

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

## **Comprehensive Annual Financial Report**

**For the Year Ended September 30, 2012**



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

**Comprehensive  
Annual Financial Report**

**For the Year Ended September 30, 2012**

**Prepared by Finance Department**

CITY OF ST. PETE BEACH,  
FLORIDA

CITY COMMISSION / CITY MANAGER  
FORM OF GOVERNMENT

CITY COMMISSION

Steve McFarlin  
MAYOR

Beverly Garnett

Jim Parent

Lorraine Huhn

Marvin Shavlan  
VICE-MAYOR

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  
George Kinney

PUBLIC SERVICES DIRECTOR  
Steven Hallock

## **Introductory Section**

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

**SEPTEMBER 30, 2012**

**TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION**

TABLE OF CONTENTS	i
LETTER OF TRANSMITTAL	v
CERTIFICATE OF ACHIEVEMENT	ix
ORGANIZATIONAL CHART	xi

**FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
<b>Government-wide Financial Statements</b>	
Statement of Net Assets	14
Statement of Activities	16
<b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets - Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities – Governmental Activities	21

**TABLE OF CONTENTS (Continued)**

**Proprietary Fund Financial Statements**

Balance Sheet – Proprietary Funds – Business-type Activities – Enterprise Funds	22
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds – Business-type Activities – Enterprise Funds	25
Statement of Cash Flows - Proprietary Funds – Business-type Activities – Enterprise Funds	26

**Fiduciary Fund Financial Statements**

Statement of Fiduciary Net Assets	28
Statement of Changes in Fiduciary Net Assets	29

<b>Notes to Financial Statements</b>	30
--------------------------------------	----

**REQUIRED SUPPLEMENTARY INFORMATION**

**Budgetary Comparison Schedule**

General Fund	61
--------------	----

**COMBINING FINANCIAL STATEMENTS**

**Nonmajor Governmental Funds**

Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66

**Fiduciary Funds**

Combining Statement of Fiduciary Net Assets	67
Combining Statement of Changes in Fiduciary Net Assets	68

**OTHER SUPPLEMENTARY SCHEDULES**

Comparative Balance Sheet – General Fund	69
Schedule of Revenues and Expenses Compared With Budget - Proprietary Fund - Wastewater	70
Schedule of Revenues and Expenses Compared With Budget - Proprietary Fund – Reclaimed Water	71
Schedule of Revenues and Expenses Compared With Budget - Proprietary Fund – Stormwater	72
Reconciliation of Total Fund Balance for the Governmental Funds to Total Net Assets for Governmental Activities	73
Reconciliation of Net Change in Fund Balances for the Governmental Funds to Change in Net Assets for Governmental Activities	74
Schedule of Expenditures of Federal Awards, State Projects and Local Assistance	75

**TABLE OF CONTENTS (Continued)**

**STATISTICAL SECTION**

**Schedules of Financial Trends Information**

Schedule	1	- Net Assets by Component - Last Ten Fiscal Years	78
Schedule	2	- Changes in Net Assets - Last Ten Fiscal Years	80
Schedule	3	- Fund Balances, Governmental Funds - Last Ten Fiscal Years	82
Schedule	4	- Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	84
Schedule	5	- Program Revenue by Function / Program – Last Ten Fiscal Years	86
Schedule	6	- Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	88

**Schedules of Revenue Capacity Information**

Schedule	7	- Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	90
Schedule	8	- Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	92
Schedule	9	- Principal Property Tax Payers – Current Year and Nine Years Ago	94
Schedule	10	- Property Tax Levies and Collections – Last Ten Fiscal Years	95

**Schedules of Debt Capacity Information**

Schedule	11	- Direct and Overlapping Governmental Activities Debt	97
Schedule	12	- Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	98
Schedule	13	- Pledged Revenue Coverage - Last Ten Fiscal Years	100

**Schedules of Demographic and Economic Information**

Schedule	14	- Demographic and Economic Statistics - Last Ten Calendar Years	103
Schedule	15	- Principal Employers – Current Year and Six Years Ago	104

**Schedules of Operating Information**

Schedule	16	- Full-time Equivalent City Government Employees by Function / Program – Last Ten Fiscal Years	105
Schedule	17	- Operating Indicators by Function / Program – Last Ten Fiscal Years	106
Schedule	18	- Capital Asset Statistics by Function / Program – Last Ten Fiscal Years	108

## OTHER REPORTS

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 <i>Governmental Auditing Standards</i>	111
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	113
Schedule of Findings and Questioned Costs	115
Independent Auditor's Management Letter	117

## **Letter of Transmittal**



## City of St. Pete Beach

155 Corey Avenue

St. Pete Beach, Florida 33706-1839

727-367-2735

March 19, 2013

The Honorable Mayor and City Commission [www.stpetebeach.org](http://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, 2012, 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, 2012 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, 2012, 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 9,307. 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 2.8569 compared to the 2011 millage rate of 2.6718.

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 19, 2013

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 2.6718 to 2.8569. 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](http://www.stpetebeach.org).

The latest CIP was adopted by the City Commission for FY 2013 through FY 2017. 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 was implemented in fiscal year 2012.

<b>Projected Property Tax and Utility Rate Increases</b>					
	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Property Tax (mills)	14.87%	TBD	TBD	TBD	TBD
Wastewater	0%	TBD	TBD	TBD	TBD
Reclaimed Water	0%	TBD	TBD	TBD	TBD
Stormwater Fee	\$38.27 flat fee plus \$47.09 per ERU annually	TBD	TBD	TBD	TBD

The Honorable Mayor and City Commission  
March 19, 2013

### 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 24% of annual expenditures or \$76,334 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. The transfer to the capital projects fund has been increased from \$475,000 in fiscal year 2011 to \$925,000 in fiscal year 2012. Many projects were placed on hold in previous years due to the downturn in the economy. A higher level of effort is needed for infrastructure, particularly in the area of street rehabilitation. 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. Through the collective bargaining process, all three funds have been significantly modified. A hybrid plan has been established with reduced benefits in the defined benefit plan partially offset by the addition of a defined contribution plan. In this way, employees will shoulder some of the burden of volatility in the markets.

The Wastewater and Reclaimed Water Funds were previously reported for as special revenue funds and were converted to enterprise funds in fiscal year 2010. The Stormwater Fund established in November 2010 is funded by two separate assessments on the property tax bill. 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.

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, 2011. This is the sixteenth consecutive year that the City has received this prestigious award.

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

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

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

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

Respectfully Submitted,



Elaine Edmunds, CGFO  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Pete Beach  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

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.



*Christopher P. Morrell*

President

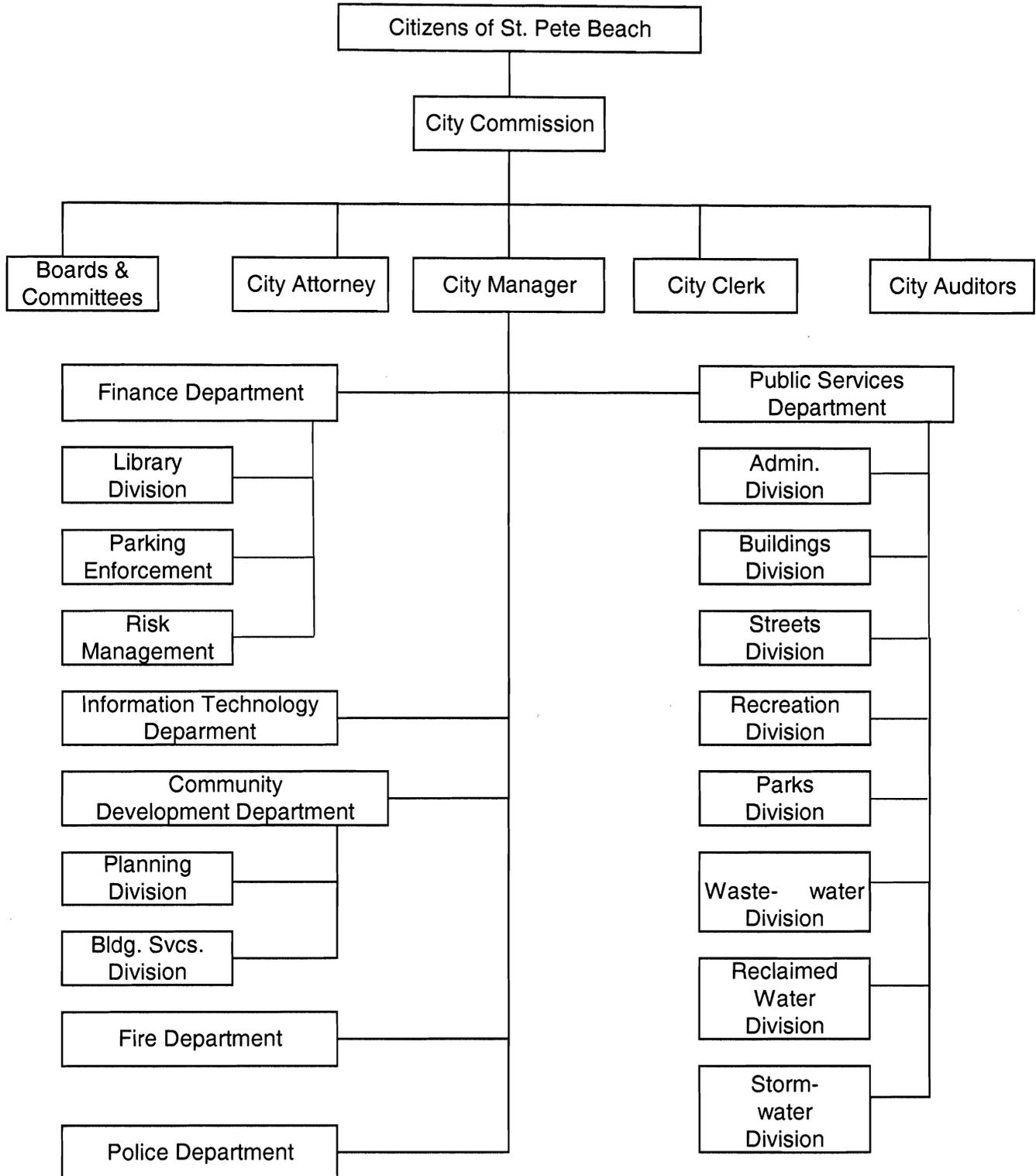
*Jeffrey R. Emer*

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, 2011 by the Government Finance Officers Association of the United States and Canada.

# City of St. Pete Beach Florida

## Organizational Chart



(BLANK)

## **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, 2012, 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 2011 financial statements and, in our report dated March 18, 2012, 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, 2012, 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 19, 2013, 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 61 to 64 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 accompanying Schedule of Expenditures of Federal Awards, State Projects and Local Assistance is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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, Hovon & Sedatje, P.A.*

St. Petersburg, Florida

March 19, 2013

## **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 2012, the assets for the City of St. Pete Beach exceeded the liabilities by \$43,669,132 (net assets). Of this amount, \$6,094,357 (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 \$2,884,220. Of this amount, \$1,802,731 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 \$97,950. The implementation of the second tier of the stormwater assessment resulted in \$343,372 of new revenue in the stormwater fund. The general fund was budgeted to have revenues equal expenditures without using any reserves. Actual expenditures exceeded revenues by \$203,178 necessitating the use of reserves to fund this overage. A more detailed explanation can be found on pages 7 and 20.
- As of September 30, 2012, the City of St. Pete Beach's governmental funds reported combined ending fund balances of \$5,462,449 which is an increase of \$574,277 over the previous year. Approximately 76% or \$4,178,882 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 \$3,617,274, or 24% of total general fund expenditures.
- There was no increase in long term debt. Long term debt payments made in fiscal year 2012 resulted in an overall decrease of \$1,547,375.
- 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, a stormwater fund was established in Fiscal Year 2011 as an enterprise fund. The City Commission had established a policy to set fees and assessments 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.
- 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, community development, library, parking enforcement, public safety - police and fire, and public services. 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 basic fiduciary fund financial statements can be found on pages 28-29 and 67-68 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 30-59 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 \$43,669,132.

More than 80% (\$35,317,326) of the City's net assets reflect its investment in capital assets. Capital assets include land, buildings, improvements, vehicles and equipment, less any related debt used to acquire those assets that is still outstanding. The City of St. Pete Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of St. Pete Beach investment in its capital assets is 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.

(This space left blank intentionally)

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	
	2012	2011	2012	2011	2012	2011
Current assets	\$6,525,229	\$5,373,420	\$3,804,227	\$3,131,651	\$9,933,641	\$8,148,625
Non-current other assets	367,752	699,559	1,251,455	1,746,367	1,274,887	1,776,966
Capital assets	28,223,130	27,948,730	13,946,694	13,753,926	42,169,824	41,702,656
<b>Total Assets</b>	<b>35,116,111</b>	<b>34,021,709</b>	<b>19,002,376</b>	<b>18,631,944</b>	<b>53,378,352</b>	<b>51,628,247</b>
Current liabilities	1,871,145	1,865,831	1,540,727	1,436,956	3,016,057	2,946,341
Long-term liabilities less current portion	2,253,601	2,933,080	4,112,956	5,136,265	6,023,572	7,400,385
Other non-current liabilities	632,446	472,832	38,480	23,777	669,591	496,609
<b>Total Liabilities</b>	<b>4,757,192</b>	<b>5,271,743</b>	<b>5,692,163</b>	<b>6,596,998</b>	<b>9,709,220</b>	<b>10,843,335</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	25,813,130	24,778,730	9,504,196	8,584,028	35,317,326	33,362,758
Restricted	387,549	369,866	1,869,900	2,360,200	2,257,449	2,730,066
Unrestricted	4,158,240	3,601,370	1,936,117	1,090,718	6,094,357	4,692,088
<b>Total net assets</b>	<b>30,358,919</b>	<b>28,749,966</b>	<b>13,310,213</b>	<b>12,034,946</b>	<b>43,669,132</b>	<b>40,784,912</b>

Restricted assets apply to assets whose use is subject to constraints that are either external or imposed by law. Outside restrictions include debt covenants (\$1,869,900), restricted donations for the library (\$198,063) state restrictions on confiscated property (\$5,325), and county restrictions on transportation impact fees collected (\$184,161). Taking this into account, the balance of unrestricted net assets (\$6,094,357) may be used to meet the City's ongoing obligations to citizens and creditors.

There was a decrease of \$472,617 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 \$2,884,220 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 any new assets without the issuance of additional debt. The remainder of the growth largely reflects an increase in reclaimed water fees charged to customers as well as the second tier of the assessment for stormwater improvements.

**Governmental Activities**

Governmental activities increased the City of St. Pete Beach's net assets by \$1,608,953, thereby accounting for 55% 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	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	3,053,467	2,689,205	6,144,243	5,558,818	9,197,710	8,248,023
Operating grants and contributions	1,541,530	1,411,742	3,176		1,544,706	1,411,742
Capital grants and contributions	1,143,600	316,946			1,143,600	316,946
<b>General revenues:</b>						
Property taxes	5,641,473	5,659,947			5,641,473	5,659,947
Franchise fees	1,157,857	1,198,408			1,157,857	1,198,408
Utility taxes	2,052,136	2,124,927			2,052,136	2,124,927
State sales tax	491,998	485,227			491,998	485,227
Infrastructure tax	761,136	719,060			761,136	719,060
Local option gas tax	126,619	126,339			126,619	126,339
Impact fees	17,745	-	5,541	9,939	23,286	9,939
State excise tax - public safety	292,403	244,087			292,403	244,087
Other taxes	46,793	45,701			46,793	45,701
State revenue sharing	265,814	264,996			265,814	264,996
Investment income	13,413	2,491	9,616	26,434	23,029	28,925
Miscellaneous	146,592	105,241	12,340		158,932	105,241
<b>Total revenues</b>	<b>16,752,576</b>	<b>15,394,317</b>	<b>6,174,916</b>	<b>5,595,191</b>	<b>22,927,492</b>	<b>20,989,508</b>
<b>Expenses:</b>						
General government	2,238,921	1,975,312			2,238,921	1,975,312
Community development	576,218	581,888			576,218	581,888
Library	558,416	571,243			558,416	571,243
Parking Enforcement	318,855	267,877			318,855	267,877
Public safety - police	3,892,761	3,884,179			3,892,761	3,884,179
Public safety - fire	3,274,286	3,047,866			3,274,286	3,047,866
Public services	4,132,873	3,962,149			4,132,873	3,962,149
Wastewater			3,756,305	3,052,904	3,756,305	3,052,904
Reclaimed water			884,287	819,844	884,227	819,844
Stormwater			259,057	152,728	258,558	152,728
Interest on long term debt	151,293	203,379	-	-	151,293	203,379
<b>Total expenses</b>	<b>15,143,623</b>	<b>14,493,893</b>	<b>4,899,649</b>	<b>4,025,476</b>	<b>20,043,272</b>	<b>18,519,369</b>
<b>Increase in net assets</b>	<b>1,608,953</b>	<b>900,424</b>	<b>1,275,267</b>	<b>1,569,715</b>	<b>2,884,220</b>	<b>2,470,139</b>
<b>Net Assets 10/1/11</b>	<b>28,749,966</b>	<b>27,849,542</b>	<b>12,034,946</b>	<b>10,465,231</b>	<b>40,784,912</b>	<b>38,314,773</b>
<b>Net Assets 9/30/12</b>	<b>30,358,919</b>	<b>28,749,966</b>	<b>13,310,213</b>	<b>12,034,946</b>	<b>43,669,132</b>	<b>40,784,912</b>

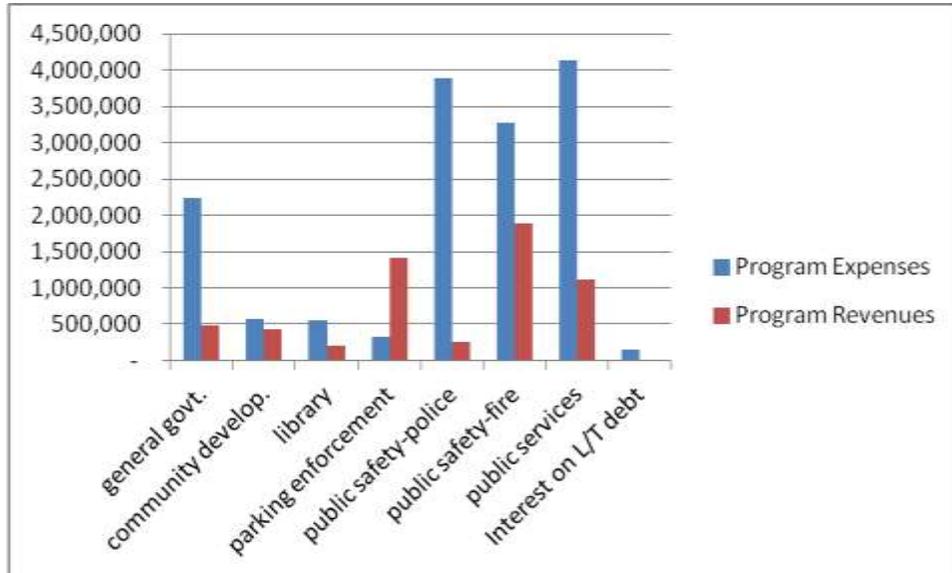
- Property taxes were only slightly lower (\$18,474) than the previous year because the City adopted the roll-back millage rate which is designed to bring in the same amount of revenue as the previous year. Property values actually decreased .09%. This decrease was offset by an increase in the ad valorem millage rate from 2.6718 to 2.8569 which was equivalent to the roll-back rate.

