 30, 2010

	Totals	
	2011	2010
ADDITIONS		
Contributions		
Employer	\$ 1,275,020	\$ 1,198,865
Plan members	346,942	394,898
	<u>1,621,962</u>	<u>1,593,763</u>
Intergovernmental revenue		
State excise tax rebate	244,087	252,317
Investment income		
Net appreciation (depreciation) in fair value of investments	(445,653)	2,066,225
Interest and dividends	811,484	820,887
Miscellaneous income	24,414	25,675
Total investment earnings (loss)	<u>390,245</u>	<u>2,912,787</u>
Less investment expense	188,366	152,475
Net investment earnings (loss)	<u>201,879</u>	<u>2,760,312</u>
TOTAL ADDITIONS (REDUCTIONS)	<u>2,067,928</u>	<u>4,606,392</u>
DEDUCTIONS		
Benefits	2,094,258	1,944,654
Lump sum Deferred Retirement Option Plan (DROP) payments	541,843	561,524
Refunds of contributions	128,465	55,139
Administrative expenses	<u>118,422</u>	<u>87,818</u>
TOTAL DEDUCTIONS	<u>2,882,988</u>	<u>2,649,135</u>
CHANGE IN NET ASSETS	(815,060)	1,957,257
NETS ASSETS - BEGINNING OF YEAR	<u>28,227,142</u>	<u>26,269,885</u>
NET ASSETS - END OF YEAR	<u>\$ 27,412,082</u>	<u>\$ 28,227,142</u>

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

September 30, 2011

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, the possibility that the organization will impose or provide a financial burden or benefit to the primary government, or management of the primary government has operational responsibility for the component unit and manages the component unit in essentially the same manner in which it manages its own programs or departments. 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, 2011

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, 2011

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 unassigned 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, 2011

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 department 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, Reclaimed Water Fund and Stormwater 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 \$289,960.

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, 2011

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, 2011 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. Cash equivalents and investments have been restricted in the Wastewater and Reclaimed Water Funds to meet loan escrow and sinking fund requirements.

Capital Assets: Capital assets, which include land and land rights; 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, 2011

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, Reclaimed Water Fund or Stormwater 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 \$2,730,066 of restricted net assets, of which \$166,478 is restricted by enabling legislation.

Fund Balance Classification: The City has implemented the provisions of GASB Statement Number 54 – “Fund Balance Reporting and Governmental Fund Type Definitions” for the year ended September 30, 2011. GASB Statement Number 54 provides that governmental fund financial statements will present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Supplies Inventory, Prepaid Items, and Long-Term Receivables as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws

September 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The City has included restrictions for Library Expenditures pursuant to the request of the donor of the funds, Law Enforcement that is restricted per Florida statute for police education expenditures, and Transportation Improvements which are unexpended impact fees that are legally restricted for transportation projects.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations (encumbrances) to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. For the fiscal year ended September 30, 2011 the City did not have any funds classified in this category.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has assigned funds for future payments for compensated absences.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first and to defer the use of these other classified funds.

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, 2011, was 2.6718, including a 0.0796 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, 2011

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

The Capital Improvement Projects Fund is reporting a negative fund balance of \$198,166 at September 30, 2011, as a result of current year expenditures for capital outlay and debt service exceeding revenues. This fund balance deficit will be eliminated through future revenues and inter-fund transfers.

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, 2010, from which such summarized information has been derived.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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 fiscal year (F/Y) 2010 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 (F/Y 2010), 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 (F/Y 2010), 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 (F/Y 2010)	<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, 2011 was

September 30, 2011

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

\$4,095,379, excluding \$3,275 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, 2011 had been

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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

determined using a fair value factor of .7568386. Investment income is recognized as earned and is allocated to the respective fund participants based on their equity participation.

The City’s investments, carried at fair value as of September 30, 2011, are:

Investment	Maturity	Fair Value	Rating
State Board of Administration - Florida PRIME	N/A	\$ 1,468,436	AAAm
State Board of Administration – Fund B	N/A	4,399	Non-rated
Florida Municipal Investment Trust - 0-2 Year High Quality Bond Fund	N/A	101,635	AAA/VI
U. S. Treasury Strips with a face value of \$2,000,000, Zero coupon bonds, maturing at dates annually through November 15, 2014 in \$500,000 increments for debt sinking fund purposes.	2011-2014	1,987,580	N/A
Total investments		<u>\$ 3,562,050</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, 2011, 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, 2011, 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, 2011, is as follows:

Petty cash	\$ 3,275
Deposits	4,095,379
Investments	3,562,050
Total	<u>\$ 7,660,704</u>

As reported in Statement of Net Assets:

Unrestricted	
Cash	\$ 3,275
Pooled cash and investments and cash equivalents	5,297,229
Restricted Assets - Current:	
Pooled cash and investments	113,833
Investments, at fair value	500,000
Restricted Assets – Non-Current:	
Pooled cash and investments	258,787
Investments, at fair value	1,487,580
Total	<u>\$ 7,660,704</u>

September 30, 2011

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; b. equity securities must be traded on a national exchange; c. not more than 5% 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 5% of the outstanding capital stock of the company, and the value of bonds by any single corporation shall not exceed 5% of the total Police Pension assets; 4. Real Estate and Real Estate Investment Trusts - not to exceed 15% of the total Police Pension assets, and 5. Foreign Securities - to include fixed income and equity securities. Investments in corporate common stock and convertible bonds shall not exceed 75% of the Police Pension assets at market value. Foreign securities shall not exceed 25% of the assets of the Police Pension.

The Police Pension held the following deposits and investments as of September 30, 2011:

Salem Trust Company:	Fair Value	S&P Rating
Investments		
Short-term investments – money market accounts	\$ 290,721	N/A
U. S. Government and Federal Agency Securities	1,855,476	A- to AAA
Corporate bonds	1,526,419	BB to AAA
Equities – common stocks	4,608,050	N/A
Equities – mutual funds	1,267,411	N/A
Total Investments	\$ 9,548,077	

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, 2011

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; b. equity securities must be traded on a national exchange; c. not more than 5% 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 5% of the outstanding capital stock of the company, and the value of bonds by any single corporation shall not exceed 5% of the total Firefighters’ Pension assets; 4. Real Estate and Real Estate Investment Trusts - not to exceed 15% of the total Firefighters’ Pension assets, and 5. Foreign Securities - to include fixed income and equity securities. Investments in corporate common stock and convertible bonds shall not exceed 75% of the Firefighters’ Pension assets at market value. Foreign securities shall not exceed 25% of the assets of the Firefighters’ Pension.

The Firefighters’ Pension held the following deposits and investments as of September 30, 2011:

<u>Salem Trust Company:</u>	<u>Fair Value</u>	<u>S&P Rating</u>
Investments		
Short-term investments – money market accounts	\$ 357,697	N/A
U. S. Government and Federal Agency Securities	1,552,555	A- to AAA
Corporate bonds	1,297,118	BB to AAA
Equities – common stocks	3,491,684	N/A
Equities – mutual funds	1,200,394	N/A
Total Investments	\$ 7,899,448	

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, 2011

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; b. equity securities must be traded on a national exchange; c. not more than 5% 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 5% of the outstanding capital stock of the company, and the value of bonds by any single corporation shall not exceed 5% of the total General Pension assets; 4. Real Estate and Real Estate Investment Trusts - not to exceed 15% of the total General Pension assets, and 5. Foreign Securities - to include fixed income and equity securities. Investments in corporate common stock and convertible bonds shall not exceed 75% of the General Pension assets at market value. Foreign securities shall not exceed 25% of the assets of the General Pension.

The General Pension held the following deposits and investments as of September 30, 2011:

Salem Trust Company:	Fair Value	S&P Rating
Investments		
Short-term investments – money market accounts	\$ 260,859	N/A
U. S. Government and Federal Agency Securities	2,183,519	A- to AAA
Corporate bonds	1,772,228	BB to AAA
Equities – common stocks	4,694,681	N/A
Equities – mutual funds	848,525	N/A
Total Investments	\$ 9,759,812	

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, 2011:

	Due From	Due To
<u>General Fund</u>		
Pinellas County		
Utility taxes	\$ 32,958	\$ -
Intergovernmental revenues	168	-
Fines and parking tickets	8,697	-
Parking meter	-	44,314
Utilities	-	15,736
Other	6,059	8,898
City of Treasure Island – Beach Trolley	10,149	75,106
Other municipalities	-	662
State of Florida		
Intergovernmental revenue	321,831	-
U.S. Department of Justice - Grant	11,177	-
	391,039	144,716

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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	\$ 119,340	\$ -
State of Florida – Executive Office of the Governor		
U. S. Department of Energy Grant	122,941	-
	<u>242,311</u>	<u>-</u>
<u>Wastewater Fund</u>		
City of St. Petersburg - Wastewater Treatment	43,762	203,921
Pinellas County - Utilities	-	313
	<u>43,762</u>	<u>204,234</u>
<u>Reclaimed Water Fund</u>		
Pinellas County – utilities	-	7,750
<u>Stormwater Fund</u>		
Pinellas County – excess fees	1,887	-
	<u>\$ 678,999</u>	<u>\$ 356,700</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, 2011:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,379,552	\$ -
Capital Improvement Projects Fund	-	354,146
Wastewater Fund		
Current portion	-	285,270
Long-term portion	-	324,640
	<u>-</u>	<u>609,910</u>
Reclaimed Water Fund		
Current portion	-	71,176
Long-term portion	-	344,320
	<u>-</u>	<u>415,496</u>
	<u>\$ 1,379,552</u>	<u>\$ 1,379,552</u>

The General Fund (\$1,379,552) has advanced funds to the Capital Improvement Projects Fund (\$354,146), Wastewater Fund (\$609,910), and Reclaimed Water Fund (\$415,496), for the purpose of funding operations.

Inter-fund transfers consist of the following for the year ended September 30, 2011:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 17,000	\$ 475,000
Capital Improvement Projects Fund	475,000	-
Police Confiscation Fund	-	17,000
	<u>\$ 492,000</u>	<u>\$ 492,000</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE E – INTER-FUND TRANSACTIONS (continued)

The General Fund transferred funds to the Capital Improvement Projects Fund for capital project funding purposes. The Police Confiscation Fund transferred funds to the General Fund for the capital expenditure of a new police records management system.

NOTE F- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

	Balance 10-1-10	Additions	Deletions	Ending Balance 9-30-11
Governmental Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 3,688,072	\$ 10,905	\$ -	\$ 3,698,977
Capital projects in process	-	59,937	-	59,937
<u>Depreciable assets:</u>				
Buildings and other land improvements	22,012,617	428,678	-	22,441,295
Furniture, machinery and equipment	4,813,392	229,411	58,448	4,984,355
Infrastructure	11,845,654	552,808	-	12,398,462
Total at historical cost	<u>\$ 42,359,735</u>	<u>\$ 1,281,739</u>	<u>\$ 58,448</u>	<u>\$ 43,583,026</u>
<u>Less accumulated depreciation for:</u>				
Buildings and other land improvements	\$ 5,683,403	\$ 646,345	\$ -	\$ 6,329,748
Furniture, machinery and equipment	3,403,428	318,691	49,271	3,672,848
Infrastructure	5,230,453	401,247	-	5,631,700
Total accumulated depreciation	<u>14,317,284</u>	<u>1,366,283</u>	<u>49,271</u>	<u>15,634,296</u>
Capital assets, net	<u>\$ 28,042,451</u>	<u>\$ (84,544)</u>	<u>\$ 9,177</u>	<u>\$ 27,948,730</u>

	Balance 10-1-10	Additions	Deletions	Ending Balance 9-30-11
Business-Type Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 310,117	\$ -	\$ -	\$ 310,117
<u>Depreciable assets:</u>				
Furniture, machinery and equipment	427,653	57,072	-	484,725
Infrastructure	20,162,805	288,333	-	20,451,138
Total at historical cost	<u>\$ 20,900,575</u>	<u>\$ 345,405</u>	<u>\$ -</u>	<u>\$ 21,245,980</u>
<u>Less accumulated depreciation for:</u>				
Furniture, machinery and equipment	\$ 266,349	\$ 37,126	\$ -	\$ 303,475
Infrastructure	6,797,144	391,435	-	7,188,579
Total accumulated depreciation	<u>7,063,493</u>	<u>428,561</u>	<u>\$ -</u>	<u>7,492,054</u>
Capital assets, net	<u>\$ 13,837,082</u>	<u>\$ (83,156)</u>	<u>\$ -</u>	<u>\$ 13,753,926</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 154,921
Community development	1,009
Library	29,164
Public safety – police	194,192
Public safety – fire	113,152
Public services	873,845
	<u>\$ 1,366,283</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F- CAPITAL ASSETS (continued)

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”.

NOTE G- LONG-TERM DEBT

Long-term debt activity for the fiscal year ended September 30, 2011 was as follows:

	Beginning Balance 10-1-10	Increases	Decreases	Ending Balance 9-30-11	Due Within One Year
Governmental Activities					
General Obligation Bonds, Series 1993	\$ 460,000	\$ -	\$ 145,000	\$ 315,000	\$ 155,000
Revenue Bonds, Series 2001A	560,000	-	275,000	285,000	285,000
Revenue Bonds, Series 2006	2,875,000	-	305,000	2,570,000	320,000
Capital leases	444,185	-	444,185	-	-
Accumulated unused Compensated absences	660,113	15,421	109,878	565,656	42,576
	<u>\$ 4,999,298</u>	<u>\$ 15,421</u>	<u>\$1,279,063</u>	<u>\$ 3,735,656</u>	<u>\$ 802,576</u>
Business-Type Activities					
State Revolving Loan (1992)	\$ 2,691,948	\$ -	\$ 501,474	\$ 2,190,474	\$ 519,287
State Revolving Loan (2003)	207,448	-	13,223	194,225	13,580
State Revolving Loan (2005)	2,919,867	-	167,505	2,752,362	172,194
Capital leases	64,128	-	31,291	32,837	32,837
Accumulated unused Compensated absences	41,128	366	3,420	38,074	2,769
	<u>\$ 5,924,519</u>	<u>\$ 366</u>	<u>\$ 716,913</u>	<u>\$ 5,207,972</u>	<u>\$ 740,667</u>

Long-term debt for the governmental activities is comprised of the following as of September 30, 2011:

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 \$155,000 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. \$ 315,000

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 with the last payment of \$285,000, due 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. 285,000

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G – LONG-TERM DEBT (continued)

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 \$320,000 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

2,570,000

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

565,656

Total Governmental Activities Long-Term Debt

\$ 3,735,656

Long-term debt for the business-type activities is comprised of the following as of September 30, 2011:

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.

\$ 2,190,474

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 wastewater system after payment of operation and maintenance expenses.

194,225

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 wastewater system after payment of operation and maintenance expenses.

2,752,362

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:

32,837

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

38,074

Total Business-Type Activities Long Term Debt

\$ 5,207,972

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G – LONG-TERM DEBT (continued)

Interest expense and fiscal charges for Governmental Activities in the amount of \$203,379, including amortization of bond issuance costs of \$8,675, has been separately reported as interest on long-term debt in the Statement of Activities for the year ended September 30, 2011. Interest expense of \$166,836 has been reported for the Business-type Activities – Enterprise Funds for the year ended September 30, 2011.

Funding of General Obligation Bonds, Series 1993

The total amount of principal, interest and bond agent fees paid during fiscal year 2011 on the General Obligation Bonds, Series 1993 was \$169,150. 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 2011 was \$5,659,946.

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

The total amount of principal and interest paid during fiscal year 2011 on the Revenue Bonds, Series 2001A and Revenue Bonds, Series 2006 was \$290,399 and \$439,150, 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 2011 was \$729,549 and \$719,060, respectively. The balance of the debt service requirement was paid from the Capital Improvement Projects Fund beginning fund balance.

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, 2011, are as follows:

Reserved escrow account	\$ 1,987,580
Pledged Reserve escrow account	246,869
Loan repayment reserve account	89,565
Total restricted assets	<u>\$ 2,324,014</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 unmatured bonds as of September 30, 2011 is \$2,000,000.

The total amount of principal and interest paid for fiscal year 2011 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 2011 was \$697,727.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G – LONG-TERM DEBT (continued)

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 Account shall be established by September 15, 2003 into which shall be deposited monthly 1/6th 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, 2011, are as follows:

Loan Repayment reserve account	\$ 14,346
Loan Debt Service account	1,621
Total restricted assets	<u>\$ 15,967</u>

The total amount of principal and interest paid for fiscal year 2011 on the 2003 State Revolving Loan was \$19,434. This amount was paid from the pledged wastewater system revenues. The total amount of wastewater system revenues for fiscal year 2011 was \$4,596,497 and operating expenditures and capital outlay expenditures totaled \$3,298,114.

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 1/6th 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, 2011, are as follows:

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

The total amount of principal and interest paid for fiscal year 2011 on the 2005 State Revolving Loan was \$242,164. This amount was paid from the pledged wastewater system revenues. The total amount of wastewater system revenues for fiscal year 2011 was \$4,596,497 and operating expenditures and capital outlay expenditures totaled \$3,298,114.

Total funding requirements for the State Revolving Loans:

State Revolving Loan (1992)	\$ 2,324,014
State Revolving Loan (2003)	15,967
State Revolving Loan (2005)	20,219
Total restricted assets	<u>\$ 2,360,200</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, 2011 as follows:

Current assets –Pooled cash and investments	\$ 113,833
Investments, at fair value	500,000
Non-current assets – Pooled cash and investments	258,787
Investments, at fair value	1,487,580
Total restricted assets	<u>\$ 2,360,200</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G – LONG-TERM DEBT (continued)

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2011, are as follows:

<u>General Obligation Bonds, Series 1993</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 155,000	\$ 16,357	\$ 171,357
2013	160,000	8,400	168,400
	<u>\$ 315,000</u>	<u>\$ 24,757</u>	<u>\$ 339,757</u>
<u>Revenue Bonds, Series 2001A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 285,000	\$ 7,125	\$ 292,125
	<u>\$ 285,000</u>	<u>\$ 7,125</u>	<u>\$ 292,125</u>
<u>Revenue Bonds, Series 2006</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2016	385,000	60,250	445,250
	<u>1,750,000</u>	<u>465,600</u>	<u>2,215,600</u>
2017-2018	820,000	62,000	882,000
	<u>\$ 2,570,000</u>	<u>\$ 527,600</u>	<u>\$3,097,600</u>
<u>Total Annual Requirements Excluding Accumulated Unused Compensated Absences</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 760,000	\$ 145,432	\$ 905,432
2013	495,000	117,550	612,550
2014	345,000	95,750	440,750
2015	365,000	78,500	443,500
2016	385,000	60,250	445,250
	<u>2,350,000</u>	<u>497,482</u>	<u>2,847,482</u>
2017-2018	820,000	62,000	882,000
	<u>\$ 3,170,000</u>	<u>\$ 559,482</u>	<u>\$ 3,729,482</u>

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CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G – LONG-TERM DEBT (continued)

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2011, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>State Revolving Loan (1992)</u>			
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>\$ 2,190,474</u>	<u>\$ 197,930</u>	<u>\$ 2,388,404</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>State Revolving Loan (2003)</u>			
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
2016	15,339	4,110	19,449
	<u>72,231</u>	<u>25,014</u>	<u>97,245</u>
2017-2021	84,114	13,131	97,245
2022-2023	37,880	1,497	39,377
	<u>\$ 194,225</u>	<u>\$ 39,642</u>	<u>\$ 233,867</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>State Revolving Loan (2005)</u>			
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
2016	190,939	51,689	242,628
	<u>907,226</u>	<u>305,914</u>	<u>1,213,140</u>
2017-2021	1,032,310	180,830	1,213,140
2022-2025	812,826	43,092	855,918
	<u>\$ 2,752,362</u>	<u>\$529,836</u>	<u>\$ 3,282,198</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Capital Leases</u>			
2012	\$ 32,837	\$ 1,615	\$ 34,452
	<u>\$ 32,837</u>	<u>\$ 1,615</u>	<u>\$ 34,452</u>

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CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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>
2012	\$ 737,898	\$ 155,732	\$ 893,630
2013	728,434	130,744	859,178
2014	752,593	106,585	859,178
2015	777,565	81,613	859,718
2016	<u>206,278</u>	<u>55,799</u>	<u>262,077</u>
	3,202,768	530,473	3,733,241
2017-2021	1,116,424	193,961	1,310,385
2022-2025	<u>850,706</u>	<u>44,589</u>	<u>895,295</u>
	<u>\$ 5,169,898</u>	<u>\$ 769,023</u>	<u>\$ 5,938,921</u>

The following is an analysis of the leased property under capital lease as of September 30, 2011:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Business-type Activities:			
Sewer Flusher Apparatus	<u>\$ 234,365</u>	<u>\$ 152,337</u>	<u>\$ 82,028</u>

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.