- Franchise fees and utility taxes decreased by \$113,342 (3.4%) which attributable to a decrease in the amount collected for electric franchise and utility tax fees. The area experienced a mild winter in 2012 which decreased usage thereby decreasing revenues in fiscal year 2012.

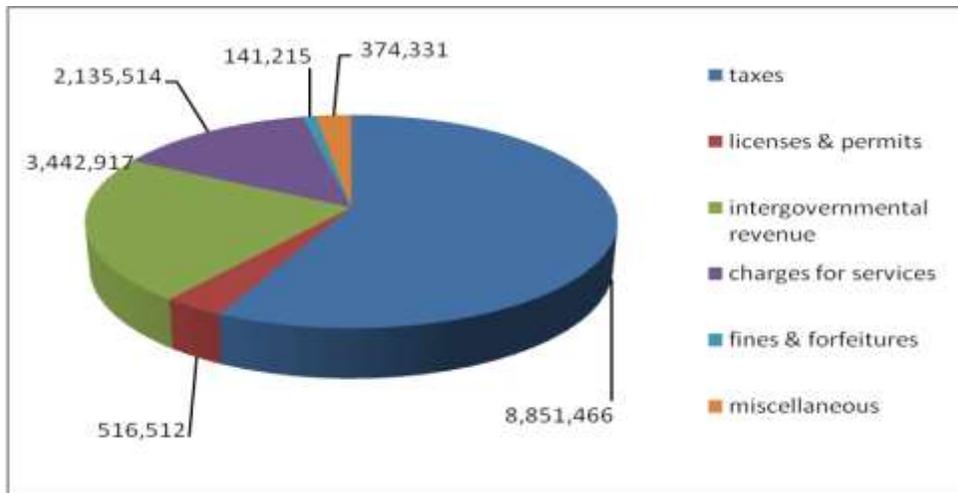
**Governmental Activities**

Governmental activities increased the City’s net assets by \$1,608,953 which, when added to the increase in net asset of the business-type activities, resulted in a total increase in net assets of \$2,884,220.

**Expenses and Revenues – Governmental Activities**



**Revenues by Source - Governmental Activities**



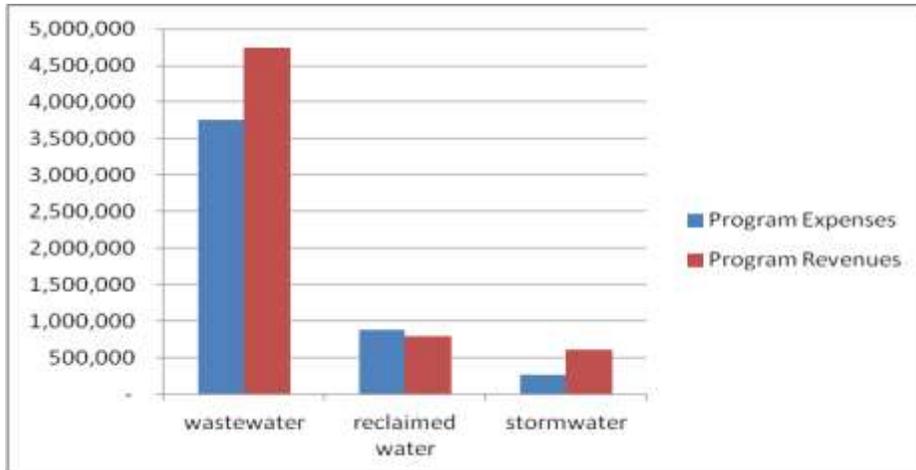
Overall expenses increased \$649,730. The fire department purchased a new ladder truck in the amount of \$700,000 which replaced the 1990 ladder truck. This purchase was partially offset by a \$665,000 federal grant. Overall revenues increased \$1,358,259 which includes an increase of \$364,262 in charges for services. Parking enforcement revenue accounts for \$260,599 of this increase due to increased parking fees and mild weather conditions. The City continues to experience high attorney fees due to collective bargaining and litigation over the City redevelopment

plan. Extra legal costs increased \$117,729 from the previous year's amount of \$330,207 to \$447,936. A tornado touched down in the southernmost section of the City known as Pass-A-Grille during Tropical Storm Debby. A substantial amount of tree work and debris removal was necessary as a result of the storm.

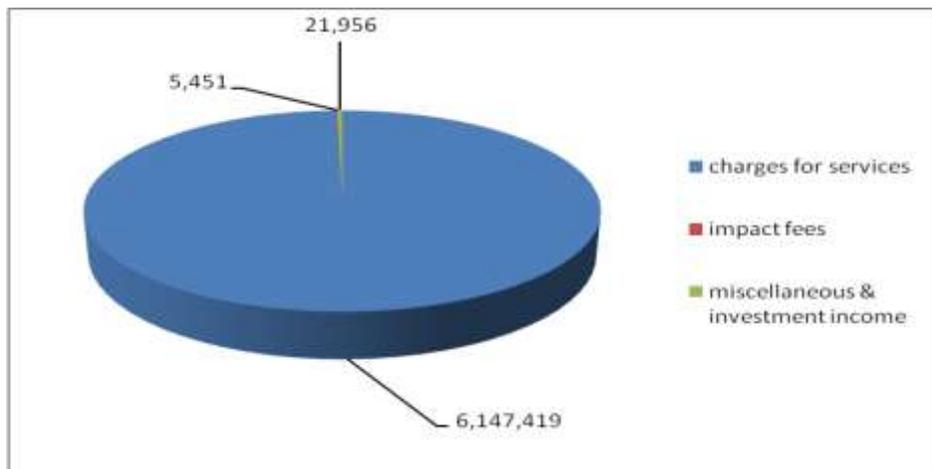
**Business-type Activities**

Business-type activities increased the City's net assets by \$1,275,267 which, when added to the increase in net asset of the governmental activities, resulted in a total increase in net assets of \$2,884,220.

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



**Revenues by Source – Business Activities**



Charges for services for business-type activities increased by \$585,425 or 10%. Wastewater accounts for \$141,010 of the increase due to higher usage by hotels as a result of increased tourism. Reclaimed water revenues increased \$98,043 as a result of a 14% rate increase in October 2011. 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. Even with the increase, the fund is still not covering expenses due to increased maintenance costs on the aging system. Further increases may be necessary.

A stormwater assessment fee in the amount of \$36 per property was placed on the tax rolls and collected in fiscal year 2011. A second tier of the stormwater assessment was invoiced in January 2012. This assessment is based on \$44.30 per equivalent residential unit and generated approximately \$319,726 in additional revenue.

## **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, 2012, the City's governmental funds reported combined ending fund balances of \$5,462,449, an increase of \$574,277 in comparison to the prior year. Approximately 6.5% of this amount (\$352,325) 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% of this amount (\$387,547) 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 10% of this amount (\$543,695) 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 66.2% (\$3,617,274) which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At September 30, 2012, the unassigned balance of the general fund was \$3,617,274 while the total fund balance was \$4,711,357. 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% of total general fund expenditures while total fund balance represents 32% of that same amount.

The fund balance of the City's general fund decreased by \$203,178 during the current fiscal year. Although this is a negative variance, it is less than the final revised budget which estimated an decrease of \$333,238.

**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, 2012 show a positive balance of \$1,936,117 compared to a balance of \$1,090,718 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 2011. 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 was implemented in fiscal year 2012.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a \$1,043,082 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$322,000 supplemental appropriation for funding extra legal costs associated with multiple land development lawsuits and collective bargaining with three unions.
- \$725,000 supplemental appropriation for funding the purchase of a replacement ladder truck. This increase in funding was partially offset by an increase in grant revenues of \$665,000.
- \$25,000 supplemental appropriation for reorganization of the Information technology department. This amount covered final payouts to two employees in the department. The Director and GIS Technician positions were eliminated and replaced by one Information Technician.

- \$12,000 supplemental appropriation to fund the purchase of additional parking meters including installation.
- \$25,000 supplemental appropriation to fund hire of a Recreation Director to replace retiring Recreation Administrator.

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 recreation fees. The remainder (\$203,178) was paid for through the use of reserves.

### **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, 2012 amounts to \$42,169,824 (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:

- Lift Station #10 rehabilitation
- Stormwater drainage improvements
- Street rehabilitation, seawall and sidewalk repairs
- Right of way landscaping

#### **City of St. Pete Beach’s Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$3,722,747	\$3,698,977	\$310,117	\$310,117	\$4,032,864	\$4,009,094
Capital projects in process	648,725	59,937	109,371	-	758,096	\$ 59,937
Building and improvements	15,473,111	16,111,547	-	-	15,473,111	16,111,547
Furniture, machinery and equipment	1,971,849	1,311,507	145,246	181,250	2,117,095	1,492,757
Infrastructure	6,406,698	6,766,762	13,381,960	13,262,559	19,788,658	20,029,321
<b>Total</b>	<b>28,223,130</b>	<b>27,948,730</b>	<b>13,946,694</b>	<b>13,753,926</b>	<b>42,169,824</b>	<b>41,702,656</b>

Additional information on the City of St. Pete Beach’s capital assets can be found in note E on page 44 of this report.

**Long-term debt:** At the end of the current fiscal year, the City of St. Pete Beach had total bonded debt and loans outstanding of \$6,852,498. Of this amount, \$160,000 comprises debt backed by the full faith and credit of the government and \$6,692,499 represents bonds and loans secured solely by specified revenue sources.

#### **City of St. Pete Beach’ Outstanding Debt**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenue bonds and loans	2,250,000	2,855,000	4,442,498	5,137,061	6,692,498	7,992,061
General obligation bonds	160,000	315,000	-	-	160,000	315,000
Capital leases	-	-	-	32,837	-	32,837
<b>Total</b>	<b>2,410,000</b>	<b>3,170,000</b>	<b>4,442,498</b>	<b>5,169,898</b>	<b>6,852,498</b>	<b>8,339,898</b>

Additional information on the City of St. Pete Beach's long term debt can be found in note F on pages 45-47 of this report.

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

- After four years of decline, property values have somewhat stabilized. Property values declined only slightly (.07%) in fiscal year 2013. The Pinellas County Property Appraiser is projecting a moderate increase for fiscal year 2014.
- 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.
- As of September 30, 2012 the St. Pete Beach Police Department was a Charter Department of the City. No law enforcement activity could be transferred by contract to any outside entity. A charter amendment was placed on the November 2012 ballot removing this restriction and allowing the City Commission to contract externally for law enforcement services. The referendum was passed by the voters. Effective January 6, 2013 the City of St. Pete Beach Police department was abolished and a contract was entered into with the Pinellas County Sheriff's Department for police protection. This action resulted in a recurring annual savings in excess of \$1.5 million.

The outcome of the referendum was not known at the time the 2013 budget was passed. The millage rate adopted did not assume that the referendum would pass.

During the current fiscal year, unreserved, unassigned fund balance in the general fund increased to \$3,617,274. The outcome of the referendum was not known when the 2013 budget was adopted. The City was able to balance the 2013 budget by increasing the millage rate from 2.8569 to 3.2819 mills. The millage is 15.02% higher than the City's roll-back rate of 2.8533 mills. The roll-back rate represents the millage rate necessary to generate the same amount of revenue as the previous fiscal year. The roll-back rate is slightly higher due to the decrease in property values.

Pension costs continue to rise. The City has concluded collective bargaining with all three unions to address changes in pension plans to help curtail future costs. The outcome of the negotiations resulted in a hybrid plan. The benefits offered in the defined benefit plan were reduced and a defined contribution plan is now offered to union employees with a percentage match to their contributions to the defined contribution plan.

### **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.

(BLANK)

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2012

With Comparative Amounts for September 30, 2011

	2012			2011	
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 3,200	\$ 75	\$ -	\$ 3,275	\$ 3,275
Pooled cash and investments and cash equivalents	4,552,046	2,233,714	-	6,785,760	5,297,229
Restricted assets - State Revolving Loans:					
Pooled cash and investments	-	118,445	-	118,445	113,833
Investments, at fair value	-	500,000	-	500,000	500,000
Receivables					
Customer service charges	-	865,594	-	865,594	820,355
Other	273,883	12,963	-	286,846	278,693
Due from other funds	395,815	-	(395,815)	-	-
Due from other governments	1,039,884	305	-	1,040,189	678,999
Supplies inventory	1,238	73,131	-	74,369	73,384
Prepaid items	259,163	-	-	259,163	382,857
Total current assets	<u>6,525,229</u>	<u>3,804,227</u>	<u>(395,815)</u>	<u>9,933,641</u>	<u>8,148,625</u>
<b>NON-CURRENT ASSETS</b>					
Restricted assets - State Revolving Loans:					
Pooled cash and investments	-	255,335	-	255,335	258,787
Investments, at fair value	-	996,120	-	996,120	1,487,580
Due from other funds	344,320	-	(344,320)	-	-
Land and land rights	3,722,747	310,117	-	4,032,864	4,009,094
Buildings and other land improvements	22,466,400	-	-	22,466,400	22,441,295
Furniture, machinery and equipment	5,447,307	449,466	-	5,896,773	5,469,080
Infrastructure	12,452,910	20,976,085	-	33,428,995	32,849,600
Capital projects in process	648,725	109,371	-	758,096	59,937
Less: accumulated depreciation	(16,514,959)	(7,898,345)	-	(24,413,304)	(23,126,350)
Un-amortized debt costs	23,432	-	-	23,432	30,599
Total non-current assets	<u>28,590,882</u>	<u>15,198,149</u>	<u>(344,320)</u>	<u>43,444,711</u>	<u>43,479,622</u>
<b>TOTAL ASSETS</b>	<u>\$ 35,116,111</u>	<u>\$ 19,002,376</u>	<u>\$ (740,135)</u>	<u>\$ 53,378,352</u>	<u>\$ 51,628,247</u>

	2012			2011	
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 381,898	\$ 103,644	\$ -	\$ 485,542	\$ 239,149
Accrued liabilities	492,252	24,656	-	516,908	622,277
Accrued interest payable	-	-	-	-	6,346
Due to other governments	157,982	258,831	-	416,813	356,700
Current portion of:					
Unearned revenue	138,919	-	-	138,919	117,070
Due to other funds	-	395,815	(395,815)	-	-
Compensated absences	205,094	2,740	-	207,834	45,345
Revenue bonds payable	335,000	-	-	335,000	605,000
General obligation bonds payable	160,000	-	-	160,000	155,000
Capital lease obligations	-	-	-	-	32,837
State Revolving Loan	-	136,596	-	136,596	152,785
Payable from restricted assets:					
Accrued interest payable - State					
Revolving Loan	-	47,530	-	47,530	61,556
State Revolving Loans - current portion	-	570,915	-	570,915	552,276
Total current liabilities	<u>1,871,145</u>	<u>1,540,727</u>	<u>(395,815)</u>	<u>3,016,057</u>	<u>2,946,341</u>
<b>NON-CURRENT LIABILITIES</b>					
Net other post employment benefit obligation	588,831	38,480	-	627,311	436,847
Unearned revenue	43,615	-	-	43,615	59,762
Due to other funds	-	344,320	(344,320)	-	-
Compensated absences	338,601	33,649	-	372,250	558,385
Revenue bonds payable	1,915,000	-	-	1,915,000	2,250,000
General obligation bonds payable	-	-	-	-	160,000
State Revolving Loans	-	3,734,987	-	3,734,987	4,432,000
Total non-current liabilities	<u>2,886,047</u>	<u>4,151,436</u>	<u>(344,320)</u>	<u>6,693,163</u>	<u>7,896,994</u>
<b>TOTAL LIABILITIES</b>	<u>4,757,192</u>	<u>5,692,163</u>	<u>(740,135)</u>	<u>9,709,220</u>	<u>10,843,335</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	25,813,130	9,504,196	-	35,317,326	33,362,758
Restricted:					
Debt service	-	1,869,900	-	1,869,900	2,360,200
Library	198,063	-	-	198,063	198,063
Law enforcement	5,325	-	-	5,325	5,325
Transportation improvements	184,161	-	-	184,161	166,478
Unrestricted	<u>4,158,240</u>	<u>1,936,117</u>	<u>-</u>	<u>6,094,357</u>	<u>4,692,088</u>
<b>TOTAL NET ASSETS</b>	<u>30,358,919</u>	<u>13,310,213</u>	<u>-</u>	<u>43,669,132</u>	<u>40,784,912</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 35,116,111</u>	<u>\$ 19,002,376</u>	<u>\$ (740,135)</u>	<u>\$ 53,378,352</u>	<u>\$ 51,628,247</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, 2012