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.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE H - PENSIONS (continued)

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, 2011:

	Police Pension	Firefighters' Pension	General Pension
Retirees and beneficiaries receiving benefits	21	20	66
Terminated plan members entitled to but not yet receiving benefits	4	1	44
Active plan members	18	25	25
DROP plan members (active)	5	3	9
	<u>48</u>	<u>49</u>	<u>144</u>

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 - 39.2%	Actuarially Determined - 24.4%	Actuarially Determined - 35.2%
State	Actuarially Determined	Actuarially Determined	N/A
Contribution rates:			
Plan members	8.3%	10.3%	7.6%
Actuarial valuation date	October 1, 2011	October 1, 2011	October 1, 2011
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed	Level percentage of pay, closed
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%
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, 2011

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	2009	\$ 408,459	100%	\$ (24,641)
	2010	448,486	100	(24,920)
	2011	543,498	100	(25,161)
Firefighters' Pension	2009	\$ 256,688	100%	\$ (81,531)
	2010	317,981	100	(82,789)
	2011	336,868	100	(84,176)
General Pension	2009	\$ 471,792	100%	\$ 0
	2010	430,860	100	0
	2011	393,026	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, 2011	October 1, 2011	October 1, 2011
Actuarial Value of Assets	\$ 9,221,295	\$ 8,281,274	\$ 9,899,600
Actuarial Accrued Liability	\$16,308,024	\$17,306,838	\$16,008,271
Unfunded Actuarial Accrued Liability	\$ 7,086,729	\$ 9,025,564	\$ 6,108,671
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	56.54%	47.85%	61.84%
Annual Covered Payroll	\$ 1,120,784	\$ 1,413,601	\$ 1,001,703
Ratio of the Unfunded Actuarial Liability to Covered Payroll	632.30%	638.48%	609.83%

Net Pension Obligation:

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

	2009	2010	2011
Actuarially determined contribution (A)	\$ 408,962	\$ 448,765	\$ 543,739
Interest on NPO	(2,052)	(2,094)	(2,118)
Adjustment to (A)	1,549	1,815	1,877
Annual Pension Cost	408,459	448,486	543,498
Contributions made	408,962	448,765	543,739
Increase in NPO	(503)	(279)	(241)
NPO beginning of year	(24,138)	(24,641)	(24,920)
NPO end of year	\$ (24,641)	\$ (24,920)	\$ (25,161)

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE H - PENSIONS (continued)

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

	2009	2010	2011
Actuarially determined contribution (A)	\$ 257,922	\$ 319,239	\$ 338,255
Interest on NPO	(6,825)	(6,930)	(7,037)
Adjustment to (A)	5,591	5,672	5,650
Annual Pension Cost	256,688	317,981	336,868
Contributions made	257,922	319,239	338,255
Increase in NPO	(1,234)	(1,258)	(1,387)
NPO beginning of year	(80,297)	(81,531)	(82,789)
NPO end of year	<u>\$ (81,531)</u>	<u>\$ (82,789)</u>	<u>\$ (84,176)</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	10/01/11	\$ 9,221,295	\$ 16,308,024	\$ 7,086,729	56.54%	\$ 1,120,784	632.30%
	10/01/10	9,527,348	15,276,140	5,748,792	62.37%	1,437,902	399.80%
	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%
Firefighters' Pension	10/01/11	\$ 8,281,274	\$ 17,306,838	\$ 9,025,564	47.85%	\$ 1,413,601	638.48%
	10/01/10	8,543,626	14,633,693	6,090,067	58.38%	1,514,660	402.07%
	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	11,795,420	3,648,141	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%
General Pension	10/01/11	\$ 9,899,600	\$ 16,008,271	\$ 6,108,671	61.84%	\$ 1,001,703	609.83%
	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%

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	2011	\$ 604,633	\$ 543,739	* \$ 60,894	100.00%
	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%

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE H – PENSIONS (continued)

	Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
Firefighters' Pension	2011	\$ 480,589	\$ 338,255	* \$ 142,333	100.00%
	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%
General Pension	2011	\$ 393,026	\$ 393,026	\$ 0	100.00%
	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%

* - 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, 2011 in the amounts of \$72,175 and \$171,912, 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, 2011 are as follows:

Statement of Net Assets
September 30, 2011

	Police	Firefighters’	General
Assets			
Investments, at fair value	\$ 9,548,077	\$ 7,899,448	\$ 9,759,812
Receivables	33,349	198,902	39,756
Total assets	9,581,426	8,098,350	9,799,568
Liabilities			
Administrative expenses payable	25,117	9,608	17,975
Deferred contribution	223	14,339	-
Total Liabilities	25,340	23,947	17,975
Net Assets			
Held in Trust for Pension Benefits	\$ 9,556,086	\$ 8,074,403	\$ 9,781,593

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE H – PENSIONS (continued)

Statement of Changes in Net Assets
For the year Ended September 30, 2011

	<u>Police</u>	<u>Firefighters'</u>	<u>General</u>
Additions			
Contributions			
Employer	\$ 543,739	\$ 338,255	\$ 393,026
Plan members	115,632	146,452	84,858
	<u>659,371</u>	<u>484,707</u>	<u>477,884</u>
Intergovernmental revenue			
State excise tax rebate and Supplemental Compensation Trust Fund	72,175	171,912	-
Investment earnings			
Net appreciation (depreciation) in fair value of investments	(194,882)	(123,564)	(127,207)
Interest and dividends	273,774	247,584	290,126
Miscellaneous Income	3,783	16,210	4,421
Total investment earnings	82,675	140,230	167,340
Less investment expense	67,554	63,225	57,587
Net investment earnings	<u>15,121</u>	<u>77,005</u>	<u>109,753</u>
Total additions	<u>746,667</u>	<u>733,624</u>	<u>587,637</u>
Deductions			
Benefits	\$ 688,131	\$ 620,610	\$ 785,517
Lump sum Deferred Retirement Option Plan (DROP) payments	-	404,897	136,946
Refunds of contributions	51,779	16,381	60,305
Administrative expenses	34,581	36,427	47,414
Total deductions	<u>774,491</u>	<u>1,078,315</u>	<u>1,030,182</u>
Change in Net Assets	(27,824)	(344,691)	(442,545)
Net Assets – October 1, 2010	<u>9,583,910</u>	<u>8,419,094</u>	<u>10,224,138</u>
Net Assets – September 30, 2011	<u>\$ 9,556,086</u>	<u>\$ 8,074,403</u>	<u>\$ 9,781,593</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, 2011

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, 2011, 2010 and 2009 were \$96,759, \$93,926, and \$95,743, 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, 2011, the expected contribution for the City was \$55,894.

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:

September 30, 2011

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, termination, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities consistent with the long-term perspective of the calculations.

	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/11
Annual Required Contribution (ARC)	\$ 244,284
Interest on net OPEB obligation	11,263
Adjustment to ARC	(13,096)
Annual OPEB cost	242,451
Expected employer contribution	55,894
Increase in net OPEB obligation	186,557
Net OPEB obligation beginning of year	250,290
Net OPEB obligation end of year	\$ 436,847

Other Required Supplementary Information:

Three year trend information:

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/11	\$242,451	23.1%	\$436,847
9/30/10	\$147,985	13.0%	\$250,290
9/30/09	\$145,970	16.7%	\$121,582

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)
10/01/10	\$ -	\$ 1,962,072	\$ 1,962,072	0.0%	\$5,328,144	36.8%
10/01/08	-	825,565	825,565	0.0%	4,807,559	17.2%

Required Actuarial Information:

Contribution Rate	4.50%
Actuarial valuation date	10/1/10
Annual OPEB Cost	\$ 242,451
Contributions made	\$ 55,894

(continued)

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

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	9.00%
Ultimate trend rate	5.00%
* - Includes inflation at	5.00%

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, 2011 was \$11,144. The remaining lease payments as of September 30, 2011 are as follows:

	Payment Requirement
2012	4,647
2013	4,646
2014	4,646
2015	1,936
Total	<u>\$ 15,875</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, 2011, 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

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE L - DEFERRED COMPENSATION PLAN (continued)

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 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, 2011, 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.

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2011
With Comparative Actual Amounts for the Year Ended September 30, 2010

	2011			Variance with Final Budget Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Taxes					
Ad valorem tax	\$ 5,650,995	\$ 5,650,995	\$ 5,659,946	\$ 8,951	\$ 5,655,614
Franchise tax	1,238,000	1,238,000	1,198,408	(39,592)	1,291,867
Telecommunications tax	655,000	655,000	582,627	(72,373)	602,344
Utility tax	1,530,000	1,530,000	1,542,300	12,300	1,635,698
	<u>9,073,995</u>	<u>9,073,995</u>	<u>8,983,281</u>	<u>(90,714)</u>	<u>9,185,523</u>
Licenses and permits					
Local business tax	107,000	107,000	102,734	(4,266)	105,469
Building, sign and other permits	364,700	364,700	357,115	(7,585)	389,165
	<u>471,700</u>	<u>471,700</u>	<u>459,849</u>	<u>(11,851)</u>	<u>494,634</u>
Intergovernmental revenues					
State sales tax	490,000	490,000	485,227	(4,773)	480,771
Emergency medical services	1,101,575	1,101,575	1,101,575	-	1,108,691
Federal, state and local grants	121,793	121,793	142,763	20,970	214,829
State excise tax rebate - Fire Pension	148,000	176,000	171,912	(4,088)	178,259
State excise tax rebate - Police Pension	77,000	77,000	72,175	(4,825)	74,058
Pinellas Library Cooperative	173,525	173,525	173,606	81	189,759
Other intergovernmental revenues	435,000	435,000	437,036	2,036	448,032
	<u>2,546,893</u>	<u>2,574,893</u>	<u>2,584,294</u>	<u>9,401</u>	<u>2,694,399</u>
Charges for services					
Planning and zoning fees	11,000	11,000	6,737	(4,263)	9,117
Certification, copies and record search	7,500	7,500	6,896	(604)	6,851
Administration charges to other funds	332,165	332,165	332,165	-	322,981
Parking facilities	906,000	968,460	1,045,658	77,198	865,226
Library fees	30,000	30,000	25,048	(4,952)	27,427
Recreation activity fees	224,700	260,200	300,354	40,154	219,722
Other charges for services	5,415	5,415	5,841	426	3,928
Police services	44,225	44,225	46,057	1,832	57,217
	<u>1,561,005</u>	<u>1,658,965</u>	<u>1,768,756</u>	<u>109,791</u>	<u>1,512,469</u>
Fines and forfeitures					
Court fines and costs	75,000	75,000	46,772	(28,228)	65,725
Police education	4,000	4,000	2,806	(1,194)	3,769
Parking tickets	70,000	70,000	98,225	28,225	63,308
Other fines and forfeitures	15,000	15,000	73,727	58,727	15,330
	<u>164,000</u>	<u>164,000</u>	<u>221,530</u>	<u>57,530</u>	<u>148,132</u>
Miscellaneous revenues					
Interest income	10,000	10,000	2,536	(7,464)	6,260
Rentals of City owned facilities	260,100	260,100	234,945	(25,155)	210,320
Surplus and scrap sales	20,000	20,000	16,296	(3,704)	52,231
Contributions and donations	11,500	31,500	33,769	2,269	12,912
Other miscellaneous revenues	28,050	50,050	40,374	(9,676)	33,583
Interfund transfers	-	17,000	17,000	-	-
	<u>329,650</u>	<u>388,650</u>	<u>344,920</u>	<u>(43,730)</u>	<u>315,306</u>

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2011 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2010

	2011			Variance with Final Budget Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 14,147,243	\$ 14,332,203	\$ 14,362,630	\$ 30,427	\$ 14,350,463
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
General Government					
City Commission					
Personal services	29,700	29,700	29,700	-	29,700
Other operating expenditures	62,901	62,901	61,989	912	92,256
City Clerk					
Personal services	217,982	194,482	179,914	14,568	236,103
Other operating expenditures	53,448	60,598	52,433	8,165	62,196
Legal					
Operating expenditures	300,000	405,000	404,116	884	549,177
City Manager					
Personal services	351,171	351,171	296,318	54,853	334,049
Other operating expenditures	117,940	117,940	128,487	(10,547)	193,108
Transfer to Capital Improvement Projects Fund	475,000	475,000	475,000	-	475,000
Financial Administration					
Personal services	341,415	327,995	322,678	5,317	254,442
Other operating expenditures	39,714	45,714	45,619	95	29,924
Information Technology					
Personal services	175,388	175,388	173,813	1,575	230,237
Other operating expenditures	99,434	113,304	91,703	21,601	88,592
Capital outlay	-	11,380	20,294	(8,914)	17,551
	<u>2,264,093</u>	<u>2,370,573</u>	<u>2,282,064</u>	<u>88,509</u>	<u>2,592,335</u>
Community Development					
Planning					
Personal services	206,850	206,850	198,330	8,520	200,555
Other operating expenditures	29,400	19,400	16,955	2,445	15,073
Building Services					
Personal services	338,642	338,642	322,132	16,510	333,345
Other operating expenditures	41,610	40,260	30,119	10,141	32,523
Capital outlay	-	10,000	8,590	1,410	-
	<u>616,502</u>	<u>615,152</u>	<u>576,126</u>	<u>39,026</u>	<u>581,496</u>
Library					
Personal services	344,299	329,299	332,630	(3,331)	344,344
Other operating expenditures	192,134	195,384	196,801	(1,417)	185,960
Capital outlay	-	32,420	16,427	15,993	3,894
	<u>536,433</u>	<u>557,103</u>	<u>545,858</u>	<u>11,245</u>	<u>534,198</u>
Parking Enforcement					
Personal services	135,970	135,970	116,895	19,075	-
Other operating expenditures	132,305	142,305	150,982	(8,677)	-
Debt service	60,588	60,588	55,549	5,039	-
	<u>328,863</u>	<u>338,863</u>	<u>323,426</u>	<u>15,437</u>	<u>-</u>

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2011 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2010

	2011			Variance with Final Budget Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Public Safety					
Police					
Personal services	\$ 3,379,457	\$ 3,375,057	\$ 3,354,312	\$ 20,745	\$ 3,376,494
Other operating expenditures	343,500	357,500	357,118	382	442,357
Capital outlay	77,500	100,500	99,656	844	104,710
Debt service	169,150	169,150	169,958	(808)	232,907
Fire - Fire Suppression					
Personal services	1,615,626	1,616,226	1,597,742	18,484	1,634,149
Other operating expenditures	202,185	215,835	208,270	7,565	174,975
Capital outlay	25,000	32,000	6,660	25,340	-
Debt service	-	-	-	-	108,518
Fire - EMS					
Personal services	1,069,086	1,069,086	1,058,647	10,439	1,073,126
Other operating expenditures	40,821	40,821	52,316	(11,495)	35,814
	<u>6,922,325</u>	<u>6,976,175</u>	<u>6,904,679</u>	<u>71,496</u>	<u>7,183,050</u>
Public Services					
Administration					
Personal services	159,150	159,150	155,495	3,655	261,489
Other operating expenditures	441,554	440,884	446,639	(5,755)	454,726
Capital outlay	-	1,400	1,400	-	-
Building Administration					
Personal services	136,419	136,419	135,730	689	135,660
Other operating expenditures	105,581	105,581	103,364	2,217	102,392
Streets					
Personal services	173,133	176,633	172,472	4,161	179,873
Other operating expenditures	622,530	641,830	623,564	18,266	578,030
Capital outlay	35,000	87,460	88,410	(950)	64,101
Recreation					
Personal services	438,942	438,942	434,160	4,782	446,800
Other operating expenditures	312,815	358,515	349,160	9,355	253,769
Parks					
Personal services	260,573	239,773	235,769	4,004	247,783
Other operating expenditures	397,570	396,990	407,836	(10,846)	365,813
	<u>3,083,267</u>	<u>3,183,577</u>	<u>3,153,999</u>	<u>29,578</u>	<u>3,090,436</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>13,751,483</u>	<u>14,041,443</u>	<u>13,786,152</u>	<u>255,291</u>	<u>13,981,515</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	395,760	290,760	576,478	285,718	368,948
FUND BALANCES - BEGINNING OF YEAR	<u>4,338,057</u>	<u>4,338,057</u>	<u>4,338,057</u>	<u>-</u>	<u>3,969,109</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,733,817</u>	<u>\$ 4,628,817</u>	<u>\$ 4,914,535</u>	<u>\$ 285,718</u>	<u>\$ 4,338,057</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2011 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2010

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.	\$ 14,362,630
Differences - budget to GAAP:	
Proceeds from sale of surplus capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(16,296)
Transfers in are inflows for budgetary purposes but are not revenues for financial reporting purposes.	<u>(17,000)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 14,329,334</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 13,786,152
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><u>\$ 13,311,152</u></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, 2011
With Comparative Total Amounts for September 30, 2010

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	Governmental Funds	
			2011	2010
ASSETS				
Pooled cash and investments and cash equivalents	\$ 166,478	\$ 5,325	\$ 171,803	\$ 185,038
TOTAL ASSETS	<u>\$ 166,478</u>	<u>\$ 5,325</u>	<u>\$ 171,803</u>	<u>\$ 185,038</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other governments	\$ -	\$ -	\$ -	\$ 994
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>994</u>
FUND BALANCES				
Fund balances				
Restricted for:				
Transportation Improvements	166,478	-	166,478	166,514
Law enforcement	-	5,325	5,325	17,530
TOTAL FUND BALANCES	<u>166,478</u>	<u>5,325</u>	<u>171,803</u>	<u>184,044</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 166,478</u>	<u>\$ 5,325</u>	<u>\$ 171,803</u>	<u>\$ 185,038</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, 2011

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

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	Governmental Funds	
			2011	2010
REVENUES				
Fines and forfeitures	\$ -	\$ 4,798	\$ 4,798	\$ 2,060
Impact fees	-	-	-	1,074
Miscellaneous	(36)	(3)	(39)	108
TOTAL REVENUES	(36)	4,795	4,759	3,242
EXPENDITURES				
Contractual/other services	-	-	-	1,200
TOTAL EXPENDITURES	-	-	-	1,200
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36)	4,795	4,759	2,042
OTHER FINANCING USES				
Transfers out	-	17,000	17,000	-
TOTAL OTHER FINANCING USES	-	17,000	17,000	-
NET CHANGE IN FUND BALANCES	(36)	(12,205)	(12,241)	2,042
FUND BALANCES - BEGINNING OF YEAR	166,514	17,530	184,044	182,002
FUND BALANCES - END OF YEAR	\$ 166,478	\$ 5,325	\$ 171,803	\$ 184,044

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2011

With Comparative Total Amounts for September 30, 2010

	Police Pension	Firefighters' Pension	General Pension	Totals	
				2011	2010
ASSETS					
Investments, at fair value					
Money market funds	\$ 290,721	\$ 357,697	\$ 260,859	\$ 909,277	\$ 1,069,939
U. S. Government and Federal					
Agency securities	1,855,476	1,552,555	2,183,519	5,591,550	3,755,308
Corporate bonds	1,526,419	1,297,118	1,772,228	4,595,765	6,953,051
Equities - common stock	4,608,050	3,491,684	4,694,681	12,794,415	11,614,995
Equities - mutual funds	1,267,411	1,200,394	848,525	3,316,330	4,745,276
	<u>9,548,077</u>	<u>7,899,448</u>	<u>9,759,812</u>	<u>27,207,337</u>	<u>28,138,569</u>
Receivables					
Accrued interest and dividends	33,349	26,990	38,006	98,345	108,421
Contribution receivable	-	-	1,750	1,750	4,376
State excise tax rebate	-	171,912	-	171,912	23,648
	<u>33,349</u>	<u>198,902</u>	<u>39,756</u>	<u>272,007</u>	<u>136,445</u>
TOTAL ASSETS	<u>9,581,426</u>	<u>8,098,350</u>	<u>9,799,568</u>	<u>27,479,344</u>	<u>28,275,014</u>
LIABILITIES					
Administrative expenses payable	25,117	9,608	17,975	52,700	30,617
Deferred contribution	223	14,339	-	14,562	17,255
	<u>25,340</u>	<u>23,947</u>	<u>17,975</u>	<u>67,262</u>	<u>47,872</u>
TOTAL LIABILITIES	<u>25,340</u>	<u>23,947</u>	<u>17,975</u>	<u>67,262</u>	<u>47,872</u>
NET ASSETS HELD IN TRUST					
Held in trust for pension benefits and other purposes	<u>\$ 9,556,086</u>	<u>\$ 8,074,403</u>	<u>\$ 9,781,593</u>	<u>\$27,412,082</u>	<u>\$28,227,142</u>

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

Year Ended September 30, 2011
With Comparative Total Amounts for the Year Ended September 30, 2010

	Police	Firefighters'	General	Totals	
	Pension	Pension	Pension	2011	2010
ADDITIONS					
Contributions					
Employer	\$ 543,739	\$ 338,255	\$ 393,026	\$ 1,275,020	\$ 1,198,865
Plan members	115,632	146,452	84,858	346,942	394,898
	<u>659,371</u>	<u>484,707</u>	<u>477,884</u>	<u>1,621,962</u>	<u>1,593,763</u>
Intergovernmental revenue					
State excise tax rebate	72,175	171,912	-	244,087	252,317
Investment income					
Net appreciation (depreciation) in fair value of investments	(194,882)	(123,564)	(127,207)	(445,653)	2,066,225
Interest and dividends	273,774	247,584	290,126	811,484	820,887
Miscellaneous income	3,783	16,210	4,421	24,414	25,675
Total investment earnings	<u>82,675</u>	<u>140,230</u>	<u>167,340</u>	<u>390,245</u>	<u>2,912,787</u>
Less investment expense	<u>67,554</u>	<u>63,225</u>	<u>57,587</u>	<u>188,366</u>	<u>152,475</u>
Net investment earnings	<u>15,121</u>	<u>77,005</u>	<u>109,753</u>	<u>201,879</u>	<u>2,760,312</u>
TOTAL ADDITIONS (REDUCTIONS)	<u>746,667</u>	<u>733,624</u>	<u>587,637</u>	<u>2,067,928</u>	<u>4,606,392</u>
DEDUCTIONS					
Benefits	688,131	620,610	785,517	2,094,258	1,944,654
Lump sum Deferred Retirement Option Plan (DROP) payments	-	404,897	136,946	541,843	561,524
Refunds of contributions	51,779	16,381	60,305	128,465	55,139
Administrative expenses	<u>34,581</u>	<u>36,427</u>	<u>47,414</u>	<u>118,422</u>	<u>87,818</u>
TOTAL DEDUCTIONS	<u>774,491</u>	<u>1,078,315</u>	<u>1,030,182</u>	<u>2,882,988</u>	<u>2,649,135</u>
CHANGE IN NET ASSETS	(27,824)	(344,691)	(442,545)	(815,060)	1,957,257
NET ASSETS - BEGINNING OF YEAR	<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>
NET ASSETS - END OF YEAR	<u>\$ 9,556,086</u>	<u>\$ 8,074,403</u>	<u>\$ 9,781,593</u>	<u>\$ 27,412,082</u>	<u>\$ 28,227,142</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,	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 3,200	\$ 3,650
Pooled cash and investments and cash equivalents	3,580,026	3,033,214
Receivables		
Other	266,204	273,534
Due from other funds	1,379,552	1,420,662
Due from other governments	391,039	342,808
Supplies inventory	559	192
Prepaid insurance and deposits	<u>251,622</u>	<u>158,863</u>
TOTAL ASSETS	<u><u>\$ 5,872,202</u></u>	<u><u>\$ 5,232,923</u></u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 113,465	\$ 244,870
Accrued liabilities	600,800	372,119
Due to other governments	144,716	164,486
Deferred revenue	<u>98,686</u>	<u>113,391</u>
TOTAL LIABILITIES	<u>957,667</u>	<u>894,866</u>
 FUND BALANCES		
Nonspendable:		
Supplies inventory	559	192
Prepays	251,442	158,663
Long-term receivable	668,960	975,405
Restricted for:		
Library	198,063	198,063
Assigned to:		
Capital improvement projects	-	8,333
Compensated absences	565,656	660,112
Unassigned:		
General fund	<u>3,229,855</u>	<u>2,337,289</u>
TOTAL FUND BALANCES	<u>4,914,535</u>	<u>4,338,057</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 5,872,202</u></u>	<u><u>\$ 5,232,923</u></u>