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

FUNCTIONS / PROGRAMS	2012			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 2,238,921	\$ 473,458	\$ -	\$ -
Community development	576,218	432,320	-	-
Library	558,416	25,356	168,334	-
Parking enforcement	318,855	1,404,482	-	-
Public safety - police	3,892,761	143,527	97,676	6,100
Public safety - fire	3,274,286	-	1,216,072	665,000
Public services	4,132,873	574,324	59,448	472,500
Interest on long-term debt	151,293	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>15,143,623</b>	<b>3,053,467</b>	<b>1,541,530</b>	<b>1,143,600</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water pollution control - wastewater	3,756,305	4,737,507	-	-
Water pollution control - reclaimed water	884,287	795,770	-	-
Water pollution control - stormwater	259,057	610,966	3,176	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>4,899,649</b>	<b>6,144,243</b>	<b>3,176</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 20,043,272</b>	<b>\$ 9,197,710</b>	<b>\$ 1,544,706</b>	<b>\$ 1,143,600</b>

General Revenues

Taxes:

Ad valorem

Franchise taxes

Utility taxes

Telecommunications tax

State sales tax

Infrastructure tax

Local option gas tax

Impact fees

State excise tax - public safety

Other taxes

State revenue sharing - unrestricted

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning of year

Net assets - end of year

2012			2011
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Total
\$ (1,765,463)	\$ -	\$ (1,765,463)	\$ (1,382,156)
(143,898)	-	(143,898)	(218,035)
(364,726)	-	(364,726)	(362,589)
1,085,627	-	1,085,627	876,006
(3,645,458)	-	(3,645,458)	(3,532,931)
(1,393,214)	-	(1,393,214)	(1,946,291)
(3,026,601)	-	(3,026,601)	(3,306,625)
(151,293)	-	(151,293)	(203,379)
<u>(9,405,026)</u>	<u>-</u>	<u>(9,405,026)</u>	<u>(10,076,000)</u>
-	981,202	981,202	1,543,593
-	(88,517)	(88,517)	(122,117)
-	355,085	355,085	111,866
<u>-</u>	<u>1,247,770</u>	<u>1,247,770</u>	<u>1,533,342</u>
<u>(9,405,026)</u>	<u>1,247,770</u>	<u>(8,157,256)</u>	<u>(8,542,658)</u>
5,641,473	-	5,641,473	5,659,947
1,157,857	-	1,157,857	1,198,408
1,473,331	-	1,473,331	1,542,300
578,805	-	578,805	582,627
491,998	-	491,998	485,227
761,136	-	761,136	719,060
126,619	-	126,619	126,339
17,745	5,541	23,286	9,939
292,403	-	292,403	244,087
46,793	-	46,793	45,701
265,814	-	265,814	264,996
13,413	9,616	23,029	28,925
146,592	12,340	158,932	105,241
<u>11,013,979</u>	<u>27,497</u>	<u>11,041,476</u>	<u>11,012,797</u>
1,608,953	1,275,267	2,884,220	2,470,139
28,749,966	12,034,946	40,784,912	38,314,773
<u>\$ 30,358,919</u>	<u>\$ 13,310,213</u>	<u>\$ 43,669,132</u>	<u>\$ 40,784,912</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, 2012  
With Comparative Total Amounts for September 30, 2011

	2012			2011	
	General	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds	Total
<b>ASSETS</b>					
Cash	\$ 3,200	\$ -	\$ -	\$ 3,200	\$ 3,200
Pooled cash and investments and cash equivalents	3,913,623	432,559	205,864	4,552,046	3,752,702
Receivables					
Other	273,883	-	-	273,883	266,204
Due from other funds	740,135	-	-	740,135	1,379,552
Due from other governments	889,189	150,695	-	1,039,884	633,350
Supplies inventory	1,238	-	-	1,238	559
Prepaid insurance and deposits	6,967	-	-	6,967	251,622
<b>TOTAL ASSETS</b>	<b>\$ 5,828,235</b>	<b>\$ 583,254</b>	<b>\$ 205,864</b>	<b>\$ 6,617,353</b>	<b>\$ 6,287,189</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 360,252	\$ 21,646	\$ -	\$ 381,898	\$ 194,323
Accrued liabilities	492,252	-	-	492,252	607,146
Due to other funds	-	-	-	-	354,146
Due to other governments	141,602	-	16,380	157,982	144,716
Deferred revenue	122,772	-	-	122,772	98,686
<b>TOTAL LIABILITIES</b>	<b>1,116,878</b>	<b>21,646</b>	<b>16,380</b>	<b>1,154,904</b>	<b>1,399,017</b>
<b>FUND BALANCES</b>					
Fund balances					
Nonspendable:					
Supplies inventory	1,238	-	-	1,238	559
Prepays	6,767	-	-	6,767	251,442
Long-term receivable	344,320	-	-	344,320	668,960
Restricted for:					
Library	198,063	-	-	198,063	198,063
Law enforcement	-	-	5,323	5,323	5,325
Transportation improvements	-	-	184,161	184,161	166,478
Assigned to:					
Capital improvement projects	-	561,608	-	561,608	-
Compensated absences	543,695	-	-	543,695	565,656
Unassigned:					
General fund	3,617,274	-	-	3,617,274	3,229,855
Capital projects fund (deficit)	-	-	-	-	(198,166)
<b>TOTAL FUND BALANCES</b>	<b>4,711,357</b>	<b>561,608</b>	<b>189,484</b>	<b>5,462,449</b>	<b>4,888,172</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,828,235</b>	<b>\$ 583,254</b>	<b>\$ 205,864</b>	<b>\$ 6,617,353</b>	<b>\$ 6,287,189</b>

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

CITY OF ST. PETE BEACH, FLORIDA

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

September 30, 2012

Fund Balances - total governmental funds \$ 5,462,449

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	\$ 154,774	
Police Officers' Pension	<u>97,422</u>	
		252,196

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

Governmental capital assets	44,738,089	
Less: Accumulated depreciation	<u>(16,514,959)</u>	
		28,223,130

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>(90,664)</u>	
		23,432

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	(588,831)	
Compensated absences	(543,695)	
Revenue bonds payable	(2,250,000)	
General obligation bonds payable	<u>(160,000)</u>	
		(3,542,526)

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>271,611</u>	
		<u>(59,762)</u>

Net assets of governmental activities. \$ 30,358,919

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, 2012  
With Comparative Total Amounts for the Year Ended September 30, 2011

	2012			2011	
	General	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 8,851,466	\$ -	\$ -	\$ 8,851,466	\$ 8,983,281
Licenses and permits	516,512	-	-	516,512	459,849
Intergovernmental revenue	3,442,917	1,208,636	-	4,651,553	3,579,651
Charges for services	2,135,514	-	-	2,135,514	1,768,756
Fines and forfeitures	141,215	-	-	141,215	226,328
Miscellaneous	374,331	24,925	17,681	416,937	346,267
<b>TOTAL REVENUES</b>	<u>15,461,955</u>	<u>1,233,561</u>	<u>17,681</u>	<u>16,713,197</u>	<u>15,364,132</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
General government	2,082,197	-	-	2,082,197	1,786,770
Community development	565,632	-	-	565,632	567,536
Library	517,505	-	-	517,505	529,431
Parking enforcement	318,540	-	-	318,540	267,877
Public safety	6,884,686	-	-	6,884,686	6,628,405
Public services	3,228,732	-	-	3,228,732	3,064,189
<b>CAPITAL OUTLAY</b>					
General government	21,605	445	-	22,050	300,488
Community development	-	-	-	-	8,590
Library	16,932	-	-	16,932	26,236
Parking enforcement	6,290	-	-	6,290	-
Public safety	891,194	-	-	891,194	211,183
Public services	68,772	666,562	-	735,334	735,242
<b>DEBT SERVICE</b>					
Principal reductions	155,000	605,000	-	760,000	1,169,185
Interest and fiscal charges	17,346	126,780	-	144,126	194,704
<b>TOTAL EXPENDITURES</b>	<u>14,774,431</u>	<u>1,398,787</u>	<u>-</u>	<u>16,173,218</u>	<u>15,489,836</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	687,524	(165,226)	17,681	539,979	(125,704)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of surplus capital assets	34,298	-	-	34,298	16,296
Transfers in	-	925,000	-	925,000	492,000
Transfers out	(925,000)	-	-	(925,000)	(492,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(890,702)</u>	<u>925,000</u>	<u>-</u>	<u>34,298</u>	<u>16,296</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(203,178)</u>	<u>759,774</u>	<u>17,681</u>	<u>574,277</u>	<u>(109,408)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,914,535</u>	<u>(198,166)</u>	<u>171,803</u>	<u>4,888,172</u>	<u>4,997,580</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,711,357</u>	<u>\$ 561,608</u>	<u>\$ 189,484</u>	<u>\$ 5,462,449</u>	<u>\$ 4,888,172</u>

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

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2012

Net change in fund balances - total governmental funds \$ 574,277

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	\$ 1,671,800	
Less: Current year depreciation	<u>(1,384,094)</u>	
		287,706

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		(13,303)
--	--	----------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		760,000
--	--	---------

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		18,384
---	--	--------

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	70,598	
Negative Net Pension Obligation - Police Officers' Pension	<u>72,258</u>	
		142,856

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	(175,761)	
Amortization of debt issuance costs	(7,167)	
Change in compensated absences	<u>21,961</u>	
		<u>(160,967)</u>

Change in net assets of governmental activities		<u>\$ 1,608,953</u>
---	--	---------------------

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, 2012

With Comparative Total Amounts for September 30, 2011

	Business-type Activities - Enterprise Funds				2011
	2012			Total	
	Wastewater	Reclaimed Water	Stormwater		
					Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 75	\$ -	\$ -	\$ 75	\$ 75
Pooled cash and cash equivalents	1,863,253	162,283	208,178	2,233,714	1,544,527
Receivables					
Customer service charges	695,044	131,361	39,189	865,594	820,355
Due from other governments	305	-	-	305	45,649
Other	-	12,963	-	12,963	12,489
Supplies inventory	73,131	-	-	73,131	72,825
Prepaid insurance	-	-	-	-	21,898
Restricted:					
Cash equivalents	36,186	82,259	-	118,445	113,833
Investments, at fair value	-	500,000	-	500,000	500,000
Total current assets	<u>2,667,994</u>	<u>888,866</u>	<u>247,367</u>	<u>3,804,227</u>	<u>3,131,651</u>
<b>NON-CURRENT ASSETS</b>					
Restricted:					
Cash equivalents	-	255,335	-	255,335	258,787
Investments, at fair value	-	996,120	-	996,120	1,487,580
Capital Assets:					
Land and land rights	310,117	-	-	310,117	310,117
Infrastructure	9,222,630	11,717,284	36,171	20,976,085	20,451,138
Furniture, machinery and equipment	390,734	51,471	7,261	449,466	484,725
Capital projects in process	-	-	109,371	109,371	-
Less: accumulated depreciation	<u>(3,442,196)</u>	<u>(4,455,183)</u>	<u>(966)</u>	<u>(7,898,345)</u>	<u>(7,492,054)</u>
Total non-current assets	<u>6,481,285</u>	<u>8,565,027</u>	<u>151,837</u>	<u>15,198,149</u>	<u>15,500,293</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,149,279</u>	<u>\$ 9,453,893</u>	<u>\$ 399,204</u>	<u>\$ 19,002,376</u>	<u>\$ 18,631,944</u>

	Business-type Activities - Enterprise Funds				2011
	2012				
	Wastewater	Reclaimed Water	Stormwater	Total	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 66,476	\$ 3,857	\$ 33,311	\$ 103,644	\$ 44,826
Accrued liabilities	18,221	4,586	1,849	24,656	21,477
Due to other governments	239,105	19,726	-	258,831	211,984
Current portion of:					
Due to other funds	324,639	71,176	-	395,815	356,446
Compensated absences	2,512	112	116	2,740	2,769
Capital lease obligation	-	-	-	-	32,837
State Revolving Loans	136,596	-	-	136,596	152,785
Payable from restricted assets					
Accrued interest payable	3,005	44,525	-	47,530	61,556
State Revolving Loan	33,181	537,734	-	570,915	552,276
Total current liabilities	<u>823,735</u>	<u>681,716</u>	<u>35,276</u>	<u>1,540,727</u>	<u>1,436,956</u>
<b>NON-CURRENT LIABILITIES</b>					
Net other post employment benefit obligation	25,985	6,735	5,760	38,480	23,777
Due to other funds	-	344,320	-	344,320	668,960
Compensated absences	30,858	1,374	1,417	33,649	35,305
State Revolving Loans	2,601,535	1,133,452	-	3,734,987	4,432,000
Total non-current liabilities	<u>2,658,378</u>	<u>1,485,881</u>	<u>7,177</u>	<u>4,151,436</u>	<u>5,160,042</u>
<b>TOTAL LIABILITIES</b>	<u>3,482,113</u>	<u>2,167,597</u>	<u>42,453</u>	<u>5,692,163</u>	<u>6,596,998</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	3,709,973	5,642,386	151,837	9,504,196	8,584,028
Restricted - expendable:					
Long-term debt requirements	36,186	1,833,714	-	1,869,900	2,360,200
Unrestricted	1,921,007	(189,804)	204,914	1,936,117	1,090,718
<b>TOTAL NET ASSETS</b>	<u>5,667,166</u>	<u>7,286,296</u>	<u>356,751</u>	<u>13,310,213</u>	<u>12,034,946</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,149,279</u>	<u>\$ 9,453,893</u>	<u>\$ 399,204</u>	<u>\$ 19,002,376</u>	<u>\$ 18,631,944</u>

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

(BLANK)

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2012

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

	Business-type Activities - Enterprise Funds				2011 Total
	2012			Total	
	Wastewater	Reclaimed Water	Stormwater		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,737,866	\$ 781,555	\$ 610,966	\$ 6,130,387	\$ 5,544,318
Other fees	(359)	14,215	27	13,883	14,500
<b>TOTAL OPERATING REVENUES</b>	<b>4,737,507</b>	<b>795,770</b>	<b>610,993</b>	<b>6,144,270</b>	<b>5,558,818</b>
<b>OPERATING EXPENSES</b>					
Personal services	448,217	102,518	67,481	618,216	552,890
Contractual and other services	3,019,769	480,300	190,610	3,690,679	2,877,189
Depreciation	210,355	237,490	966	448,811	428,561
<b>TOTAL OPERATING EXPENSES</b>	<b>3,678,341</b>	<b>820,308</b>	<b>259,057</b>	<b>4,757,706</b>	<b>3,858,640</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,059,166</b>	<b>(24,538)</b>	<b>351,936</b>	<b>1,386,564</b>	<b>1,700,178</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Interest earned	-	108,840	-	108,840	137,940
Grants	-	-	3,176	3,176	-
Sale of capital assets	12,313	-	-	12,313	-
Decrease in fair value of investments	-	(99,224)	-	(99,224)	(111,506)
Interest and debt service fees paid	(77,964)	(63,979)	-	(141,943)	(166,836)
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>(65,651)</b>	<b>(54,363)</b>	<b>3,176</b>	<b>(116,838)</b>	<b>(140,402)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>993,515</b>	<b>(78,901)</b>	<b>355,112</b>	<b>1,269,726</b>	<b>1,559,776</b>
Impact fees	4,266	1,275	-	5,541	9,939
<b>CHANGE IN NET ASSETS</b>	<b>997,781</b>	<b>(77,626)</b>	<b>355,112</b>	<b>1,275,267</b>	<b>1,569,715</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>4,669,385</b>	<b>7,363,922</b>	<b>1,639</b>	<b>12,034,946</b>	<b>10,465,231</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,667,166</b>	<b>\$ 7,286,296</b>	<b>\$ 356,751</b>	<b>\$ 13,310,213</b>	<b>\$ 12,034,946</b>