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2011
 With Comparative Actual Amounts for the Year Ended September 30, 2010

	2011			Variance with Final Budget Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services					
Customer service charges	\$ 4,241,017	\$ 4,241,017	\$ 4,596,119	\$ 355,102	\$ 4,541,287
Investment income					
Interest	1,000	1,000	-	(1,000)	497
Miscellaneous revenues					
Impact fees	35,000	35,000	8,514	(26,486)	15,468
Other	165,000	165,000	378	(164,622)	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>4,442,017</u>	<u>4,442,017</u>	<u>4,605,011</u>	<u>162,994</u>	<u>4,557,252</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Personal services	402,888	402,888	410,378	(7,490)	429,403
Contractual/other services	2,915,177	2,902,305	2,365,278	537,027	2,757,845
Vehicle/equipment lease principle	35,000	35,000	31,294	3,706	29,827
Interest and fiscal charges	82,540	82,540	84,569	(2,029)	90,203
Capital outlay	523,750	536,622	329,778	206,844	284,230
State revolving loan principle	179,537	179,537	180,727	(1,190)	176,045
Repayment of advance from General Fund	285,270	285,270	285,270	-	238,566
TOTAL CHARGES TO APPROPRIATIONS	<u>4,424,162</u>	<u>4,424,162</u>	<u>3,687,294</u>	<u>736,868</u>	<u>4,006,119</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 17,855</u>	<u>\$ 17,855</u>	<u>\$ 917,717</u>	<u>\$ 899,862</u>	<u>\$ 551,133</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$192,679, for generally accepted accounting principles (GAAP) purposes was \$3,052,904. Capital outlay expenditures of \$329,778, lease principal of \$31,924, state revolving loan principle of \$180,727, and repayment of advance from General Fund of \$285,270 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, 2011
 With Comparative Actual Amounts for the Year Ended September 30, 2010

	2011			Variance with Final Budget Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services					
Customer service charges	\$ 656,355	\$ 656,355	\$ 683,605	\$ 27,250	\$ 591,590
Investment income					
Interest	100	100	-	(100)	56
Miscellaneous revenues					
Impact fees	2,000	2,000	1,425	(575)	2,430
Other	16,800	16,800	14,122	(2,678)	9,721
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>675,255</u>	<u>675,255</u>	<u>699,152</u>	<u>23,897</u>	<u>603,797</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Personal services	132,974	132,974	134,139	(1,165)	78,367
Contractual/other services	360,959	370,553	367,556	2,997	353,844
Transfers out	122,101	97,101	-	97,101	-
Capital Outlay	5,000	20,406	-	20,406	-
TOTAL CHARGES TO APPROPRIATIONS	<u>621,034</u>	<u>621,034</u>	<u>501,695</u>	<u>119,339</u>	<u>432,211</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 54,221</u>	<u>\$ 54,221</u>	<u>\$ 197,457</u>	<u>\$ 143,236</u>	<u>\$ 171,586</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation and interest expense. Total expenses, including depreciation expense of \$235,882 and interest expense of \$82,267, for generally accepted accounting principles (GAAP) purposes was \$819,844. 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 \$137,940 and a decrease in investment value of (\$111,506), for GAAP purposes was \$725,586.

CITY OF ST. PETE BEACH, FLORIDA

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

September 30, 2011

	Total Governmental Funds	Long-term Assets, Liabilities	Other Items, Reclasses and Eliminations	Statement of Net Asset Totals
ASSETS				
Cash	\$ 3,200	\$ -	\$ -	\$ 3,200
Pooled cash and investments and cash equivalents	3,752,702	-	-	3,752,702
Receivables				
Other	266,204	-	-	266,204
Due from other funds	1,379,552	-	(354,146)	1,025,406
Due from other governments	633,350	-	-	633,350
Supplies inventory	559	-	-	559
Prepaid insurance and deposits	251,622	-	109,337	360,959
Land and land rights	-	3,698,977	-	3,698,977
Buildings and other land improvements	-	22,441,295	-	22,441,295
Furniture, machinery and equipment	-	4,984,355	-	4,984,355
Infrastructure	-	12,398,462	-	12,398,462
Capital projects in process	-	59,937	-	59,937
Less: accumulated depreciation	-	(15,634,296)	-	(15,634,296)
Un-amortized debt costs	-	30,599	-	30,599
TOTAL ASSETS	\$ 6,287,189	\$ 27,979,329	\$ (244,809)	\$ 34,021,709
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 194,323	\$ -	\$ -	\$ 194,323
Accrued liabilities	607,146	-	(6,346)	600,800
Due to other funds	354,146	-	(354,146)	-
Accrued interest payable	-	-	6,346	6,346
Due to other governments	144,716	-	-	144,716
Current portion of				
Deferred revenue	98,686	18,384	-	117,070
Compensated absences	-	42,576	-	42,576
Revenue bonds payable	-	605,000	-	605,000
General obligation bonds payable	-	155,000	-	155,000
Non-current portion of				
Net other post employment benefit obligation	-	413,070	-	413,070
Deferred revenue	-	59,762	-	59,762
Compensated absences	-	523,080	-	523,080
Revenue bonds payable	-	2,250,000	-	2,250,000
General obligation bonds payable	-	160,000	-	160,000
TOTAL LIABILITIES	1,399,017	4,226,872	(354,146)	5,271,743
TOTAL FUND BALANCES / NET ASSETS	4,888,172	23,752,457	109,337	28,749,966
TOTAL LIABILITIES AND FUND BALANCES / NET ASSETS	\$ 6,287,189	\$ 27,979,329	\$ (244,809)	\$ 34,021,709

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, 2011

	Total Governmental Funds	Capital Outlay, Disposals and Depreciation	Long-term Debt Transactions	Other Items, Reclasses and Eliminations	Statement of Activities Totals
REVENUES					
Taxes	\$ 8,983,281	\$ -	\$ -	\$ (8,983,281)	\$ -
Licenses and permits	459,849	-	-	(459,849)	-
Intergovernmental revenue	3,579,651	-	-	(3,579,651)	-
Charges for services	1,768,756	-	-	920,449	2,689,205
Fines and forfeitures	226,328	-	-	(226,328)	-
Miscellaneous revenues	346,267	7,121	23,064	(376,452)	-
Operating grants and contributions	-	-	-	1,411,742	1,411,742
Capital grants and contributions	-	-	-	316,946	316,946
General revenues	-	-	-	10,976,424	10,976,424
TOTAL REVENUES	15,364,132	7,121	23,064	-	15,394,317
EXPENDITURES					
Current					
General government	1,786,770	154,921	33,621	-	1,975,312
Community development	567,536	1,009	13,343	-	581,888
Library	529,431	29,164	12,648	-	571,243
Parking enforcement	267,877	-	-	-	267,877
Public safety	6,628,405	-	-	(6,628,405)	-
Public safety - police	-	194,192	(21,202)	3,711,189	3,884,179
Public safety - fire	-	113,152	19,126	2,915,588	3,047,866
Public services	3,064,189	873,845	24,115	-	3,962,149
Capital Outlay	1,281,739	(1,281,739)	-	-	-
Debt service					
Principal retirement	1,169,185	-	(1,169,185)	-	-
Interest and fiscal charges	194,704	-	8,675	-	203,379
TOTAL EXPENDITURES	15,489,836	84,544	(1,078,859)	(1,628)	14,493,893
OTHER FINANCING SOURCES (USES)					
Sale of surplus capital assets proceeds	16,296	(16,296)	-	-	-
Transfers in	492,000	-	-	(492,000)	-
Transfers out	(492,000)	-	-	492,000	-
TOTAL OTHER FINANCING SOURCES (USES)	16,296	(16,296)	-	-	-
NET CHANGE IN FUND BALANCE / NET ASSETS	\$ (109,408)	\$ (93,719)	\$ 1,101,923	\$ 1,628	\$ 900,424

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2011

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 Justice				
Office of Community Oriented Policing Services				
COPS Hiring Recovery Program (ARRA)	16.710	2009RKWX0244	\$ 232,872	\$ 67,578
Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-JAGD-PINE-5-B3-002	5,963	5,963
U. S. Department of Transportation				
Florida Department of Transportation				
National Highway Traffic Safety Administration - Pedestrian Safety Enforcement Campaign	20.614	DTN H22-09-H-00279 (BDS01)	16,432	9,751
U. S. Department of Energy				
State of Florida, Executive Office of the Governor				
Florida Energy and Climate Commission				
Energy Efficiency and Community Reinvestment Program (ARRA)	81.041	DE-DE000241 (ARS039)	250,000	250,000
U. S. Department of Homeland Security				
Federal Emergency Management Agency				
State of Florida Department of Community Affairs				
Hazard Mitigation Grant	97.039	DCA #07HM-7@-08-62-02-036	137,474	<u>26,297</u>
Total Expenditures of Federal Awards				<u><u>\$ 359,589</u></u>
<u>State Projects</u>				
None				<u><u>\$ -</u></u>
<u>Local Assistance</u>				
Pinellas County				
Department of Solid Waste Operations				
Recycling Grant	N/A	N/A	\$ 5,476	<u><u>\$ 5,476</u></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

	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 19,013,898	\$ 19,523,418	\$ 21,383,617	\$ 23,823,782	\$ 27,490,946
Restricted	5,816,382	5,379,961	5,026,731	4,677,706	4,301,727
Unrestricted	5,701,461	5,639,076	6,361,174	5,551,958	3,463,277
Total governmental activities net assets	\$ 30,531,741	\$ 30,542,455	\$ 32,771,522	\$ 34,053,446	\$ 35,255,950
Business-type activities					
Invested in capital assets, net of related debt					
Restricted					
Unrestricted					
Total business-type activities net assets					
Primary government					
Invested in capital assets, net of related debt	\$ 19,013,898	\$ 19,523,418	\$ 21,383,617	\$ 23,823,782	\$ 27,490,946
Restricted	5,816,382	5,379,961	5,026,731	4,677,706	4,301,727
Unrestricted	5,701,461	5,639,076	6,361,174	5,551,958	3,463,277
Total primary government net assets	\$ 30,531,741	\$ 30,542,455	\$ 32,771,522	\$ 34,053,446	\$ 35,255,950

Notes:

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	2011
\$ 30,398,426	\$ 30,608,205	\$ 23,194,806	\$ 23,703,266	\$ 24,778,730
4,081,739	3,869,130	380,065	382,107	369,866
720,323	1,447,615	3,556,029	3,764,169	3,601,370
<u>\$ 35,200,488</u>	<u>\$ 35,924,950</u>	<u>\$ 27,130,900</u>	<u>\$ 27,849,542</u>	<u>\$ 28,749,966</u>
		\$ 7,416,175	\$ 7,966,862	\$ 8,584,028
		3,149,490	2,761,992	2,360,200
		(1,004,406)	(263,623)	1,090,718
		<u>\$ 9,561,259</u>	<u>\$ 10,465,231</u>	<u>\$ 12,034,946</u>
\$ 30,398,426	\$ 30,608,205	\$ 30,610,981	\$ 31,656,955	\$ 33,362,758
4,081,739	3,869,130	3,529,555	3,144,099	2,730,066
720,323	1,447,615	2,551,623	3,513,719	4,692,088
<u>\$ 35,200,488</u>	<u>\$ 35,924,950</u>	<u>\$ 36,692,159</u>	<u>\$ 38,314,773</u>	<u>\$ 40,784,912</u>

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

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 1,933,508	\$ 2,022,865	\$ 1,821,046	\$ 2,229,939	\$ 2,413,760	\$ 2,546,390	\$ 2,093,889
Community Development							707,288
Library							603,915
Parking Enforcement							
Public Safety - police	3,141,496	3,199,872	3,439,816	3,665,002	4,006,979	4,165,767	4,400,470
Public Safety - fire	2,170,304	2,310,861	2,465,313	2,595,777	2,863,945	3,023,061	3,249,397
Public Services	2,293,995	2,343,603	2,497,075	2,808,846	2,905,516	3,058,319	4,217,367
Leisure services	1,535,037	1,604,063	1,665,900	1,818,392	2,056,743	2,477,342	-
Interest on long term-debt	425,620	417,549	379,763	344,444	325,147	509,659	534,107
Total governmental activities expenses	<u>11,499,960</u>	<u>11,898,813</u>	<u>12,268,913</u>	<u>13,462,400</u>	<u>14,572,090</u>	<u>15,780,538</u>	<u>15,806,433</u>
Business-type activities:							
Water pollution control - sewer	2,559,570	2,841,510	2,504,303	2,732,414	3,079,658	4,022,773	3,457,675
Water pollution control - reclaimed water	573,844	597,903	583,852	652,864	653,777	643,833	638,710
Water pollution control - stormwater	-	-	-	-	-	-	-
Total business-type activities expenses	<u>3,133,414</u>	<u>3,439,413</u>	<u>3,088,155</u>	<u>3,385,278</u>	<u>3,733,435</u>	<u>4,666,606</u>	<u>4,096,385</u>
Total primary government expenses	<u>\$ 14,633,374</u>	<u>\$ 15,338,226</u>	<u>\$ 15,357,068</u>	<u>\$ 16,847,678</u>	<u>\$ 18,305,525</u>	<u>\$ 20,447,144</u>	<u>\$ 19,902,818</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General Government	\$ 892,109	\$ 958,330	\$ 1,001,936	\$ 950,401	\$ 1,076,223	\$ 411,629	\$ 435,010
Community Development							434,465
Library							28,069
Parking Enforcement							
Public Safety - Police	284,863	304,822	244,177	237,425	278,485	969,146	1,155,181
Public Works	309,794	321,161	692,546	714,049	716,278	619,330	419,320
Leisure Services	225,106	235,166	196,554	214,464	189,466	263,963	-
Operating grants and contributions	943,232	976,886	1,023,476	1,469,448	1,651,769	1,314,450	1,625,473
Capital grants and contributions	156,929	183,727	1,242,972	388,287	27,817	653,672	276,854
Total governmental activities program revenues	<u>2,812,033</u>	<u>2,980,092</u>	<u>4,401,661</u>	<u>3,974,074</u>	<u>3,940,038</u>	<u>4,232,190</u>	<u>4,374,372</u>
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	2,944,746	3,222,774
Water pollution control - reclaimed water	538,567	546,808	561,701	549,432	564,592	567,251	562,528
Water pollution control - stormwater	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>3,511,558</u>	<u>3,211,653</u>	<u>3,369,170</u>	<u>3,304,494</u>	<u>3,411,108</u>	<u>3,511,997</u>	<u>3,785,302</u>
Total primary government program revenues	<u>\$ 6,323,591</u>	<u>\$ 6,191,745</u>	<u>\$ 7,770,831</u>	<u>\$ 7,278,568</u>	<u>\$ 7,351,146</u>	<u>\$ 7,744,187</u>	<u>\$ 8,159,674</u>
Net (Expense)/Revenue							
Governmental activities	\$ (8,687,927)	\$ (8,918,721)	\$ (7,867,252)	\$ (9,488,326)	\$ (10,632,052)	\$ (11,548,348)	\$ (11,432,061)
Business-type activities	378,144	(227,760)	281,015	(80,784)	(322,327)	(1,154,609)	(311,083)
Total primary government net expense	<u>\$ (8,309,783)</u>	<u>\$ (9,146,481)</u>	<u>\$ (7,586,237)</u>	<u>\$ (9,569,110)</u>	<u>\$ (10,954,379)</u>	<u>\$ (12,702,957)</u>	<u>\$ (11,743,144)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Ad valorem	\$ 3,820,809	\$ 4,365,962	\$ 4,898,802	\$ 5,514,840	\$ 6,361,917	\$ 7,205,756	\$ 6,662,973
Franchise fees	864,072	869,008	885,027	961,157	1,123,954	1,129,082	1,104,184
Utility taxes	1,906,361	1,840,129	1,841,342	1,880,502	1,952,652	1,993,340	2,032,406
State sales tax	527,694	530,896	558,141	572,134	585,464	558,172	530,500
Infrastructure tax	793,485	800,759	847,225	927,344	979,980	947,581	920,711
Local option gas tax	85,260	86,725	91,080	91,964	92,348	88,496	133,095
Impact fess	44,994	117,895	107,867	187,896	52,250	58,176	14,674
State excise tax - public safety	-	-	-	-	194,804	300,840	334,351
Other taxes	35,568	45,478	48,707	48,494	44,328	40,112	42,785
State revenue sharing - unrestricted	224,787	224,344	234,436	269,947	270,611	272,013	267,207
Investment income	672,306	251,280	253,640	302,017	426,297	508,419	345,567
Miscellaneous	77,748	24,719	49,037	94,739	72,278	85,022	79,153
Special item - loss on capital assets	(357,140)	-	-	-	-	(539,514)	-
Total governmental activities	<u>8,695,944</u>	<u>9,157,195</u>	<u>9,815,304</u>	<u>10,851,034</u>	<u>12,156,883</u>	<u>12,647,495</u>	<u>12,467,606</u>
Business-type activities:							
Impact fees							
Investment income							
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 8,695,944</u>	<u>\$ 9,157,195</u>	<u>\$ 9,815,304</u>	<u>\$ 10,851,034</u>	<u>\$ 12,156,883</u>	<u>\$ 12,647,495</u>	<u>\$ 12,467,606</u>
Change in Net Assets							
Governmental activities	\$ 8,017	\$ 238,474	\$ 1,948,052	\$ 1,362,708	\$ 1,524,831	\$ 1,099,147	\$ 1,035,545
Business-type activities	378,144	(227,760)	281,015	(80,784)	(322,327)	(1,154,609)	(311,083)
Total primary government	<u>\$ 386,161</u>	<u>\$ 10,714</u>	<u>\$ 2,229,067</u>	<u>\$ 1,281,924</u>	<u>\$ 1,202,504</u>	<u>\$ (55,462)</u>	<u>\$ 724,462</u>

2009	2010	2011
\$ 2,223,320	\$ 2,306,345	\$ 1,975,312
620,111	593,337	581,888
613,869	552,497	571,243
		267,877
4,132,774	4,048,923	3,884,179
3,071,551	3,100,901	3,047,866
3,999,036	3,872,799	3,962,149
-	-	-
483,111	255,846	203,379
<u>15,143,772</u>	<u>14,730,648</u>	<u>14,493,893</u>
3,385,327	3,467,822	3,052,904
776,244	778,626	819,844
-	110,227	152,728
4,161,571	4,356,675	4,025,476
<u>\$ 19,305,343</u>	<u>\$ 19,087,323</u>	<u>\$ 18,519,369</u>

\$ 425,373	\$ 439,404	\$ 450,656
359,829	398,281	363,853
30,182	27,427	25,048
	928,834	1,143,883
1,147,821	141,741	169,361
399,399	431,290	536,404
-	-	-
1,581,096	1,414,213	1,411,742
264,062	371,068	316,946
<u>4,207,762</u>	<u>4,152,258</u>	<u>4,417,893</u>

3,719,270	4,541,287	4,596,497
546,699	601,311	697,727
-	-	264,594
-	-	-
-	-	-
4,265,969	5,142,598	5,558,818
<u>\$ 8,473,731</u>	<u>\$ 9,294,856</u>	<u>\$ 9,976,711</u>

\$ (10,936,010)	\$ (10,578,390)	\$ (10,076,000)
104,398	785,923	1,533,342
<u>\$ (10,831,612)</u>	<u>\$ (9,792,467)</u>	<u>\$ (8,542,658)</u>

\$ 6,057,622	\$ 5,655,614	\$ 5,659,947
1,224,333	1,291,867	1,198,408
2,057,562	2,238,043	2,124,927
484,524	480,771	485,227
808,949	805,652	719,060
128,949	139,354	126,339
-	1,074	-
224,860	252,317	244,087
52,617	45,060	45,701
262,715	263,617	264,996
56,045	6,892	2,491
105,148	116,770	105,241
-	-	-
<u>11,463,324</u>	<u>11,297,031</u>	<u>10,976,424</u>

36,120	17,898	9,939
99,377	100,152	26,434
135,497	118,050	36,373
<u>\$ 11,598,821</u>	<u>\$ 11,415,081</u>	<u>\$ 11,012,797</u>

\$ 527,314	\$ 718,641	\$ 900,424
239,895	903,973	1,569,715
<u>\$ 767,209</u>	<u>\$ 1,622,614</u>	<u>\$ 2,470,139</u>

Notes:

- 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.
- Beginning in fiscal year 2011, parking meter revenues have been recorded as a charge for service in Parking Enforcement rather than in Public Safety - Police.
- Beginning in fiscal year 2008, the following departmental changes were implemented:
 - Community Development department has been separately presented;
 - Library division has been separately presented;
 - The Parks and Recreation divisions have been included as part of Public Services.
- Beginning in fiscal year 2010, the wastewater and reclaimed water funds are classified as enterprise funds.
- Fiscal year 2009 converted for comparison purposes

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

	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 224,858	\$ 218,607	\$ 226,416	\$ 220,154	\$ 213,744
Unreserved	2,897,568	2,729,099	2,982,241	3,142,415	2,857,924
Nonspendable					
Restricted					
Assigned					
Unassigned					
Total general fund	<u>\$ 3,122,426</u>	<u>\$ 2,947,706</u>	<u>\$ 3,208,657</u>	<u>\$ 3,362,569</u>	<u>\$ 3,071,668</u>
All Other Governmental Funds					
Reserved	\$ 5,659,921	\$ 5,225,428	\$ 4,863,264	\$ 4,531,608	\$ 4,140,422
Unreserved					
Special revenue funds	680,312	266,547	554,768	735,530	636,941
Debt service fund			734	734	734
Capital project fund	2,943,377	3,495,281	3,681,056	2,477,094	716,737
Restricted					
Assigned					
Unassigned					
Total all other governmental funds	<u>\$ 9,283,610</u>	<u>\$ 8,987,256</u>	<u>\$ 9,099,822</u>	<u>\$ 7,744,966</u>	<u>\$ 5,494,834</u>

Note:

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

The City implemented GASB Statement #54 - "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended September 30, 2011. The fund balance classifications for the year ended September 30, 2010 were restated for comparison purposes.