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

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended September 30, 2012  
With Comparative Total Amounts for the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds				2011 Total
	2012				
	Wastewater	Reclaimed Water	Stormwater	Total	
INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS					
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,749,799	\$ 776,954	\$ 571,804	\$ 6,098,557	\$ 5,530,576
Cash payments to suppliers for goods and services	(2,670,089)	(340,653)	(163,453)	(3,174,195)	(2,710,279)
Cash payments to employees for services	(439,969)	(102,642)	(59,408)	(602,019)	(544,055)
Cash paid for general government allocated expenses	(207,083)	(124,026)	(12,774)	(343,883)	(332,165)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,432,658	209,633	336,169	1,978,460	1,944,077
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants	-	-	3,176	3,176	-
Cash advances repaid to other funds	(285,271)	-	-	(285,271)	(395,256)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(285,271)	-	3,176	(282,095)	(395,256)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Impact fees	4,266	1,275	-	5,541	9,939
Acquisition and construction of capital assets	(444,007)	(44,769)	(152,803)	(641,579)	(345,405)
Proceeds from sale of capital assets	12,313	-	-	12,313	-
Principal paid on State Revolving Loan	(175,275)	(519,288)	-	(694,563)	(682,201)
Principal paid on capital leases	(32,837)	-	-	(32,837)	(31,294)
Interest paid on State Revolving Loan	(76,543)	(77,814)	-	(154,357)	(176,977)
Interest paid on capital leases	(1,612)	-	-	(1,612)	(3,155)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(713,695)	(640,596)	(152,803)	(1,507,094)	(1,229,093)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on cash and cash equivalents	-	1,076	-	1,076	909
Proceeds from the maturity of investments	-	500,000	-	500,000	500,000
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	501,076	-	501,076	500,909
NET INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS	433,692	70,113	186,542	690,347	820,637
POOLED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,465,822	429,764	21,636	1,917,222	1,096,585
POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,899,514	\$ 499,877	\$ 208,178	\$ 2,607,569	\$ 1,917,222
POOLED CASH AND CASH EQUIVALENTS IS COMPRISED OF:					
Cash	\$ 75	\$ -	\$ -	\$ 75	\$ 75
Current pooled cash and cash equivalents	1,863,253	162,283	208,178	2,233,714	1,544,527
Current restricted cash equivalents	36,186	82,259	-	118,445	113,833
Non-current restricted cash equivalents	-	255,335	-	255,335	258,787
	\$ 1,899,514	\$ 499,877	\$ 208,178	\$ 2,607,569	\$ 1,917,222

	Business-type Activities - Enterprise Funds				2011
	2012				
	Wastewater	Reclaimed Water	Stormwater	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$1,059,166	\$ (24,538)	\$ 351,936	\$1,386,564	\$1,700,178
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	210,355	237,490	966	448,811	428,561
Changes in assets and liabilities:					
(Increase) decrease in receivables - customer service charges	12,292	(18,342)	(39,189)	(45,239)	(30,157)
(Increase) decrease in receivables - other	-	(474)	-	(474)	1,915
(Increase) decrease in due from other governments	43,457	-	1,887	45,344	(45,649)
(Increase) decrease in supplies inventory	(306)	-	-	(306)	(11,618)
(Increase) decrease in prepaid items	18,726	2,724	448	21,898	(7,769)
Increase (decrease) in accounts payable	45,849	921	12,048	58,818	27,591
Increase (decrease) in accrued liabilities	2,254	(666)	1,591	3,179	(129,979)
Increase (decrease) in due to other governments	34,871	11,976	-	46,847	3,608
Increase (decrease) in compensated absences	(2,621)	(231)	1,167	(1,685)	(3,054)
Increase (decrease) in other post employment benefit obligation	8,615	773	5,315	14,703	10,450
TOTAL ADJUSTMENTS	373,492	234,171	(15,767)	591,896	243,899
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$1,432,658</u>	<u>\$ 209,633</u>	<u>\$ 336,169</u>	<u>\$1,978,460</u>	<u>\$1,944,077</u>

There were no non-cash investing or financing activities for the years ended September 30, 2012 or 2011.

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, 2012  
With Comparative Amounts for September 30, 2011

	Totals	
	2012	2011
<b>ASSETS</b>		
Investments, at fair value		
Money market funds	\$ 1,678,253	\$ 909,277
U. S. Government, Federal Agency and municipal securities	5,270,204	5,591,550
Corporate bonds	4,659,914	4,595,765
Equities - common stock	6,182,815	12,794,415
Equities - mutual funds	12,740,619	3,316,330
	<u>30,531,805</u>	<u>27,207,337</u>
Receivables		
Accrued interest and dividends	67,441	98,345
Contribution receivable	77,219	1,750
State excise tax rebate	53,620	171,912
	<u>198,280</u>	<u>272,007</u>
<b>TOTAL ASSETS</b>	<u>30,730,085</u>	<u>27,479,344</u>
<b>LIABILITIES</b>		
Administrative expenses payable	37,729	52,700
Deferred contribution	14,339	14,562
	<u>52,068</u>	<u>67,262</u>
<b>TOTAL LIABILITIES</b>	<u>52,068</u>	<u>67,262</u>
<b>NET ASSETS HELD IN TRUST</b>		
Held in trust for pension benefits and other purposes	<u>\$ 30,678,017</u>	<u>\$ 27,412,082</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, 2012

With Comparative Amounts for the Year Ended September 30, 2011

	Totals	
	2012	2011
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 1,631,992	\$ 1,275,020
Plan members	358,807	346,942
	<u>1,990,799</u>	<u>1,621,962</u>
Intergovernmental revenue		
State excise tax rebate	292,403	244,087
Investment income		
Net appreciation (depreciation) in fair value of investments	4,108,220	(445,653)
Interest and dividends	776,299	811,484
Miscellaneous income	15,347	24,414
Total investment earnings	<u>4,899,866</u>	<u>390,245</u>
Less investment expense	139,516	188,366
Net investment earnings	<u>4,760,350</u>	<u>201,879</u>
<b>TOTAL ADDITIONS</b>	<u>7,043,552</u>	<u>2,067,928</u>
<b>DEDUCTIONS</b>		
Benefits	2,409,339	2,094,258
Lump sum Deferred Retirement Option Plan (DROP) payments	1,225,752	541,843
Refunds of contributions	54,116	128,465
Administrative expenses	88,410	118,422
	<u>3,777,617</u>	<u>2,882,988</u>
<b>TOTAL DEDUCTIONS</b>	<u>3,777,617</u>	<u>2,882,988</u>
<b>CHANGE IN NET ASSETS</b>	3,265,935	(815,060)
<b>NETS ASSETS - BEGINNING OF YEAR</b>	<u>27,412,082</u>	<u>28,227,142</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 30,678,017</u>	<u>\$ 27,412,082</u>

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

September 30, 2012

**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, 2012

**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, 2012

**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, 2012

**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 \$1,043,082; Wastewater Fund – increase of \$523,040; Reclaimed Water Fund – increase of \$20,000, and Stormwater Fund – increase of \$352,200.

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

Cash, Pooled Cash and Investments and Cash Equivalents: Cash balances of each fund, except for the Pension Trust Funds, 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

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

Administration and Florida Surplus Asset Fund Trust. The interest earned is allocated to each fund based on the fund's average balance in the pooled cash account.

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 Surplus Asset Fund Trust and Florida Municipal Investment Trust Fund (FMIVT), which are investments, are reported at net asset 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. Stormwater Fund fees are billed annually as a non - Ad valorem assessment and are recognized as revenue when billed in November of each year. 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, 2012 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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

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:

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 \$2,257,449 of restricted net assets, of which \$184,161 is restricted by enabling legislation.

Fund Balance Classification: The City 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,

September 30, 2012

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

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 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, in this case by ordinance or resolution. 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, 2012 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 whereby through the budgetary process a portion of the fund balance of the General Fund can be assigned for a specific purpose. 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, 2012, was 2.9464, of which a 0.0895 millage charge for debt repayment is included.

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.

September 30, 2012

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

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.

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. 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.

**9. 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.

**10. 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, 2011, from which such summarized information has been derived.

**NOTE B - 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.

September 30, 2012

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

The amounts invested with the Florida Municipal Investment Trust Fund (FMIVT) and Florida Surplus Asset Fund Trust are not pooled and available to the General Fund and Wastewater Fund, respectively.

**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, 2012 was \$2,069,908, 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 and Florida Surplus Asset Fund Trust; 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.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

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, 2012 had been determined using a fair value factor of .94896811. Investment income is recognized as earned and is allocated to the respective fund participants based on their equity participation.

The Florida Surplus Asset Fund Trust (Florida Safe Investment Pool) is a common law trust organized in 2007 under the laws of the State of Florida. The trust is administered by Florida Management and Administrative Services, LLC and an elected four member Board of Trustees that oversees all actions and decides on general policies. The trust includes a liquid money market-like investment called the “FL SAFE Fund” and one or more Term Series portfolios that have a fixed duration. Participants in the trust may invest in the Fund and any Term Series portfolios and in a value-added program called the “Fixed Income Investment Program,” through which the participants may purchase investments for their own portfolio. The Fund is accounted as a Stable Net Asset Value investment pool.

The City’s investments, carried at fair value as of September 30, 2012, are:

Investment	Maturity	Fair Value	Rating
State Board of Administration – Florida PRIME	N/A	\$3,982,881	AAAm
State Board of Administration – Fund B	N/A	4,539	Non-rated
Florida Municipal Investment Trust - 0-2 Year High Quality Bond Fund	N/A	101,994	AAA/V1
Florida Safe Investment Pool	N/A	1,000,218	AAAm
U. S. Treasury Strips with a face value of \$1,500,000, Zero coupon bonds, maturing at dates annually through November 15, 2014 in \$500,000 increments for debt sinking fund purposes.	2012-2014	1,496,120	N/A
Total investments		<u>\$ 6,585,752</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, 2012, 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, 2012, 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, 2012, is as follows:

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

Petty cash	\$ 3,275
Deposits	2,069,908
Investments	6,585,752
Total	\$ 8,658,935

As reported in Statement of Net Assets:

Unrestricted	
Cash	\$ 3,275
Pooled cash and investments and cash equivalents	6,785,760
Restricted Assets - Current:	
Pooled cash and investments	118,445
Investments, at fair value	500,000
Restricted Assets – Non-Current:	
Pooled cash and investments	255,335
Investments, at fair value	996,120
Total	\$ 8,658,935

**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, 2012:

Salem Trust Company:	Fair Value	S&P Rating
<b>Investments</b>		
Short-term investments – money market accounts	\$ 463,787	N/A
U. S. Government, Federal Agency and Municipal Securities	1,713,410	A+ to AAA
Corporate bonds	1,489,829	BB to AAA

September 30, 2012

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

<u>Salem Trust Company:</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
<b>Investments</b>		
Equities – common stocks	892,496	N/A
Equities – mutual funds	5,825,359	N/A
Total Investments	<u>\$10,384,881</u>	

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

**Firefighters' Retirement System****Deposits**

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

**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, 2012:

<u>Salem Trust Company:</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
<b>Investments</b>		
Short-term investments – money market accounts U. S. Government, Federal Agency and Municipal Securities	\$ 596,284	N/A
Corporate bonds	1,507,526	A+ to AAA
Equities – common stocks	1,400,549	BB to AAA
Equities – mutual funds	4,398,458	N/A
Total Investments	<u>\$ 9,206,324</u>	N/A

September 30, 2012

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

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, 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, 2012:

Salem Trust Company:	Fair Value	S&P Rating
<b>Investments</b>		
Short-term investments – money market accounts	\$ 618,182	N/A
U. S. Government, Federal Agency and Municipal Securities	2,049,268	A+ to AAA
Corporate bonds	1,769,536	BB to AAA
Equities – common stocks	891,861	N/A
Equities – mutual funds	5,611,753	N/A
Total Investments	\$10,940,600	

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.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

Due from and to other governments consists of the following as of September 30, 2012:

	<u>Due From</u>	<u>Due To</u>
<u>General Fund</u>		
Pinellas County		
Utility taxes	\$ 33,153	\$ -
Intergovernmental revenues	101,339	-
Fines and parking tickets	8,103	-
Parking meter	-	54,787
Utilities	-	16,285
Other	14,745	4,602
City of Treasure Island – Beach Trolley	-	63,786
Other municipalities	-	2,142
State of Florida		
Intergovernmental revenue	207,540	-
U.S. Department of Justice - Grant	22,572	-
Federal Emergency Management Agency - Grant	501,737	-
	<u>889,189</u>	<u>141,602</u>
<u>Capital Improvement Projects Fund</u>		
Pinellas County		
Intergovernmental revenue	125,695	-
State of Florida – Executive Office of the Governor		
U. S. Department of Energy Grant	25,000	-
	<u>150,695</u>	<u>-</u>
<u>Transportation Impact Fund</u>		
Pinellas County – Transportation Impact Fee	-	16,380
<u>Wastewater Fund</u>		
City of St. Petersburg - Wastewater Treatment		238,673
Pinellas County - Utilities	305	432
	<u>305</u>	<u>239,105</u>
<u>Reclaimed Water Fund</u>		
Pinellas County – Utilities	-	19,726
	<u>\$ 1,040,189</u>	<u>\$ 416,813</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 D - INTER-FUND TRANSACTIONS**

Inter-fund receivable and payable balances consist of the following as of September 30, 2012:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 740,135	\$ -
Wastewater Fund		
Current portion	-	324,639

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE D - INTER-FUND TRANSACTIONS** (continued)

	<u>Receivable</u>	<u>Payable</u>
Reclaimed Water Fund		
Current portion	-	71,176
Long-term portion	-	344,320
	-	415,496
	<u>\$ 740,135</u>	<u>\$ 740,135</u>

The General Fund (\$740,135) has advanced funds to the Wastewater Fund (\$324,639) 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, 2012:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 925,000
Capital Improvement Projects Fund	925,000	-
	<u>\$ 925,000</u>	<u>\$ 925,000</u>

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

**NOTE E - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012, was as follows:

	<u>Balance 10-1-11</u>	<u>Additions / Transfers</u>	<u>Deletions / Transfers</u>	<u>Balance 9-30-12</u>
<b>Governmental Activities</b>				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 3,698,977	\$ 23,770	\$ -	\$ 3,722,747
Capital projects in process	59,937	667,006	78,218	648,725
<u>Depreciable assets:</u>				
Buildings and other land improvements	22,441,295	36,530	11,425	22,466,400
Furniture, machinery and equipment	4,984,355	968,264	505,312	5,447,307
Infrastructure	12,398,462	54,448	-	12,452,910
Total at historical cost	<u>\$ 43,583,026</u>	<u>\$ 1,750,018</u>	<u>\$ 594,955</u>	<u>\$ 44,738,089</u>
<u>Less accumulated depreciation for:</u>				
Buildings and other land improvements	\$ 6,329,748	\$ 670,854	\$ 7,313	\$ 6,993,289
Furniture, machinery and equipment	3,672,848	298,728	496,118	3,475,458
Infrastructure	5,631,700	414,512	-	6,046,212
Total accumulated depreciation	<u>15,634,296</u>	<u>1,384,094</u>	<u>503,431</u>	<u>16,514,959</u>
Capital assets, net	<u>\$ 27,948,730</u>	<u>\$ 365,924</u>	<u>\$ 91,524</u>	<u>\$ 28,223,130</u>
<b>Business-Type Activities</b>				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 310,117	\$ -	\$ -	\$ 310,117
Capital projects in process	-	109,371	-	109,371
<u>Depreciable assets:</u>				
Furniture, machinery and equipment	484,725	7,261	42,520	449,466
Infrastructure	20,451,138	524,947	-	20,976,085
Total at historical cost	<u>\$ 21,245,980</u>	<u>\$ 641,579</u>	<u>\$ 42,520</u>	<u>\$ 21,845,039</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE E - CAPITAL ASSETS** (continued)

	Balance 10-1-11	Additions / Transfers	Deletions / Transfers	Balance 9-30-12
<u>Less accumulated depreciation for:</u>				
Furniture, machinery and equipment	\$ 303,475	\$ 43,265	\$ 42,520	\$ 304,220
Infrastructure	7,188,579	405,546	-	7,594,125
Total accumulated depreciation	<u>7,492,054</u>	<u>448,811</u>	<u>\$ 42,520</u>	<u>7,898,345</u>
Capital assets, net	<u>\$ 13,753,926</u>	<u>\$ 192,768</u>	<u>\$ -</u>	<u>\$ 13,946,694</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 144,291
Community development	1,227
Library	32,473
Parking enforcement	315
Public safety – police	198,330
Public safety – fire	111,237
Public services	896,221
	<u>\$ 1,384,094</u>

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

**NOTE F - LONG-TERM DEBT**

Long-term debt activity for the fiscal year ended September 30, 2012 was as follows:

	Balance 10-1-11	Increases	Decreases	Balance 9-30-12	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds,					
Series 1993	\$ 315,000	\$ -	\$ 155,000	\$ 160,000	\$ 160,000
Revenue Bonds, Series 2001A	285,000	-	285,000	-	-
Revenue Bonds, Series 2006	2,570,000	-	320,000	2,250,000	335,000
Accumulated unused					
Compensated absences	565,656	35,162	57,123	543,695	205,094
	<u>\$ 3,735,656</u>	<u>\$ 35,162</u>	<u>\$ 817,123</u>	<u>\$ 2,953,695</u>	<u>\$ 700,094</u>
<b>Business-Type Activities</b>					
State Revolving Loan (1992)	\$ 2,190,474	\$ -	\$ 519,288	\$ 1,671,186	\$ 537,734
State Revolving Loan (2003)	194,225	-	13,629	180,596	14,000
State Revolving Loan (2005)	2,752,362	-	161,646	2,590,716	155,777
Capital leases	32,837	-	32,837	-	-
Accumulated unused					
Compensated absences	38,074	1,167	2,852	36,389	2,740
	<u>\$ 5,207,972</u>	<u>\$ 1,167</u>	<u>\$ 730,252</u>	<u>\$ 4,478,887</u>	<u>\$ 710,251</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE F - LONG-TERM DEBT** (continued)

Long-term debt for the governmental activities is comprised of the following as of September 30, 2012:

<p><u>General Obligation Bonds, Series 1993</u>: 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 with the last payment of \$160,000 due 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.</p>	\$ 160,000
<p><u>Revenue Bonds, Series 2006</u>: 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 \$335,000 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</p>	2,250,000
<p><u>Accumulated unused compensated absences</u>: represents the vested portion of accumulated vacation and sick pay benefits due employees.</p>	543,695
<p>Total Governmental Activities Long-Term Debt</p>	<hr/> <u>\$ 2,953,695</u>

Long-term debt for the business-type activities is comprised of the following as of September 30, 2012:

<p><u>State Revolving Loan (1992)</u>: 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.</p>	\$ 1,671,186
<p><u>State Revolving Loan (2003)</u>: 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.</p>	180,596
<p><u>State Revolving Loan (2005)</u>: 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 remaining balance of the loan is to be repaid in semi-annual installments of \$111,053, including interest at 2.60%, through September 15, 2026. 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.</p>	2,590,716

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE F - LONG-TERM DEBT** (continued)

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

Total Business-Type Activities Long Term Debt

36,389
<u>\$ 4,478,887</u>

Interest expense and fiscal charges for Governmental Activities in the amount of \$151,293, including amortization of bond issuance costs of \$7,167, has been separately reported as interest on long-term debt in the Statement of Activities for the year ended September 30, 2012. Interest expense of \$141,943 has been reported for the Business-type Activities – Enterprise Funds for the year ended September 30, 2012.