2007	2008	2009	2010	2011
\$ 210,005	\$ 209,325	\$ 1,567,842	\$ -	\$ -
2,936,042	3,192,546	2,401,267		
			1,134,260	920,961
			198,063	198,063
			668,445	565,656
			2,337,289	3,229,855
<u>\$ 3,146,047</u>	<u>\$ 3,401,871</u>	<u>\$ 3,969,109</u>	<u>\$ 4,338,057</u>	<u>\$ 4,914,535</u>
\$ 3,917,959	\$ 3,707,404	\$ 3,397,217	\$ -	\$ -
(702,015)	(1,047,146)	-		
(46,827)	(49,778)	-		
(651,603)	49,928	564,051		
			184,044	171,803
			475,479	
				(198,166)
<u>\$ 2,517,514</u>	<u>\$ 2,660,408</u>	<u>\$ 3,961,268</u>	<u>\$ 659,523</u>	<u>\$ (26,363)</u>

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

	2002	2003	2004	2005	2006	2007
Revenues						
Taxes	\$ 6,591,241	\$ 7,075,099	\$ 7,625,170	\$ 8,356,499	\$ 9,438,522	\$ 10,328,178
Licenses and permits	399,703	404,891	775,716	807,856	807,175	713,523
Intergovernmental revenue	2,765,335	2,836,682	4,054,678	3,551,832	3,846,278	3,922,805
Charges for services	4,437,454	4,201,676	4,366,235	4,279,208	4,518,661	4,679,076
Fines and forfeitures	264,102	295,183	218,029	204,855	215,241	224,958
Miscellaneous revenue	897,058	544,737	579,720	925,520	665,691	1,029,823
Total revenues	<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>	<u>20,898,363</u>
Expenditures						
Current						
General government	1,701,368	1,884,933	1,645,426	2,040,786	2,240,435	2,378,877
Community Development						
Library						
Parking enforcement						
Public safety	5,061,172	5,245,120	5,636,732	5,971,810	6,416,531	6,810,757
Public services	1,973,182	2,035,317	2,167,072	2,453,416	2,564,046	2,629,373
Water pollution control	2,875,541	3,101,302	2,757,135	3,038,394	3,359,030	4,259,808
Leisure services	1,415,945	1,483,136	1,514,680	1,655,771	1,806,596	2,158,388
Non-departmental	-	-	-	-	-	-
Total Current Expenditures	<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>	<u>18,237,203</u>
Capital outlay						
General government	3,213,865	89,287	28,640	10,975	486,928	69,723
Community Development						
Library						
Public safety	271,799	100,111	133,892	348,387	1,065,265	231,343
Public services	522,826	184,610	1,309,619	854,586	678,155	802,927
Water pollution control	134,868	172,598	698,174	870,342	1,838,557	1,358,178
Leisure services	157,069	401,173	195,056	1,285,574	2,565,988	6,731,060
Total Capital Outlay	<u>4,300,427</u>	<u>947,779</u>	<u>2,365,381</u>	<u>3,369,864</u>	<u>6,634,893</u>	<u>9,193,231</u>
Debt service						
Principal retirement	599,730	756,412	799,099	800,120	819,389	1,338,279
Interest and fiscal charges	419,445	411,009	373,824	339,133	320,480	571,085
Total Debt Service	<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>	<u>1,909,364</u>
Debt costs	41,325					
Total expenditures	<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>	<u>29,339,798</u>
Excess of revenues over (under) expenditures	(3,033,242)	(506,740)	360,199	(1,543,524)	(4,669,832)	(8,441,435)
Other Financing Sources (Uses)						
Capital lease obligation incurred	136,140			234,365	658,553	-
Bond proceeds	2,495,775					4,100,598
Loan proceeds	284,364	13,012		73,117	1,455,892	1,414,321
Sale of surplus capital assets proceeds	30,517	22,654	13,318	35,098	14,354	23,575
Transfers in	200,000	6,111,942	209,860	322,619	589,101	934,601
Transfers out	(200,000)	(6,111,942)	(209,860)	(322,619)	(589,101)	(934,601)
Total other financing sources (uses)	<u>2,946,796</u>	<u>35,666</u>	<u>13,318</u>	<u>342,580</u>	<u>2,128,799</u>	<u>5,538,494</u>
Net change in fund balances	(86,446)	(471,074)	373,517	(1,200,944)	(2,541,033)	(2,902,941)
Fund balances - beginning of year	12,492,482	12,406,036	11,934,962	12,308,479	11,107,535	8,566,502
Fund balance - end of year	<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>	<u>\$ 5,663,561</u>
Debt service as a percentage of non-capital expenditures	7.8%	8.5%	8.5%	7.5%	7.0%	10.5%

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

2008	2009	2010	2011
\$ 9,799,563	\$ 9,339,517	\$ 9,185,523	\$ 8,983,281
534,094	455,394	494,634	459,849
4,004,139	3,689,253	3,678,096	3,579,651
5,325,751	1,572,766	1,512,469	1,768,756
209,512	163,951	150,192	226,328
731,898	360,139	389,009	346,267
<u>20,604,957</u>	<u>15,581,020</u>	<u>15,409,923</u>	<u>15,364,132</u>
1,926,479	2,015,314	2,099,784	1,786,770
716,378	610,481	581,496	567,536
571,361	587,953	530,304	529,431
			267,877
7,308,294	6,749,074	6,738,104	6,628,405
3,401,670	3,138,324	3,026,346	3,064,189
3,701,133			-
-	-	-	-
-	-	-	-
<u>17,625,315</u>	<u>13,101,146</u>	<u>12,976,034</u>	<u>12,844,208</u>
163,246	54,889	17,551	300,488
3,000	6,350	-	8,590
163,251	-	3,894	26,236
70,770	69,216	265,200	211,183
418,265	219,989	1,206,059	735,242
25,399	274,086		-
-	-	-	-
<u>843,931</u>	<u>624,530</u>	<u>1,492,704</u>	<u>1,281,739</u>
1,433,818	813,322	1,340,375	1,169,185
521,138	261,648	245,623	194,704
<u>1,954,956</u>	<u>1,074,970</u>	<u>1,585,998</u>	<u>1,363,889</u>
<u>20,424,202</u>	<u>14,800,646</u>	<u>16,054,736</u>	<u>15,489,836</u>
755	780,374	(644,813)	(125,704)
-			
388,742	269,843	875,000	
9,221	31,746	52,231	16,296
547,101	400,000	475,000	492,000
(547,101)	(400,000)	(475,000)	(492,000)
<u>397,963</u>	<u>301,589</u>	<u>927,231</u>	<u>16,296</u>
398,718	1,081,963	282,418	(109,408)
<u>5,663,561</u>	<u>3,633,199</u>	<u>4,715,162</u>	<u>4,997,580</u>
<u>\$ 6,062,279</u>	<u>\$ 4,715,162</u>	<u>\$ 4,997,580</u>	<u>\$ 4,888,172</u>
11.1%	8.2%	12.2%	10.6%

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

	2002	2003	2004	2005
Function / Program				
Governmental activities :				
Charges for services				
General government	\$ 892,109	\$ 369,138	\$ 403,300	\$ 398,765
Community development	-	-	-	-
Library	-	-	-	-
Parking enforcement				
Public safety - police	284,863	894,014	842,813	789,061
Public services	309,794	321,161	692,546	714,049
Leisure services	225,106	235,166	196,554	214,464
Total charges for services	<u>1,711,872</u>	<u>1,819,479</u>	<u>2,135,213</u>	<u>2,116,339</u>
Operating grants and contributions				
Library	198,122	201,179	202,725	218,190
Public safety - police	-	-	10,000	5,185
Public safety - fire	745,110	767,581	790,617	833,463
Public services	-	8,126	20,134	412,610
Total operating grants and contributions	<u>\$ 943,232</u>	<u>\$ 976,886</u>	<u>\$ 1,023,476</u>	<u>\$ 1,469,448</u>
Capital grants and contributions				
General government				
Library				
Public safety - police	37,830	10,000	-	-
Public safety - fire	-	53,955	-	-
Public services	-	-	681,145	-
Leisure services	119,099	119,772	561,827	388,287
Total capital grants and contributions	<u>156,929</u>	<u>183,727</u>	<u>1,242,972</u>	<u>388,287</u>
Sub-total governmental activities	<u>\$ 2,812,033</u>	<u>\$ 2,980,092</u>	<u>\$ 4,401,661</u>	<u>\$ 3,974,074</u>
Business-type activities:				
Charges for services:				
Water pollution control - wastewater	2,972,991	2,664,845	2,807,469	2,755,062
Water pollution control - reclaimed water	538,567	546,808	561,701	549,432
Water pollution control - stormwater	-	-	-	-
	<u>3,511,558</u>	<u>3,211,653</u>	<u>3,369,170</u>	<u>3,304,494</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>	<u>3,304,494</u>
Total primary government program revenues	<u>\$ 6,323,591</u>	<u>\$ 6,191,745</u>	<u>\$ 7,770,831</u>	<u>\$ 7,278,568</u>

Note: The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in FY 2010. The years 2002 to 2009 have been converted for comparison purposes.