Funding of General Obligation Bonds, Series 1993

The total amount of principal, interest and bond agent fees paid during fiscal year 2012 on the General Obligation Bonds, Series 1993 was \$171,538. 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 collected by the City for fiscal year 2012 was \$5,641,473.

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

The total amount of principal and interest paid during fiscal year 2012 on the Revenue Bonds, Series 2001A and Revenue Bonds, Series 2006 was \$605,000 and \$122,729, 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 2012 was \$727,729 and \$761,136, respectively.

Funding Requirements of State Revolving Loan (1992)

The loan agreement provides that the City would initially establish an escrow account in the amount of \$4,342,334, which would be reserved (Reserved Escrow Account), along with the earnings thereon, and dedicated solely for the repayment of the loan. This Escrow account has been established and is accounted for in the Reclaimed Water Fund as a restricted asset. Additionally, the City was required to establish a pledged revenue escrow account in the amount of \$100,000, which shall be reserved, along with the earnings thereon, as pledged security for the loan. A loan repayment reserve account is also required to be established in the amount of 15% of the annual loan payment. The escrow account and loan repayment reserve account are accounted for in the Reclaimed Water Fund as restricted assets. The required balances and the amount of restricted assets as of September 30, 2012, are as follows:

Reserved escrow account	\$ 1,496,120
Pledged Reserve escrow account	248,029
Loan repayment reserve account	<u>89,565</u>
Total restricted assets	<u>\$1,833,714</u>

The City has used the Reserved Escrow Account funds to purchase \$4,342,417 of U.S. Treasury Zero Coupon Bonds with an original face value of \$10,000,000. The U.S. Treasury bonds mature in \$500,000 increments annually for twenty years through November 15, 2014. This maturity schedule coincides with the annual loan repayment terms requiring annual payments through December 31, 2014. The face value of unmaturing bonds as of September 30, 2012 is \$1,500,000.

The total amount of principal and interest paid for fiscal year 2012 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 2012 was \$795,770.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE F - 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 1/6<sup>th</sup> of the semi-annual loan payment of \$9,725. These Escrow accounts have been established and are accounted for in the Wastewater Fund as a restricted asset. The required balances and the amount of restricted assets as of September 30, 2012, 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 2012 on the 2003 State Revolving Loan was \$19,449. This amount was paid from the pledged wastewater system revenues. The total amount of wastewater system revenues for fiscal year 2012 was \$4,737,507 and operating expenditures and capital outlay expenditures totaled \$3,911,994.

Funding Requirements of State Revolving Loan (2005)

The loan agreement provides that a Loan Debt Service Account shall be established by September 15, 2006 into which shall be deposited monthly 1/6<sup>th</sup> of the semi-annual loan payment of \$111,053. 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, 2012, 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 2012 on the 2005 State Revolving Loan was \$232,367. This amount was paid from the pledged wastewater system revenues. The total amount of wastewater system revenues for fiscal year 2012 was \$4,737,507 and operating expenditures and capital outlay expenditures totaled \$3,911,994.

Total funding requirements for the State Revolving Loans:

State Revolving Loan (1992)	\$ 1,833,714
State Revolving Loan (2003)	15,967
State Revolving Loan (2005)	20,219
Total restricted assets	<u>\$ 1,869,900</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, 2012 as follows:

Current assets –Pooled cash and investments	\$ 118,445
Investments, at fair value	500,000
Non-current assets – Pooled cash and investments	255,335
Investments, at fair value	996,120
Total restricted assets	<u>\$ 1,869,900</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE F - LONG-TERM DEBT** (continued)

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2012, are as follows:

<u>General Obligation Bonds, Series 1993</u>	Principal	Interest	Total
2013	<u>\$ 160,000</u>	<u>\$ 8,400</u>	<u>\$ 168,400</u>
<u>Revenue Bonds, Series 2006</u>	Principal	Interest	Total
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
2017	<u>400,000</u>	<u>41,000</u>	<u>441,000</u>
	1,830,000	384,650	2,214,650
2018	<u>420,000</u>	<u>21,000</u>	<u>441,000</u>
	<u>\$ 2,250,000</u>	<u>\$405,650</u>	<u>\$2,655,650</u>
<u>Total Annual Requirements Excluding Accumulated Unused Compensated Absences</u>	Principal	Interest	Total
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
2017	<u>400,000</u>	<u>41,000</u>	<u>441,000</u>
	1,990,000	393,050	2,383,050
2018	<u>420,000</u>	<u>21,000</u>	<u>441,000</u>
	<u>\$ 2,410,000</u>	<u>\$ 414,050</u>	<u>\$ 2,824,050</u>

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2012, are as follows:

	Principal	Interest	Total
<u>State Revolving Loan (1992)</u>			
2013	\$ 537,734	\$ 59,367	\$ 597,101
2014	556,836	40,265	597,101
2015	<u>576,616</u>	<u>20,485</u>	<u>597,101</u>
	<u>\$ 1,671,186</u>	<u>\$ 120,117</u>	<u>\$ 1,791,303</u>
<u>State Revolving Loan (2003)</u>	Principal	Interest	Total
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
2017	<u>15,814</u>	<u>3,635</u>	<u>19,449</u>
	74,465	22,780	97,245
2018-2022	86,717	10,530	97,247
2023	<u>19,414</u>	<u>463</u>	<u>19,877</u>
	<u>\$ 180,596</u>	<u>\$ 33,773</u>	<u>\$ 214,369</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE F - LONG-TERM DEBT** (continued)

<u>State Revolving Loan (2005)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 155,777	\$ 66,330	\$ 222,107
2014	159,854	62,253	222,107
2015	164,037	58,070	222,107
2016	168,330	53,777	222,107
2017	172,735	49,372	222,107
	820,733	289,802	1,110,535
2018-2022	933,889	176,646	1,110,535
2023-2026	836,094	48,543	884,637
	<u>\$ 2,590,716</u>	<u>\$514,991</u>	<u>\$ 3,105,707</u>

<u>Total Annual Requirements Excluding Accumulated Unused Compensated Absences</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 707,511	\$ 131,146	\$ 838,657
2014	731,123	107,534	838,657
2015	755,532	83,125	838,657
2016	183,669	57,887	241,556
2017	188,549	53,007	241,556
	2,566,384	432,699	2,999,083
2018-2022	1,020,606	187,176	1,207,782
2023-2026	855,508	49,006	904,514
	<u>\$ 4,442,498</u>	<u>\$ 668,881</u>	<u>\$ 5,111,379</u>

**NOTE G - 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, 2012

**NOTE G – 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, 2012:

	Police Pension	Firefighters' Pension	General Pension
Retirees and beneficiaries receiving benefits	22	21	70
Terminated plan members entitled to but not yet receiving benefits	5	1	46
Active plan members	20	26	24
DROP plan members (active)	4	2	6
	<u>51</u>	<u>50</u>	<u>146</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 and State	Actuarially Determined - 50%	Actuarially Determined - 36.5%	Actuarially Determined - 41% (City only)
Contribution rates: Plan members	8.3%	10.3%	7.6%
Actuarial valuation date	October 1, 2012	October 1, 2012	October 1, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of pay, closed 30 years	Level percentage of pay, closed 30 years	Level percentage of pay, closed 30 years
Remaining amortization period	4 year smoothing	4 year smoothing	4 year smoothing
Asset valuation method			
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%

The General Pension was amended on September 25, 2012 with significant revisions becoming effective for benefits accruing after September 30, 2012. The new provisions do not impact Plan members who had attained Normal Retirement eligibility as of September 30, 2012.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE G – PENSIONS** (continued)

	Three Year Trend Information			
	Year Ending September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation *
Police Pension	2010	\$ 448,486	100	\$ (24,920)
	2011	543,498	100	(25,161)
	2012	692,038	110	(97,422)
Firefighters' Pension	2010	\$ 317,981	100	\$ (82,789)
	2011	336,868	100	(84,176)
	2012	581,097	112	(154,774)
General Pension	2010	\$ 430,860	100	\$ 0
	2011	393,026	100	0
	2012	428,564	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, 2012	October 1, 2012	October 1, 2012
Actuarial Value of Assets	\$ 10,158,175	\$ 8,988,256	\$ 10,681,049
Actuarial Accrued Liability	\$ 17,659,312	\$ 18,551,034	\$ 16,915,811
Unfunded Actuarial Accrued Liability	\$ 7,501,137	\$ 9,562,778	\$ 6,234,762
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	57.52%	48.45%	63.14%
Annual Covered Payroll	\$ 1,252,844	\$ 1,565,984	\$ 960,352
Ratio of the Unfunded Actuarial Liability to Covered Payroll	598.73%	610.66%	649.22%

*Net Pension Obligation:*

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

	2010	2011	2012
Actuarially determined contribution (A)	\$ 448,765	\$ 543,739	\$ 692,107
Interest on NPO	(2,094)	(2,118)	(2,139)
Adjustment to (A)	1,815	1,877	2,070
Annual Pension Cost	448,486	543,498	692,038
Contributions made	448,765	543,739	764,299
Increase in NPO	(279)	(241)	(72,261)
NPO beginning of year	(24,641)	(24,920)	(25,161)
NPO end of year	\$ (24,920)	\$ (25,161)	\$ (97,422)

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE G – PENSIONS** (continued)

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

	2010	2011	2012
Actuarially determined contribution (A)	\$ 319,239	\$ 338,255	\$ 582,851
Interest on NPO	(6,930)	(7,037)	(7,155)
Adjustment to (A)	5,672	5,650	5,401
Annual Pension Cost	317,981	336,868	581,097
Contributions made	319,239	338,255	651,695
Increase in NPO	(1,258)	(1,387)	(70,598)
NPO beginning of year	(81,531)	(82,789)	(84,176)
NPO end of year	<u>\$ (82,789)</u>	<u>\$ (84,176)</u>	<u>\$ (154,774)</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	10/01/12	\$ 10,158,175	\$ 17,659,312	\$ 7,501,137	57.52%	\$ 1,252,844	598.73%
	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%
Firefighters’ Pension	10/01/12	\$ 8,988,256	\$ 18,551,034	\$ 9,562,778	48.45%	\$ 1,565,984	610.66%
	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%
General Pension	10/01/12	\$ 10,681,049	\$ 16,915,811	\$ 6,234,762	63.14%	\$ 960,352	649.22%
	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%

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	2012	\$ 692,107	\$ 703,405	* \$ 60,894	110.43%
	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%

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE G – PENSIONS** (continued)

	Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
Firefighters' Pension	2012	\$ 582,851	\$ 509,362	* \$ 142,333	111.81%
	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%
General Pension	2012	\$ 428,564	\$ 428,564	\$ 0	100.00%
	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%

\* - 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, 2012 in the amounts of \$92,536 and \$199,867, 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, 2012 are as follows:

Statement of Net Assets  
September 30, 2012

	Police	Firefighters'	General
<b>Assets</b>			
Investments, at fair value	\$ 10,384,881	\$ 9,206,324	\$ 10,940,600
Receivables	49,448	105,085	43,747
<b>Total assets</b>	<b>10,434,329</b>	<b>9,311,409</b>	<b>10,984,347</b>
<b>Liabilities</b>			
Administrative expenses payable	11,422	11,938	14,369
Deferred contribution	-	14,339	-
<b>Total Liabilities</b>	<b>11,422</b>	<b>26,277</b>	<b>14,369</b>
<b>Net Assets</b>			
Held in Trust for Pension Benefits	<u>\$ 10,422,907</u>	<u>\$ 9,285,132</u>	<u>\$ 10,969,978</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE G – PENSIONS** (continued)

Statement of Changes in Net Assets  
For the year Ended September 30, 2012

	<u>Police</u>	<u>Firefighters'</u>	<u>General</u>
Additions			
Contributions			
Employer	\$ 703,405	\$ 500,023	\$ 428,564
Plan members	<u>114,890</u>	<u>164,476</u>	<u>79,441</u>
	<u>818,295</u>	<u>664,499</u>	<u>508,005</u>
Intergovernmental revenue			
State excise tax rebate and Supplemental Compensation Trust Fund	92,536	199,867	-
Investment earnings			
Net appreciation (depreciation) in fair value of investments	1,405,694	1,171,206	1,531,320
Interest and dividends	262,122	249,498	264,679
Miscellaneous Income	<u>3,822</u>	<u>9,084</u>	<u>2,441</u>
Total investment earnings	<u>1,671,638</u>	<u>1,429,788</u>	<u>1,798,440</u>
Less investment expense	<u>44,843</u>	<u>58,640</u>	<u>36,033</u>
Net investment earnings	<u>1,626,795</u>	<u>1,371,148</u>	<u>1,762,407</u>
Total additions	<u>2,537,626</u>	<u>2,235,514</u>	<u>2,270,412</u>
Deductions			
Benefits	822,043	782,223	805,073
Lump sum Deferred Retirement Option Plan (DROP) payments	762,330	215,375	248,047
Refunds of contributions	51,850	-	2,266
Administrative expenses	<u>34,582</u>	<u>27,187</u>	<u>26,641</u>
Total deductions	<u>1,670,805</u>	<u>1,024,785</u>	<u>1,082,027</u>
Change in Net Assets	866,821	1,210,729	1,188,385
Net Assets – October 1, 2011	<u>9,556,086</u>	<u>8,074,403</u>	<u>9,781,593</u>
Net Assets – September 30, 2012	<u>\$ 10,422,907</u>	<u>\$ 9,285,132</u>	<u>\$ 10,969,978</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, 2012

**NOTE G – 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 that elect to participate, pursuant to the Plan agreement. The City's contributions for the years ended September 30, 2012, 2011 and 2010 were \$112,071 \$96,759, and \$93,926, respectively. The City contributed the required amount for each fiscal year.

**NOTE H – OTHER POSTEMPLOYMENT BENEFITS PLAN**

The City 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, 2012, the expected contribution for the City was \$55,701.

*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:

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE H – 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 9/30/12
Annual Required Contribution (ARC)	\$ 250,578
Interest on net OPEB obligation	19,658
Adjustment to ARC	(24,072)
Annual OPEB cost	246,164
Expected employer contribution	55,701
Increase in net OPEB obligation	190,463
Net OPEB obligation beginning of year	436,848
Net OPEB obligation end of year	<u>\$ 627,311</u>

*Other Required Supplementary Information:*

Three year trend information:

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/12	\$246,164	22.7%	\$627,311
9/30/11	\$242,451	23.1%	\$436,847
9/30/10	\$147,985	13.0%	\$250,290

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	10/1/11
Annual OPEB Cost	\$ 246,164
Contributions made	\$ 55,701

(continued)

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

**NOTE H – 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	8.00%
Ultimate trend rate	5.00%
* - Includes inflation at	1.00%

**NOTE I – 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, 2012 was \$13,233. The remaining lease payments as of September 30, 2012 are as follows:

	<u>Payment</u>
	<u>Requirement</u>
2013	\$ 4,646
2014	4,646
2015	1,936
Total	<u>\$ 11,228</u>

**NOTE J - 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, 2012, 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 K - 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, 2012

**NOTE K - 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 L – 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, 2012, 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 M – SUBSEQUENT EVENTS**

The Citizens of the City of St. Pete Beach, through a voter referendum held in November 2012, approved a charter amendment to allow the City Commission to contract with an external agency to provide law enforcement services to the City. A contract was subsequently entered into with the Pinellas County Sheriff's Department to provide police protection to the City and effective January 6, 2013, the Police Department of the City of St. Pete Beach was dissolved.

The Police Pension and Firefighter's Pension were amended subsequent to September 30, 2012 with significant revisions becoming effective for benefits accruing after September 30, 2012. The new provisions do not impact Plan members who had attained Normal Retirement eligibility as of September 30, 2012.

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.

(This space left blank intentionally)

(BLANK)

## **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, 2012  
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
<b>RESOURCES (INFLOWS)</b>					
Taxes					
Ad valorem tax	\$ 5,628,059	\$ 5,628,059	\$ 5,641,473	\$ 13,414	\$ 5,659,946
Franchise tax	1,332,000	1,332,000	1,157,857	(174,143)	1,198,408
Telecommunications tax	605,000	605,000	578,805	(26,195)	582,627
Utility tax	1,638,000	1,638,000	1,473,331	(164,669)	1,542,300
	<u>9,203,059</u>	<u>9,203,059</u>	<u>8,851,466</u>	<u>(351,593)</u>	<u>8,983,281</u>
Licenses and permits					
Local business tax	100,000	100,000	105,644	5,644	102,734
Building, sign and other permits	368,975	368,975	410,868	41,893	357,115
	<u>468,975</u>	<u>468,975</u>	<u>516,512</u>	<u>47,537</u>	<u>459,849</u>
Intergovernmental revenues					
State sales tax	490,000	490,000	491,998	1,998	485,227
Emergency medical services	1,216,072	1,216,072	1,216,072	-	1,101,575
Federal, state and local grants	134,531	803,972	834,884	30,912	142,763
State excise tax rebate - Fire Pension	178,000	199,867	199,867	-	171,912
State excise tax rebate - Police Pension	74,000	92,536	92,536	-	72,175
Pinellas Library Cooperative	166,633	166,633	168,334	1,701	173,606
Other intergovernmental revenues	447,330	447,330	439,226	(8,104)	437,036
	<u>2,706,566</u>	<u>3,416,410</u>	<u>3,442,917</u>	<u>26,507</u>	<u>2,584,294</u>
Charges for services					
Planning and zoning fees	9,000	9,000	21,452	12,452	6,737
Certification, copies and record search	6,500	6,500	7,213	713	6,896
Administration charges to other funds	343,883	343,883	343,883	-	332,165
Parking facilities	1,092,000	1,092,000	1,326,539	234,539	1,045,658
Library fees	27,000	27,000	25,356	(1,644)	25,048
Recreation activity fees	229,000	148,900	320,121	171,221	300,354
Other charges for services	4,625	4,625	10,695	6,070	5,841
Police services	50,000	50,000	80,255	30,255	46,057
	<u>1,762,008</u>	<u>1,681,908</u>	<u>2,135,514</u>	<u>453,606</u>	<u>1,768,756</u>
Fines and forfeitures					
Court fines and costs	65,000	65,000	44,969	(20,031)	46,772
Police education	3,800	3,800	2,332	(1,468)	2,806
Parking tickets	110,000	110,000	77,943	(32,057)	98,225
Other fines and forfeitures	15,000	15,000	15,971	971	73,727
	<u>193,800</u>	<u>193,800</u>	<u>141,215</u>	<u>(52,585)</u>	<u>221,530</u>
Miscellaneous revenues					
Interest income	3,000	3,000	13,552	10,552	2,536
Rentals of City owned facilities	270,296	270,296	253,437	(16,859)	234,945
Surplus and scrap sales	40,000	40,000	34,298	(5,702)	16,296
Contributions and donations	10,000	10,000	15,916	5,916	33,769
Other miscellaneous revenues	125,050	205,150	91,426	(113,724)	40,374
Interfund transfers	-	-	-	-	17,000
	<u>448,346</u>	<u>528,446</u>	<u>408,629</u>	<u>(119,817)</u>	<u>344,920</u>

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2012 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 14,782,754	\$ 15,492,598	\$ 15,496,253	\$ 3,655	\$ 14,362,630
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
General Government					
City Commission					
Personal services	29,700	29,700	29,700	-	29,700
Other operating expenditures	35,001	35,001	29,896	5,105	61,989
City Clerk					
Personal services	198,508	180,008	178,825	1,183	179,914
Other operating expenditures	48,750	35,250	30,748	4,502	52,433
Legal					
Operating expenditures	295,000	617,000	616,057	943	404,116
City Manager					
Personal services	295,479	295,479	288,993	6,486	296,318
Other operating expenditures	122,713	186,713	191,346	(4,633)	128,487
Transfer to Capital Improvement Projects Fund	925,000	925,000	925,000	-	475,000
Financial Administration					
Personal services	342,689	342,689	349,976	(7,287)	322,678
Other operating expenditures	49,482	49,482	40,222	9,260	45,619
Information Technology					
Personal services	183,646	208,646	216,454	(7,808)	173,813
Other operating expenditures	118,736	119,738	109,980	9,758	91,703
Capital outlay	12,000	19,800	21,605	(1,805)	20,294
	<u>2,656,704</u>	<u>3,044,506</u>	<u>3,028,802</u>	<u>15,704</u>	<u>2,282,064</u>
Community Development					
Planning					
Personal services	210,340	161,340	162,476	(1,136)	198,330
Other operating expenditures	16,900	24,900	21,492	3,408	16,955
Building Services					
Personal services	334,582	334,582	332,722	1,860	322,132
Other operating expenditures	39,945	50,945	48,942	2,003	30,119
Capital outlay	-	-	-	-	8,590
	<u>601,767</u>	<u>571,767</u>	<u>565,632</u>	<u>6,135</u>	<u>576,126</u>
Library					
Personal services	338,546	338,546	344,752	(6,206)	332,630
Other operating expenditures	181,124	178,524	172,753	5,771	196,801
Capital outlay	-	16,997	16,932	65	16,427
	<u>519,670</u>	<u>534,067</u>	<u>534,437</u>	<u>(370)</u>	<u>545,858</u>
Parking Enforcement					
Personal services	127,527	127,527	125,593	1,934	116,895
Other operating expenditures	153,831	185,541	192,947	(7,406)	150,982
Capital outlay	26,000	6,290	6,290	-	-
Debt service	-	5,039	-	5,039	55,549
	<u>307,358</u>	<u>324,397</u>	<u>324,830</u>	<u>(433)</u>	<u>323,426</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2012 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
<b>CHARGES TO APPROPRIATIONS</b>					
<b>(OUTFLOWS) (continued)</b>					
Public Safety					
Police					
Personal services	\$ 3,512,141	\$ 3,402,177	\$ 3,407,828	\$ (5,651)	\$ 3,354,312
Other operating expenditures	348,778	334,719	332,552	2,167	357,118
Capital outlay	110,000	116,000	108,573	7,427	99,656
Debt service	171,537	171,537	172,346	(809)	169,958
Fire - Fire Suppression					
Personal services	1,733,515	1,755,382	1,736,570	18,812	1,597,742
Other operating expenditures	188,028	190,559	203,099	(12,540)	208,270
Capital outlay	51,700	774,169	767,017	7,152	6,660
Fire - EMS					
Personal services	1,161,131	1,161,131	1,153,491	7,640	1,058,647
Other operating expenditures	43,961	43,961	51,146	(7,185)	52,316
Capital outlay	13,500	13,500	15,604	(2,104)	-
	<u>7,334,291</u>	<u>7,963,135</u>	<u>7,948,226</u>	<u>14,909</u>	<u>6,904,679</u>
Public Services					
Administration					
Personal services	163,506	163,506	148,690	14,816	155,495
Other operating expenditures	474,744	474,744	413,795	60,949	446,639
Capital outlay	-	-	-	-	1,400
Building Administration					
Personal services	143,963	143,963	138,240	5,723	135,730
Other operating expenditures	114,089	126,089	125,111	978	103,364
Streets					
Personal services	184,677	184,677	184,895	(218)	172,472
Other operating expenditures	690,595	674,595	627,155	47,440	623,564
Capital outlay	-	-	-	-	88,410
Recreation					
Personal services	472,183	497,183	505,634	(8,451)	434,160
Other operating expenditures	403,385	405,135	398,207	6,928	349,160
Capital outlay	19,328	17,578	16,603	975	-
Parks					
Personal services	213,355	213,355	211,769	1,586	235,769
Other operating expenditures	453,139	431,062	475,236	(44,174)	407,836
Capital outlay	30,000	56,077	52,169	3,908	-
	<u>3,362,964</u>	<u>3,387,964</u>	<u>3,297,504</u>	<u>90,460</u>	<u>3,153,999</u>
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>14,782,754</u>	<u>15,825,836</u>	<u>15,699,431</u>	<u>126,405</u>	<u>13,786,152</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	-	(333,238)	(203,178)	130,060	576,478
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,914,535</u>	<u>4,914,535</u>	<u>4,914,535</u>	-	<u>4,338,057</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,914,535</u>	<u>\$ 4,581,297</u>	<u>\$ 4,711,357</u>	<u>\$ 130,060</u>	<u>\$ 4,914,535</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2012 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2011

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.	\$ 15,496,253
Differences - budget to GAAP:	
Proceeds from sale of surplus capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(34,298)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 15,461,955</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 15,699,431
Differences - budget to GAAP:	
Transfers out are outflows for budgetary purposes but are not expenditures for financial reporting purposes.	<u>(925,000)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 14,774,431</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, 2012

With Comparative Total Amounts for September 30, 2011

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	Governmental Funds	
			2012	2011
<b>ASSETS</b>				
Pooled cash and investments and cash equivalents	\$ 200,541	\$ 5,323	\$ 205,864	\$ 171,803
<b>TOTAL ASSETS</b>	<b>\$ 200,541</b>	<b>\$ 5,323</b>	<b>\$ 205,864</b>	<b>\$ 171,803</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other governments	\$ 16,380	\$ -	\$ 16,380	\$ -
<b>TOTAL LIABILITIES</b>	<b>16,380</b>	<b>-</b>	<b>16,380</b>	<b>-</b>
<b>FUND BALANCES</b>				
Fund balances				
Restricted for:				
Transportation Improvements	184,161	-	184,161	166,478
Law enforcement	-	5,323	5,323	5,325
<b>TOTAL FUND BALANCES</b>	<b>184,161</b>	<b>5,323</b>	<b>189,484</b>	<b>171,803</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 200,541</b>	<b>\$ 5,323</b>	<b>\$ 205,864</b>	<b>\$ 171,803</b>

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, 2012  
With Comparative Total Amounts for the Year Ended September 30, 2011

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	2012	2011
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 4,798
Impact fees	17,745	-	17,745	-
Miscellaneous	(62)	(2)	(64)	(39)
TOTAL REVENUES	17,683	(2)	17,681	4,759
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,683	(2)	17,681	4,759
OTHER FINANCING USES				
Transfers out	-	-	-	17,000
TOTAL OTHER FINANCING USES	-	-	-	17,000
NET CHANGE IN FUND BALANCES	17,683	(2)	17,681	(12,241)
FUND BALANCES - BEGINNING OF YEAR	166,478	5,325	171,803	184,044
FUND BALANCES - END OF YEAR	\$ 184,161	\$ 5,323	\$ 189,484	\$ 171,803

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

September 30, 2012

With Comparative Total Amounts for September 30, 2011

	Police Pension	Firefighters' Pension	General Pension	Totals	
				2012	2011
<b>ASSETS</b>					
Investments, at fair value					
Money market funds	\$ 463,787	\$ 596,284	\$ 618,182	\$ 1,678,253	\$ 909,277
U. S. Government, Federal					
Agency and municipal securities	1,713,410	1,507,526	2,049,268	5,270,204	5,591,550
Corporate bonds	1,489,829	1,400,549	1,769,536	4,659,914	4,595,765
Equities - common stock	892,496	4,398,458	891,861	6,182,815	12,794,415
Equities - mutual funds	5,825,359	1,303,507	5,611,753	12,740,619	3,316,330
	<u>10,384,881</u>	<u>9,206,324</u>	<u>10,940,600</u>	<u>30,531,805</u>	<u>27,207,337</u>
Receivables					
Accrued interest and dividends	20,506	22,490	24,445	67,441	98,345
Contribution receivable	28,942	28,975	19,302	77,219	1,750
State excise tax rebate	-	53,620	-	53,620	171,912
	<u>49,448</u>	<u>105,085</u>	<u>43,747</u>	<u>198,280</u>	<u>272,007</u>
<b>TOTAL ASSETS</b>	<u>10,434,329</u>	<u>9,311,409</u>	<u>10,984,347</u>	<u>30,730,085</u>	<u>27,479,344</u>
<b>LIABILITIES</b>					
Administrative expenses payable	11,422	11,938	14,369	37,729	52,700
Deferred contribution	-	14,339	-	14,339	14,562
<b>TOTAL LIABILITIES</b>	<u>11,422</u>	<u>26,277</u>	<u>14,369</u>	<u>52,068</u>	<u>67,262</u>
<b>NET ASSETS HELD IN TRUST</b>					
Held in trust for pension benefits and other purposes	<u>\$ 10,422,907</u>	<u>\$ 9,285,132</u>	<u>\$ 10,969,978</u>	<u>\$ 30,678,017</u>	<u>\$ 27,412,082</u>

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

Year Ended September 30, 2012  
With Comparative Total Amounts for the Year Ended September 30, 2011

	Police	Firefighters'	General	Totals	
	Pension	Pension	Pension	2012	2011
<b>ADDITIONS</b>					
Contributions					
Employer	\$ 703,405	\$ 500,023	\$ 428,564	\$ 1,631,992	\$ 1,275,020
Plan members	114,890	164,476	79,441	358,807	346,942
	<u>818,295</u>	<u>664,499</u>	<u>508,005</u>	<u>1,990,799</u>	<u>1,621,962</u>
Intergovernmental revenue					
State excise tax rebate	92,536	199,867	-	292,403	244,087
Investment income					
Net appreciation (depreciation) in fair value of investments	1,405,694	1,171,206	1,531,320	4,108,220	(445,653)
Interest and dividends	262,122	249,498	264,679	776,299	811,484
Miscellaneous income	3,822	9,084	2,441	15,347	24,414
Total investment earnings	<u>1,671,638</u>	<u>1,429,788</u>	<u>1,798,440</u>	<u>4,899,866</u>	<u>390,245</u>
Less investment expense	<u>44,843</u>	<u>58,640</u>	<u>36,033</u>	<u>139,516</u>	<u>188,366</u>
Net investment earnings	<u>1,626,795</u>	<u>1,371,148</u>	<u>1,762,407</u>	<u>4,760,350</u>	<u>201,879</u>
<b>TOTAL ADDITIONS</b>	<u>2,537,626</u>	<u>2,235,514</u>	<u>2,270,412</u>	<u>7,043,552</u>	<u>2,067,928</u>
<b>DEDUCTIONS</b>					
Benefits	822,043	782,223	805,073	2,409,339	2,094,258
Lump sum Deferred Retirement					
Option Plan (DROP) payments	762,330	215,375	248,047	1,225,752	541,843
Refunds of contributions	51,850	-	2,266	54,116	128,465
Administrative expenses	<u>34,582</u>	<u>27,187</u>	<u>26,641</u>	<u>88,410</u>	<u>118,422</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,670,805</u>	<u>1,024,785</u>	<u>1,082,027</u>	<u>3,777,617</u>	<u>2,882,988</u>
<b>CHANGE IN NET ASSETS</b>	866,821	1,210,729	1,188,385	3,265,935	(815,060)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 10,422,907</u>	<u>\$ 9,285,132</u>	<u>\$ 10,969,978</u>	<u>\$ 30,678,017</u>	<u>\$ 27,412,082</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>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash	\$ 3,200	\$ 3,200
Pooled cash and investments and cash equivalents	3,913,623	3,580,026
Receivables		
Other	273,883	266,204
Due from other funds	740,135	1,379,552
Due from other governments	889,189	391,039
Supplies inventory	1,238	559
Prepaid insurance and deposits	6,967	251,622
	<u>6,967</u>	<u>251,622</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,828,235</u>	<u>\$ 5,872,202</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 360,252	\$ 113,465
Accrued liabilities	492,252	600,800
Due to other governments	141,602	144,716
Deferred revenue	122,772	98,686
	<u>122,772</u>	<u>98,686</u>
<b>TOTAL LIABILITIES</b>	<u>1,116,878</u>	<u>957,667</u>
 <b>FUND BALANCES</b>		
Nonspendable:		
Supplies inventory	1,238	559
Prepays	6,767	251,442
Long-term receivable	344,320	668,960
Restricted for:		
Library	198,063	198,063
Assigned to:		
Compensated absences	543,695	565,656
Unassigned:		
General fund	3,617,274	3,229,855
	<u>3,617,274</u>	<u>3,229,855</u>
<b>TOTAL FUND BALANCES</b>	<u>4,711,357</u>	<u>4,914,535</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u>\$ 5,828,235</u>	 <u>\$ 5,872,202</u>

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2012  
 With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
<b>RESOURCES (INFLOWS)</b>					
Charges for services					
Customer service charges	\$ 4,598,838	\$ 4,708,838	\$ 4,737,866	\$ 29,028	\$ 4,596,119
Miscellaneous revenues					
Impact fees	12,000	12,000	4,266	(7,734)	8,514
Sale of capital assets	-	-	12,313	12,313	-
Other	100	100	(359)	(459)	378
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>4,610,938</u>	<u>4,720,938</u>	<u>4,754,086</u>	<u>33,148</u>	<u>4,605,011</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>					
Personal services	415,433	415,433	448,217	(32,784)	410,378
Contractual/other services	2,912,751	3,027,451	3,019,769	7,682	2,365,278
Vehicle/equipment lease principle	35,000	35,000	32,834	2,166	31,294
Interest and fiscal charges	81,102	81,102	77,964	3,138	84,569
Capital outlay	390,500	798,840	444,008	354,832	329,778
State revolving loan principle	180,975	180,975	175,273	5,702	180,727
Repayment of advance from General Fund	285,270	285,270	285,270	-	285,270
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>4,301,031</u>	<u>4,824,071</u>	<u>4,483,335</u>	<u>340,736</u>	<u>3,687,294</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ 309,907</u>	<u>\$ (103,133)</u>	<u>\$ 270,751</u>	<u>\$ 373,884</u>	<u>\$ 917,717</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$210,355, for generally accepted accounting principles (GAAP) purposes was \$3,756,305. Capital outlay expenditures of \$444,008, lease principal of \$32,834, state revolving loan principle of \$175,273, 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, 2012  
 With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
<b>RESOURCES (INFLOWS)</b>					
Charges for services					
Customer service charges	\$ 707,483	\$ 727,483	\$ 781,555	\$ 54,072	\$ 683,605
Investment income					
Interest	100	100	-	(100)	-
Miscellaneous revenues					
Impact fees	1,200	1,200	1,275	75	1,425
Other	11,050	11,050	14,215	3,165	14,122
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>719,833</u>	<u>739,833</u>	<u>797,045</u>	<u>57,212</u>	<u>699,152</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>					
Personal services	140,413	140,413	102,518	37,895	134,139
Contractual/other services	341,011	361,011	480,300	(119,289)	367,556
State revolving loan debt service	597,101	597,101	583,266	13,835	583,739
Transfers out	86,176	86,176	-	86,176	-
Capital Outlay	47,500	47,500	44,769	2,731	15,626
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>1,212,201</u>	<u>1,232,201</u>	<u>1,210,853</u>	<u>21,348</u>	<u>1,101,060</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ (492,368)</u>	<u>\$ (492,368)</u>	<u>\$ (413,808)</u>	<u>\$ 78,560</u>	<u>\$ (401,908)</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$237,490, for generally accepted accounting principles (GAAP) purposes was \$884,287. 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 \$108,840 and a decrease in investment value of (\$99,224), for GAAP purposes was \$806,661. Capital outlay expenditures of \$44,769 and state revolving loan principle of \$519,287 are not expenses for GAAP purposes.