2006	2007	2008	2009	2010	2011
\$ 450,424	\$ 411,629	\$ 435,010	\$ 425,373	\$439,404	\$450,656
-	-	434,465	359,829	398,281	363,853
-	-	28,069	30,182	27,427	25,048
				928,834	1,143,883
904,284	969,146	1,155,181	1,147,821	141,741	169,361
716,278	619,330	419,320	399,399	431,290	536,404
189,466	263,963	-	-	-	-
<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>	<u>2,689,205</u>
235,674	271,841	248,257	218,470	189,859	173,606
14,484	92,235	76,465	47,129	63,569	82,127
865,930	904,660	1,182,893	1,236,947	1,108,691	1,101,575
535,681	45,714	117,858	49,532	52,084	54,434
<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>	<u>1,411,742</u>
					142,500
					10,000
-	-	-	118,719	247,341	99,760
-	-	-	-	-	-
-	-	-	174,361	123,727	64,686
27,817	653,672	276,854	-	-	-
<u>27,817</u>	<u>653,672</u>	<u>276,854</u>	<u>293,080</u>	<u>371,068</u>	<u>316,946</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>	<u>\$ 4,417,893</u>
2,846,516	2,944,746	3,222,774	3,719,270	4,541,287	4,596,497
564,592	567,251	562,528	546,699	601,311	697,727
-	-	-	-	-	264,594
<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>5,558,818</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>5,558,818</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>	<u>\$ 9,976,711</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
2011	\$ 5,659,946	\$ 1,198,408	\$ 2,124,927	\$ 8,983,281
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

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)

<u>Fiscal Year Ended September 30,</u>	<u>Tax Roll</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Governmental Property</u>	<u>Institutional Property</u>	<u>Other Real Property</u>
2011	2010	\$ 1,866,594,851	\$ 400,024,065	\$ 26,970,547	\$ 18,534,123	\$ 8,148,597
2010	2009	1,974,627,856	445,160,499	31,375,098	20,933,239	9,952,577
2009	2008	2,554,643,705	664,746,200	63,915,000	25,236,900	4,397,000
2008	2007	2,916,165,500	715,107,200	63,887,600	24,314,300	5,038,700
2007	2006	2,943,231,980	751,347,000	64,732,200	23,819,900	3,186,800
2006	2005	2,337,775,200	587,997,200	48,716,300	21,779,100	1,914,900
2005	2004	2,032,334,600	354,679,900	45,885,100	19,956,600	1,738,700
2004	2003	1,756,142,800	315,059,800	42,372,200	17,706,700	1,551,800
2003	2002	1,489,703,400	294,171,600	36,969,900	16,708,700	1,838,300
2002	2001	1,231,292,300	289,110,200	69,208,300	18,072,300	1,940,100

Source:

Pinellas County Property Appraiser

Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 53,226,254	\$ 2,373,498,437	\$ 252,537,396	\$ 2,120,961,041	2.7514
55,337,521	2,537,386,790	261,028,318	2,276,358,472	2.5588
53,478,550	3,366,417,355	805,857,299	2,560,560,056	2.4425
50,266,380	3,774,779,680	950,102,233	2,824,677,447	2.4363
47,787,380	3,834,105,260	1,044,433,806	2,789,671,454	2.6656
43,287,248	3,041,469,948	761,552,330	2,279,917,618	2.8792
39,857,810	2,494,452,710	590,553,250	1,903,899,460	2.9954
41,073,890	2,173,907,190	492,255,710	1,681,651,480	3.0060
41,214,100	1,880,606,000	387,177,940	1,493,428,060	3.0198
48,155,730	1,657,778,930	312,841,640	1,344,937,290	2.9378

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
				Operating	Mosquito Control	Health Department		State School Operating
2011	2.6718	0.0796	2.7514	4.8108	-	0.0622	4.8730	5.3420
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

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	8.3400	0.5832	0.0125	0.7915	0.3770	0.2600	17.9886
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

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

Taxpayer	2011			2002		
	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	\$ 46,197,377	1	1.64%	\$ 42,646,660	1	3.17%
Nicklaus, H Gregg Tre	23,500,000	2	0.83%	22,894,700	3	1.70%
RIA - Sandpiper Inc	15,000,000	3	0.53%			
Dolphin Village Partners LLC	14,896,883	4	0.53%			
RIA - Breckenridge, Inc.	14,250,000	5	0.50%			
St. Pete Partners LLC	11,703,240	6	0.41%			
Grand Plaza Resorts Inc	10,100,000	7	0.36%			
RIA - Tradewinds, Inc.	9,335,048	8	0.33%			
Dolphin Holdings, LTD	9,300,000	9	0.33%	8,710,500	9	0.65%
Alden Enterprises, Inc.	8,300,000	10	0.29%	9,092,900	8	0.68%
Resort Inns of America, Inc.				33,202,300	2	2.47%
Resort Industries, Inc.				16,840,000	4	1.25%
Dale R. Hughes				12,865,700	5	0.96%
National Realty Holdings, Inc.				10,081,200	6	0.75%
Irving M. Rosenblum				10,008,200	7	0.74%
ICIG Dolphin Village				8,691,600	10	0.65%
Total Principal Taxpayers	162,582,548		7.67%	\$ 175,033,760		13.01%
All Other Taxpayers	1,958,378,493		92.33%	1,169,903,530		86.99%
Total	<u>\$2,120,961,041</u>		<u>100%</u>	<u>\$ 1,344,937,290</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
2011	\$ 5,835,612	\$ 5,659,946	96.99%
2010	5,824,746	5,655,614	97.10%
2009	6,254,168	5,655,614	90.43%
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%

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, 2011

<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)	\$ 18,692,448	3.64%	\$ 681,159
Pinellas County Capital Leases(2)	-	3.64%	-
Pinellas County School Board (Overlapping) (2)	<u>27,400,000</u>	3.36%	<u>921,534</u>
Total Overlapping Debt	46,092,448		1,602,693
City direct debt	<u>8,339,898</u>	100.00%	<u>8,339,898</u>
Total direct and overlapping governmental activities debt	<u>\$ 54,432,346</u>		<u>\$ 9,021,057</u>
Total direct and overlapping governmental activities debt per capita (2) (3)			<u>\$ 900</u>

Notes:

- (1) The City's share is calculated based on the ratio of the 2010 City Taxable Value of \$ 2,120,961,041 to the County's Taxable Value of \$ 60,363,734,938 and the School Board Taxable Value of \$63,062,619,724.
- (2) The City of St. Pete Beach is not responsible for the debt of the County or School Board.
- (3) 2011 permanent St. Pete Beach population at 10,063.

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
2011	\$ 315,000	\$ 285,000	\$ 2,570,000	\$ -	\$ 2,190,474	\$ 194,225
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

<u>Activities</u>			<u>General Bonded Debt</u>			
<u>State</u>			<u>Percentage of</u>			
<u>Revolving</u>	<u>Capital</u>	<u>Total</u>	<u>Actual</u>	<u>Per</u>	<u>Percentage</u>	<u>Per</u>
<u>Loan</u>	<u>Leases</u>	<u>Primary</u>	<u>Taxable Value</u>	<u>Capita</u>	<u>of Personal</u>	<u>Capita</u>
<u>2005</u>	<u>Payable</u>	<u>Government</u>	<u>of Property</u>		<u>Income</u>	
\$ 2,752,362	\$ 32,837	\$ 8,339,898	0.015%	\$31	0.07%	\$ 829
2,919,867	64,128	10,222,579	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

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	Plus: Sinking Fund - Sale of U.S. Treasury Zero Coupon Bonds	Net Available Revenue	State Revolving Loan,	
		Principal	Interest	Coverage					Principal	Interest
2011	\$ 169,150	\$ 145,000	\$ 24,150	1.00	\$ 683,605	\$ 501,695	\$ 500,000	\$ 681,910	\$ 501,474	\$ 95,627
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

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.

1992 Coverage	Sewer Service Charges	Less: Operating Expenses	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
1.14	\$ 4,596,497	\$ 2,775,656	\$ 1,820,841	\$ 180,728	\$ 81,170	6.95	\$ 719,060	\$ 580,000	\$ 149,980	0.99
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	None	920,711	505,000	223,084	1.26
1.06	2,944,746	3,890,969	(946,223)	201,181	60,897	None	947,581	415,000	201,857	1.54
1.06	2,846,516	2,945,427	(98,911)	11,365	8,084	None	979,980	215,000	78,788	3.34
1.06	2,755,062	2,888,438	(133,376)	11,026	9,423	None	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	-

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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>
2011	10,063	\$ 449,393,454	\$ 44,658	56.8	104,001	10.8%
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%

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 Five Years Ago

Employer	2011		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
Publix Super Markets	200	4	129	8
Stucco Texture & Plaster, Inc.	150	5		
City of St. Pete Beach	119	6	140	5
Fortune Hotels Inc.	100	7		
Grand Plaza Hotel	100	8	137	6
Hurricane Lounge, Inc	100	9	100	9
Sandpiper Hotel & Suites	99	10	153	4
Grace Healthcare of St. Petersburg			134	7
Beachcomber Beach Resort & Htl			75	10
	<u>2,368</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government										
City Manager	2.5	3.0	3.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0
City Clerk	3.1	3.6	3.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0
Community Development	6.0	6.0	7.0	9.0	10.0	3.0	4.0	2.0	2.0	3.0
Finance	4.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Library	6.5	6.0	7.0	7.0	-	-	-	-	-	-
Parking Enforcement	2.0	-	-	-	-	-	-	-	-	-
Information Technology	1.8	2.8	3.0	3.0	3.0	3.0	3.0	2.0	2.0	3.0
Police	33.0	36.0	37.0	44.0	44.0	44.0	43.0	41.0	42.0	40.0
Fire	29.8	29.8	30.0	32.0	32.0	32.0	32.0	32.0	31.0	32.0
Public Services	30.1	31.9	33.2	36.5	16.0	24.0	24.0	25.0	24.0	25.0
Leisure Services	0.0	0.0	0.0	0.0	24.0	20.0	21.0	24.0	24.0	26.0
	<u>118.8</u>	<u>122.1</u>	<u>126.7</u>	<u>144.0</u>	<u>142.5</u>	<u>139.5</u>	<u>140.0</u>	<u>139.0</u>	<u>138.0</u>	<u>142.0</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 Ten Fiscal Years

Function/Program	2011	2010	2009	2008	2007	2006
Police						
Calls for Service	11,790	16,038	19,672	26,853	29,428	27,980
Felony Arrests	102	145	190	235	222	208
Traffic Enforcement	2,081	2,118	2,760	4,614	4,253	3,783
Parking Violations	3,314	3,778	3,559	3,862	5,800	5,170
Fire						
Medical	1,844	1,946	2,033	1,951	2,182	2,126
Structure Response	93	97	95	95	141	151
Auto Crash	128	118	143	134	209	198
Water Rescue	35	38	38	30	28	45
Public Works						
Street resurfacing (miles)	.3 mile	0 mile	0 mile	0 mile	0 mile	1 mile
Recreation						
Summer Camp	143	166	170	172	65	63
Classes Offered	28	65	119	72	55	13
Program Participants	4,202	3,009	2,608	4,616	3,646	2,168
Rentals	226	283	329	298	203	84
Library						
Materials Borrowed	173,937	138,946	160,874	124,537	129,690	134,077
Reference Questions	9,276	6,539	1,172	1,709	4,703	5,036
Sewer						
Average daily flow	2.49mgd	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	41.5
Reclaimed Water						
New Connections	19	3	8	18	16	26
Average daily consumption	2.6 mgd	2.8mgd	1.8mgd	2.57 mgd	2.59 mgd	2.99 mgd

Source:

Various Government Departments

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</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	173,937	138,946	176,031	134,077	125,823	124,336
Public Schools						
Gulf Beach Elementary (students)	0	0	0	390	390	390
Public works						
Streets (miles)	45.73	45.73	45.73	45.73	45.73	45.73
Recreation						
Parks (acres)	35.5	35.5	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	7	5	5
Picnic areas	6	6	6	6	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)	2.5	2.6	2.6	2.6	2.8	2.8
Reclaimed water						
Reclaimed lines (miles)	40	40	40	40	40	40
Number of connections	19	1	1	1	1	1

Source:

Various City Departments

2005	2004	2003	2002
1	1	1	1
2	2	2	2
1	1	1	1
121,258	122,332	123,015	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
3.0	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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 18, 2012. 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 18, 2012

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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, 2011, and have issued our report thereon dated March 18, 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 18, 2012, 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 an inconsequential effect on the financial statement, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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, 2011, 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, 2011. 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, Houser & Schatzel, P.A.

March 18, 2012