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2012  
 With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
<b>RESOURCES (INFLOWS)</b>					
Charges for services					
Customer service charges	\$ 255,475	\$ 605,475	\$ 610,966	\$ 5,491	\$ 264,594
Grants	-	-	3,176	3,176	-
Miscellaneous revenues					
Other	-	-	27	27	-
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>255,475</u>	<u>605,475</u>	<u>614,169</u>	<u>8,694</u>	<u>264,594</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>					
Personal services	103,546	108,071	67,481	40,590	8,373
Contractual/other services	151,929	499,604	190,610	308,994	144,355
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>255,475</u>	<u>607,675</u>	<u>258,091</u>	<u>349,584</u>	<u>152,728</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ -</u>	<u>\$ (2,200)</u>	<u>\$ 356,078</u>	<u>\$ 358,278</u>	<u>\$ 111,866</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$966, for generally accepted accounting principles (GAAP) purposes was \$259,057.

CITY OF ST. PETE BEACH, FLORIDA

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

September 30, 2012

	Total Governmental Funds	Long-term Assets, Liabilities	Other Items, Reclasses and Eliminations	Statement of Net Asset Totals
<b>ASSETS</b>				
Cash	\$ 3,200	\$ -	\$ -	\$ 3,200
Pooled cash and investments and cash equivalents	4,552,046	-	-	4,552,046
Receivables				
Other	273,883	-	-	273,883
Due from other funds	740,135	-	-	740,135
Due from other governments	1,039,884	-	-	1,039,884
Supplies inventory	1,238	-	-	1,238
Prepaid insurance and deposits	6,967	-	252,196	259,163
Land and land rights	-	3,722,747	-	3,722,747
Buildings and other land improvements	-	22,466,400	-	22,466,400
Furniture, machinery and equipment	-	5,447,307	-	5,447,307
Infrastructure	-	12,452,910	-	12,452,910
Capital projects in process	-	648,725	-	648,725
Less: accumulated depreciation	-	(16,514,959)	-	(16,514,959)
Un-amortized debt costs	-	23,432	-	23,432
<b>TOTAL ASSETS</b>	<b>\$ 6,617,353</b>	<b>\$ 28,246,562</b>	<b>\$ 252,196</b>	<b>\$ 35,116,111</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 381,898	\$ -	\$ -	\$ 381,898
Accrued liabilities	492,252	-	-	492,252
Due to other governments	157,982	-	-	157,982
Current portion of				
Deferred revenue	122,772	16,147	-	138,919
Compensated absences	-	205,094	-	205,094
Revenue bonds payable	-	335,000	-	335,000
General obligation bonds payable	-	160,000	-	160,000
Non-current portion of				
Net other post employment benefit obligation	-	588,831	-	588,831
Deferred revenue	-	43,615	-	43,615
Compensated absences	-	338,601	-	338,601
Revenue bonds payable	-	1,915,000	-	1,915,000
<b>TOTAL LIABILITIES</b>	<b>1,154,904</b>	<b>3,602,288</b>	<b>-</b>	<b>4,757,192</b>
<b>TOTAL FUND BALANCES / NET ASSETS</b>	<b>5,462,449</b>	<b>24,644,274</b>	<b>252,196</b>	<b>30,358,919</b>
<b>TOTAL LIABILITIES AND FUND BALANCES / NET ASSETS</b>	<b>\$ 6,617,353</b>	<b>\$ 28,246,562</b>	<b>\$ 252,196</b>	<b>\$ 35,116,111</b>

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2012

	Total Governmental Funds	Capital Outlay, Disposals and Depreciation	Long-term Debt Transactions	Other Items, Reclasses and Eliminations	Statement of Activities Totals
<b>REVENUES</b>					
Taxes	\$ 8,851,466	\$ -	\$ -	\$ (8,851,466)	\$ -
Licenses and permits	516,512	-	-	(516,512)	-
Intergovernmental revenue	4,651,553	-	-	(4,651,553)	-
Charges for services	2,135,514	-	-	917,953	3,053,467
Fines and forfeitures	141,215	-	-	(141,215)	-
Miscellaneous revenues	416,937	20,995	18,384	(456,316)	-
Operating grants and contributions	-	-	-	1,541,530	1,541,530
Capital grants and contributions	-	-	-	1,143,600	1,143,600
General revenues	-	-	-	11,013,979	11,013,979
<b>TOTAL REVENUES</b>	<b>16,713,197</b>	<b>20,995</b>	<b>18,384</b>	<b>-</b>	<b>16,752,576</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	2,082,197	144,291	12,433	-	2,238,921
Community development	565,632	1,227	9,359	-	576,218
Library	517,505	32,473	8,438	-	558,416
Parking enforcement	318,540	315	-	-	318,855
Public safety	6,884,686	-	-	(6,884,686)	-
Public safety - police	-	198,330	26,309	3,668,122	3,892,761
Public safety - fire	-	111,237	89,341	3,073,708	3,274,286
Public services	3,228,732	896,221	7,920	-	4,132,873
Capital Outlay	1,671,800	(1,671,800)	-	-	-
<b>Debt service</b>					
Principal retirement	760,000	-	(760,000)	-	-
Interest and fiscal charges	144,126	-	7,167	-	151,293
<b>TOTAL EXPENDITURES</b>	<b>16,173,218</b>	<b>(287,706)</b>	<b>(599,033)</b>	<b>(142,856)</b>	<b>15,143,623</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of surplus capital assets	34,298	(34,298)	-	-	-
Transfers in	925,000	-	-	(925,000)	-
Transfers out	(925,000)	-	-	925,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>34,298</b>	<b>(34,298)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE / NET ASSETS</b>	<b>\$ 574,277</b>	<b>\$ 274,403</b>	<b>\$ 617,417</b>	<b>\$ 142,856</b>	<b>\$ 1,608,953</b>

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2012

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	\$ 73,630
Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-JAGD-PINE-1-C5-006	4,441	4,441
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	-	1,659	1,659
U. S. Department of Transportation				
Florida Department of Transportation				
National Highway Traffic Safety Administration - St. Pete Beach Police Department Pedestrian and Bicycle Safety Campaign	20.600	PS-12-08-14	20,000	14,775
U.S. Department of Housing and Urban Development				
Economic Development Initiative Special Project	14.251	EDI-B-06-SP-FL-0215	247,500	247,500
U. S. Department of the Interior				
Florida Department of Environmental Protection				
Land and Water Conservation Fund Grant Program	15.916	LW573	200,000	200,000
U. S. Department of Homeland Security				
Federal Emergency Management Agency				
Assistance to Firefighters Grant	97.044	EMW-2011-FV-00439	665,000	<u>665,000</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,207,005</u></u>
<u>State Projects</u>				
Florida Department of Transportation				
Crosswalk Safety Grant	-	-	\$ 6,284	<u><u>\$ 6,284</u></u>
<u>Local Assistance</u>				
Pinellas County				
Department of Solid Waste Operations				
Recycling Grant	-	-	\$ 6,660	<u><u>\$ 6,660</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.

(BLANK)

## **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.

(BLANK)

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

	2003	2004	2005	2006	2007
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 19,523,418	\$ 21,383,617	\$ 23,823,782	\$ 27,490,946	\$ 30,398,426
Restricted	5,379,961	5,026,731	4,677,706	4,301,727	4,081,739
Unrestricted	5,639,076	6,361,174	5,551,958	3,463,277	720,323
<b>Total governmental activities net assets</b>	<b>\$ 30,542,455</b>	<b>\$ 32,771,522</b>	<b>\$ 34,053,446</b>	<b>\$ 35,255,950</b>	<b>\$ 35,200,488</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt					
Restricted					
Unrestricted					
<b>Total business-type activities net assets</b>					
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 19,523,418	\$ 21,383,617	\$ 23,823,782	\$ 27,490,946	\$ 30,398,426
Restricted	5,379,961	5,026,731	4,677,706	4,301,727	4,081,739
Unrestricted	5,639,076	6,361,174	5,551,958	3,463,277	720,323
<b>Total primary government net assets</b>	<b>\$ 30,542,455</b>	<b>\$ 32,771,522</b>	<b>\$ 34,053,446</b>	<b>\$ 35,255,950</b>	<b>\$ 35,200,488</b>

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

2008	2009	2010	2011	2012
\$ 30,608,205	\$ 23,194,806	\$ 23,703,266	\$ 24,778,730	\$ 25,813,130
3,869,130	380,065	382,107	369,866	387,549
1,447,615	3,556,029	3,764,169	3,601,370	4,158,240
<u>\$ 35,924,950</u>	<u>\$ 27,130,900</u>	<u>\$ 27,849,542</u>	<u>\$ 28,749,966</u>	<u>\$ 30,358,919</u>
	\$ 7,416,175	\$ 7,966,862	\$ 8,584,028	\$ 9,504,196
	3,149,490	2,761,992	2,360,200	1,869,900
	(1,004,406)	(263,623)	1,090,718	1,936,117
	<u>\$ 9,561,259</u>	<u>\$ 10,465,231</u>	<u>\$ 12,034,946</u>	<u>\$ 13,310,213</u>
\$ 30,608,205	\$ 30,610,981	\$ 31,670,128	\$ 33,362,758	\$ 35,317,326
3,869,130	3,529,555	3,144,099	2,730,066	2,257,449
1,447,615	2,551,623	3,500,546	4,692,088	6,094,357
<u>\$ 35,924,950</u>	<u>\$ 36,692,159</u>	<u>\$ 38,314,773</u>	<u>\$ 40,784,912</u>	<u>\$ 43,669,132</u>

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

	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
Governmental activities:							
General government	\$ 2,022,865	\$ 1,821,046	\$ 2,229,939	\$ 2,413,760	\$ 2,546,390	\$ 2,093,889	\$ 2,223,320
Community Development						707,288	620,111
Library						603,915	613,869
Parking Enforcement							
Public Safety - police	3,199,872	3,439,816	3,665,002	4,006,979	4,165,767	4,400,470	4,132,774
Public Safety - fire	2,310,861	2,465,313	2,595,777	2,863,945	3,023,061	3,249,397	3,071,551
Public Services	2,343,603	2,497,075	2,808,846	2,905,516	3,058,319	4,217,367	3,999,036
Leisure services	1,604,063	1,665,900	1,818,392	2,056,743	2,477,342	-	-
Interest on long term-debt	417,549	379,763	344,444	325,147	509,659	534,107	483,111
Total governmental activities expenses	<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>	<u>15,143,772</u>
Business-type activities:							
Water pollution control - sewer	2,841,510	2,504,303	2,732,414	3,079,658	4,022,773	3,457,675	3,385,327
Water pollution control - reclaimed water	597,903	583,852	652,864	653,777	643,833	638,710	776,244
Water pollution control - stormwater	-	-	-	-	-	-	-
Total business-type activities expenses	<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>	<u>4,161,571</u>
Total primary government expenses	<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>	<u>\$ 19,305,343</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General Government	\$ 958,330	\$ 1,001,936	\$ 950,401	\$ 1,076,223	\$ 411,629	\$ 435,010	\$ 425,373
Community Development						434,465	359,829
Library						28,069	30,182
Parking Enforcement							
Public Safety - Police	304,822	244,177	237,425	278,485	969,146	1,155,181	1,147,821
Public Works	321,161	692,546	714,049	716,278	619,330	419,320	399,399
Leisure Services	235,166	196,554	214,464	189,466	263,963	-	-
Operating grants and contributions	976,886	1,023,476	1,469,448	1,651,769	1,314,450	1,625,473	1,581,096
Capital grants and contributions	183,727	1,242,972	388,287	27,817	653,672	276,854	264,062
Total governmental activities program revenues	<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>	<u>4,207,762</u>
Business-type activities:							
Charges for services:							
Water pollution control - sewer	2,664,845	2,807,469	2,755,062	2,846,516	2,944,746	3,222,774	3,719,270
Water pollution control - reclaimed water	546,808	561,701	549,432	564,592	567,251	562,528	546,699
Water pollution control - stormwater	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	<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>	<u>4,265,969</u>
Total primary government program revenues	<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>	<u>\$ 8,473,731</u>
Net (Expense)/Revenue							
Governmental activities	\$ (8,918,721)	\$ (7,867,252)	\$ (9,488,326)	\$ (10,632,052)	\$ (11,548,348)	\$ (11,432,061)	\$ (10,936,010)
Business-type activities	(227,760)	281,015	(80,784)	(322,327)	(1,154,609)	(311,083)	104,398
Total primary government net expense	<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>	<u>\$ (10,831,612)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Ad valorem	\$ 4,365,962	\$ 4,898,802	\$ 5,514,840	\$ 6,361,917	\$ 7,205,756	\$ 6,662,973	\$ 6,057,622
Franchise fees	869,008	885,027	961,157	1,123,954	1,129,082	1,104,184	1,224,333
Utility taxes	1,840,129	1,841,342	1,880,502	1,952,652	1,993,340	2,032,406	2,057,562
State sales tax	530,896	558,141	572,134	585,464	558,172	530,500	484,524
Infrastructure tax	800,759	847,225	927,344	979,980	947,581	920,711	808,949
Local option gas tax	86,725	91,080	91,964	92,348	88,496	133,095	128,949
Impact fess	117,895	107,867	187,896	52,250	58,176	14,674	-
State excise tax - public safety	-	-	-	194,804	300,840	334,351	224,860
Other taxes	45,478	48,707	48,494	44,328	40,112	42,785	52,617
State revenue sharing - unrestricted	224,344	234,436	269,947	270,611	272,013	267,207	262,715
Investment income	251,280	253,640	302,017	426,297	508,419	345,567	56,045
Miscellaneous	24,719	49,037	94,739	72,278	85,022	79,153	105,148
<i>Special item</i> - loss on capital assets	-	-	-	-	(539,514)	-	-
Total governmental activities	<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>	<u>11,463,324</u>
Business-type activities:							
Impact fees							36,120
Investment income							99,377
Miscellaneous							
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,497</u>
Total primary government	<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>	<u>\$ 11,598,821</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ 238,474	\$ 1,948,052	\$ 1,362,708	\$ 1,524,831	\$ 1,099,147	\$ 1,035,545	\$ 527,314
Business-type activities	(227,760)	281,015	(80,784)	(322,327)	(1,154,609)	(311,083)	239,895
Total primary government	<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>	<u>\$ 767,209</u>

2010	2011	2012
\$ 2,306,345	\$ 1,975,312	\$ 2,238,921
593,337	581,888	576,218
552,497	571,243	558,416
	267,877	318,855
4,048,923	3,884,179	3,892,761
3,100,901	3,047,866	3,274,286
3,872,799	3,962,149	4,132,873
-	-	-
255,846	203,379	151,293
<u>14,730,648</u>	<u>14,493,893</u>	<u>15,143,623</u>
3,467,822	3,052,904	3,756,305
778,626	819,844	884,287
110,227	152,728	259,057
4,356,675	4,025,476	4,899,649
<u>\$ 19,087,323</u>	<u>\$ 18,519,369</u>	<u>\$ 20,043,272</u>

Notes:

- 1 Beginning in fiscal year 2006, parking meter revenues were recorded as a charge for service in Public Safety - Police rather than in General Government.
- 2 Beginning in fiscal year 2011, parking meter revenues have been recorded as a charge for service in Parking Enforcement rather than Public Safety-Police.
- 3 Beginning in fiscal year 2008, the following departmental changes were implemented:
  - a. Community Development department has been separately presented;
  - b. Library division has been separately presented;
  - c. The Parks and Recreation divisions have been included as part of Public Services.
- 4 Beginning in fiscal year 2010, the wastewater and reclaimed water funds are classified as enterprise funds
- 5 Fiscal year 2009 converted for comparison purposes.

\$ 439,404	\$ 450,656	\$ 473,458
398,281	363,853	432,320
27,427	25,048	25,356
928,834	1,143,883	1,404,482
141,741	169,361	143,527
431,290	536,404	574,324
-	-	-
1,414,213	1,411,742	1,541,530
371,068	316,946	1,143,600
<u>4,152,258</u>	<u>4,417,893</u>	<u>5,738,597</u>

4,541,287	4,596,497	4,737,507
601,311	697,727	795,770
-	264,594	610,966
-	-	3,176
-	-	-
5,142,598	5,558,818	6,147,419
<u>\$ 9,294,856</u>	<u>\$ 9,976,711</u>	<u>\$ 11,886,016</u>

\$ (10,578,390)	\$ (10,076,000)	\$ (9,405,026)
785,923	1,533,342	1,247,770
<u>\$ (9,792,467)</u>	<u>\$ (8,542,658)</u>	<u>\$ (8,157,256)</u>

\$ 5,655,614	\$ 5,659,947	\$ 5,641,473
1,291,867	1,198,408	1,157,857
2,238,043	2,124,927	2,052,136
480,771	485,227	491,998
805,652	719,060	761,136
139,354	126,339	126,619
1,074	-	17,745
252,317	244,087	292,403
45,060	45,701	46,793
263,617	264,996	265,814
6,892	2,491	13,413
116,770	105,241	146,592
-	-	-
<u>11,297,031</u>	<u>10,976,424</u>	<u>11,013,979</u>

17,898	9,939	5,541
100,152	26,434	9,616
	-	12,340
118,050	36,373	27,497
<u>\$ 11,415,081</u>	<u>\$ 11,012,797</u>	<u>\$ 11,041,476</u>

\$ 718,641	\$ 900,424	\$ 1,608,953
903,973	1,569,715	1,275,267
<u>\$ 1,622,614</u>	<u>\$ 2,470,139</u>	<u>\$ 2,884,220</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved	\$ 218,607	\$ 226,416	\$ 220,154	\$ 213,744	\$ 210,005
Unreserved	2,729,099	2,982,241	3,142,415	2,857,924	2,936,042
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned					
Total general fund	<u>\$ 2,947,706</u>	<u>\$ 3,208,657</u>	<u>\$ 3,362,569</u>	<u>\$ 3,071,668</u>	<u>\$ 3,146,047</u>
All Other Governmental Funds					
Reserved	\$ 5,225,428	\$ 4,863,264	\$ 4,531,608	\$ 4,140,422	\$ 3,917,959
Unreserved					
Special revenue funds	266,547	554,768	735,530	636,941	(702,015)
Debt service fund		734	734	734	(46,827)
Capital project fund	3,495,281	3,681,056	2,477,094	716,737	(651,603)
Restricted					
Committed					
Assigned					
Unassigned					
Total all other governmental funds	<u>\$ 8,987,256</u>	<u>\$ 9,099,822</u>	<u>\$ 7,744,966</u>	<u>\$ 5,494,834</u>	<u>\$ 2,517,514</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 this year ended September 30, 2010 were restated for comparison purposes.

2008	2009	2010	2011	2012
\$ 209,325	\$ 1,567,842	\$ -	\$ -	\$ -
3,192,546	2,401,267			
		1,134,260	920,961	352,325
		198,063	198,063	198,063
		668,445	565,656	543,695
		2,337,289	3,229,855	3,617,274
<u>\$ 3,401,871</u>	<u>\$ 3,969,109</u>	<u>\$ 4,338,057</u>	<u>\$ 4,914,535</u>	<u>\$ 4,711,357</u>
\$ 3,707,404	\$ 3,397,217	\$ -	\$ -	\$ -
(1,047,146)	-			
(49,778)	-			
49,928	564,051			
		184,044	171,803	189,484
		475,479		561,608
			(198,166)	
<u>\$ 2,660,408</u>	<u>\$ 3,961,268</u>	<u>\$ 659,523</u>	<u>\$ (26,363)</u>	<u>\$ 751,092</u>

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

	2003	2004	2005	2006	2007	2008
<b>Revenues</b>						
Taxes	\$ 7,075,099	\$ 7,625,170	\$ 8,356,499	\$ 9,438,522	\$ 10,328,178	\$ 9,799,563
Licenses and permits	404,891	775,716	807,856	807,175	713,523	534,094
Intergovernmental revenue	2,836,682	4,054,678	3,551,832	3,846,278	3,922,805	4,004,139
Charges for services	4,201,676	4,366,235	4,279,208	4,518,661	4,679,076	5,325,751
Fines and forfeitures	295,183	218,029	204,855	215,241	224,958	209,512
Miscellaneous revenue	544,737	579,720	925,520	665,691	1,029,823	731,898
Total revenues	<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>	<u>20,604,957</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	1,884,933	1,645,426	2,040,786	2,240,435	2,378,877	1,926,479
Community Development						716,378
Library						571,361
Parking enforcement						
Public safety	5,245,120	5,636,732	5,971,810	6,416,531	6,810,757	7,308,294
Public services	2,035,317	2,167,072	2,453,416	2,564,046	2,629,373	3,401,670
Water pollution control	3,101,302	2,757,135	3,038,394	3,359,030	4,259,808	3,701,133
Leisure services	1,483,136	1,514,680	1,655,771	1,806,596	2,158,388	
Non-departmental						
Total Current Expenditures	<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>	<u>17,625,315</u>
<b>Capital outlay</b>						
General government	89,287	28,640	10,975	486,928	69,723	163,246
Community Development						3,000
Library						163,251
Parking enforcement						
Public safety	100,111	133,892	348,387	1,065,265	231,343	70,770
Public services	184,610	1,309,619	854,586	678,155	802,927	418,265
Water pollution control	172,598	698,174	870,342	1,838,557	1,358,178	25,399
Leisure services	401,173	195,056	1,285,574	2,565,988	6,731,060	
Total Capital Outlay	<u>947,779</u>	<u>2,365,381</u>	<u>3,369,864</u>	<u>6,634,893</u>	<u>9,193,231</u>	<u>843,931</u>
<b>Debt service</b>						
Principal retirement	756,412	799,099	800,120	819,389	1,338,279	1,433,818
Interest and fiscal charges	411,009	373,824	339,133	320,480	571,085	521,138
Total Debt Service	<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>	<u>1,954,956</u>
Total expenditures	<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>	<u>20,424,202</u>
Excess of revenues over (under) expenditures	(506,740)	360,199	(1,543,524)	(4,669,832)	(8,441,435)	755
<b>Other Financing Sources (Uses)</b>						
Capital lease obligation incurred			234,365	658,553	-	-
Bond proceeds					4,100,598	
Loan proceeds	13,012		73,117	1,455,892	1,414,321	388,742
Proceeds from sale of surplus capital assets	22,654	13,318	35,098	14,354	23,575	9,221
Transfers in	6,111,942	209,860	322,619	589,101	934,601	547,101
Transfers out	(6,111,942)	(209,860)	(322,619)	(589,101)	(934,601)	(547,101)
Total other financing sources (uses)	<u>35,666</u>	<u>13,318</u>	<u>342,580</u>	<u>2,128,799</u>	<u>5,538,494</u>	<u>397,963</u>
Net change in fund balances	(471,074)	373,517	(1,200,944)	(2,541,033)	(2,902,941)	398,718
Fund balances - beginning of year	12,406,036	11,934,962	12,308,479	11,107,535	8,566,502	5,663,561
Fund balance - end of year	<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>	<u>\$ 6,062,279</u>
Debt service as a percentage of non-capital expenditures	7.8%	7.9%	7.0%	6.5%	9.5%	10.0%

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

	2009	2010	2011	2012
\$	9,339,517	\$ 9,185,523	\$ 8,983,281	\$ 8,851,466
	455,394	494,634	459,849	516,512
	3,689,253	3,678,096	3,579,651	4,651,553
	1,572,766	1,512,469	1,768,756	2,135,514
	163,951	150,192	226,328	141,215
	360,139	389,009	346,267	416,937
	<u>15,581,020</u>	<u>15,409,923</u>	<u>15,364,132</u>	<u>16,713,197</u>
	2,015,314	2,099,784	1,786,770	2,082,197
	610,481	581,496	567,536	565,632
	587,953	530,304	529,431	517,505
			267,877	318,540
	6,749,074	6,738,104	6,628,405	6,884,686
	3,138,324	3,026,346	3,064,189	3,228,732
	<u>13,101,146</u>	<u>12,976,034</u>	<u>12,844,208</u>	<u>13,597,292</u>
	54,889	17,551	300,488	22,050
	6,350	-	8,590	
	-	3,894	26,236	16,932
				6,290
	69,216	265,200	211,183	891,194
	219,989	1,206,059	735,242	735,334
	274,086			
	<u>624,530</u>	<u>1,492,704</u>	<u>1,281,739</u>	<u>1,671,800</u>
	813,322	1,340,375	1,169,185	760,000
	261,648	245,623	194,704	144,126
	<u>1,074,970</u>	<u>1,585,998</u>	<u>1,363,889</u>	<u>904,126</u>
	<u>14,800,646</u>	<u>16,054,736</u>	<u>15,489,836</u>	<u>16,173,218</u>
	780,374	(644,813)	(125,704)	539,979
	269,843	875,000		
	31,746	52,231	16,296	34,298
	400,000	475,000	492,000	925,000
	(400,000)	(475,000)	(492,000)	(925,000)
	<u>301,589</u>	<u>927,231</u>	<u>16,296</u>	<u>34,298</u>
	1,081,963	282,418	(109,408)	574,277
	3,633,199	4,715,162	4,997,580	4,888,172
\$	<u>4,715,162</u>	<u>4,997,580</u>	<u>4,888,172</u>	<u>5,462,449</u>
	7.6%	10.9%	9.6%	6.2%

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

	2003	2004	2005	2006
<b>Function / Program</b>				
Governmental activities :				
Charges for services				
General government	\$ 369,138	\$ 403,300	\$ 398,765	\$ 450,424
Community development	-	-	-	-
Library	-	-	-	-
Parking enforcement				
Public safety - police	894,014	842,813	789,061	904,284
Public services	321,161	692,546	714,049	716,278
Leisure services	235,166	196,554	214,464	189,466
Total charges for services	<u>1,819,479</u>	<u>2,135,213</u>	<u>2,116,339</u>	<u>2,260,452</u>
Operating grants and contributions				
Library	201,179	202,725	218,190	235,674
Public safety - police	-	10,000	5,185	14,484
Public safety - fire	767,581	790,617	833,463	865,930
Public services	8,126	20,134	412,610	535,681
Total operating grants and contributions	<u>976,886</u>	<u>1,023,476</u>	<u>1,469,448</u>	<u>1,651,769</u>
Capital grants and contributions				
General government				
Library				
Public safety - police	10,000	-	-	-
Public safety - fire	53,955	-	-	-
Public services	-	681,145	-	-
Leisure services	119,772	561,827	388,287	27,817
Total capital grants and contributions	<u>183,727</u>	<u>1,242,972</u>	<u>388,287</u>	<u>27,817</u>
Sub-total governmental activities	<u>\$ 2,980,092</u>	<u>\$ 4,401,661</u>	<u>\$ 3,974,074</u>	<u>\$ 3,940,038</u>
Business-type activities:				
Charges for services:				
Water pollution control - sewer	\$ 2,664,845	\$ 2,807,469	\$ 2,755,062	\$ 2,846,516
Water pollution control - reclaimed water	546,808	561,701	549,432	564,592
Water pollution control - stormwater	-	-	-	-
	<u>3,211,653</u>	<u>3,369,170</u>	<u>3,304,494</u>	<u>3,411,108</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>3,211,653</u>	<u>3,369,170</u>	<u>3,304,494</u>	<u>3,411,108</u>
Total primary government program revenues	<u>\$ 6,191,745</u>	<u>\$ 7,770,831</u>	<u>\$ 7,278,568</u>	<u>\$ 7,351,146</u>

2007	2008	2009	2010	2011	2012
\$ 411,629	\$ 435,010	\$ 425,373	\$ 439,404	\$ 450,656	\$ 473,458
-	434,465	359,829	398,281	363,853	432,320
-	28,069	30,182	27,427	25,048	25,356
969,146	1,155,181	1,147,821	928,834	1,143,883	1,404,482
619,330	419,320	399,399	141,741	169,361	143,527
263,963	-	-	431,290	536,404	574,324
<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>	<u>3,053,467</u>
271,841	248,257	218,470	189,859	173,606	168,334
92,235	76,465	47,129	63,569	82,127	97,676
904,660	1,182,893	1,236,947	1,108,691	1,101,575	1,216,072
45,714	117,858	49,532	52,084	54,434	59,448
<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>	<u>1,541,530</u>
-	-	-	-	142,500	-
-	-	118,719	247,341	10,000	6,100
-	-	-	-	99,760	665,000
-	-	174,361	123,727	64,686	472,500
653,672	276,854	-	-	-	-
<u>653,672</u>	<u>276,854</u>	<u>293,080</u>	<u>371,068</u>	<u>316,946</u>	<u>1,143,600</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>	<u>\$ 5,738,597</u>
\$ 2,944,746	\$ 3,222,774	\$ 3,719,270	\$ 4,541,287	\$ 4,596,497	\$ 4,737,507
567,251	562,528	546,699	601,311	697,727	795,770
-	-	-	-	264,594	610,966
<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>6,144,243</u>
-	-	-	-	-	3,176
-	-	-	-	-	-
<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>6,147,419</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>	<u>\$ 11,886,016</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
2012	\$ 5,641,473	\$ 1,157,857	\$ 2,052,136	\$ 8,851,466
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

## **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.

(BLANK)

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>
2012	2011	\$ 1,745,788,800	\$ 365,880,150	\$ 24,841,805	\$ 17,039,690
2011	2010	1,866,594,851	400,024,065	26,970,547	18,534,123
2010	2009	1,974,627,856	445,160,499	31,375,098	20,933,239
2009	2008	2,554,643,705	664,746,200	63,915,000	25,236,900
2008	2007	2,916,165,500	715,107,200	63,887,600	24,314,300
2007	2006	2,943,231,980	751,347,000	64,732,200	23,819,900
2006	2005	2,337,775,200	587,997,200	48,716,300	21,779,100
2005	2004	2,032,334,600	354,679,900	45,885,100	19,956,600
2004	2003	1,756,142,800	315,059,800	42,372,200	17,706,700
2003	2002	1,489,703,400	294,171,600	36,969,900	16,708,700

Source:

Pinellas County Property Appraiser

<u>Other Real Property</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
\$ 7,252,963	\$ 57,842,179	\$ 2,218,645,587	\$ 237,892,158	\$ 1,980,753,429	2.9464
8,148,597	53,226,254	2,373,498,437	252,537,396	2,120,961,041	2.7514
9,952,577	55,337,521	2,537,386,790	261,028,318	2,276,358,472	2.5588
4,397,000	53,478,550	3,366,417,355	805,857,299	2,560,560,056	2.4425
5,038,700	50,266,380	3,774,779,680	950,102,233	2,824,677,447	2.4363
3,186,800	47,787,380	3,834,105,260	1,044,433,806	2,789,671,454	2.6656
1,914,900	43,287,248	3,041,469,948	761,552,330	2,279,917,618	2.8792
1,738,700	39,857,810	2,494,452,710	590,553,250	1,903,899,460	2.9954
1,551,800	41,073,890	2,173,907,190	492,255,710	1,681,651,480	3.0060
1,838,300	41,214,100	1,880,606,000	387,177,940	1,493,428,060	3.0198

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
2012	2.8569	0.0895	2.9464	4.8108	-	0.0622	4.8730	5.6370
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

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>						
2.7480	8.3850	0.8506	0.0125	0.8337	0.3928	-	18.2940
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

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

Taxpayer	2012			2003		
	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	\$ 44,269,252	1	1.57%	\$ 42,426,750	1	2.84%
Nicklaus, H Gregg Tre	21,000,000	2	0.74%	23,450,000	3	1.57%
RIA - Sandpiper Inc	13,900,000	3	0.49%			
RIA - Breckenridge, Inc.	13,800,000	4	0.49%			
Dolphin Village Partners LLC	12,637,956	5	0.45%	9,209,400	9	0.62%
St. Pete Partners LLC	11,272,560	6	0.40%			
Grand Plaza Resorts Inc	9,700,000	7	0.34%			
RIA - Tradewinds, Inc.	9,021,866	8	0.32%			
Dolphin Holdings, LTD	8,950,000	9	0.32%			
Alden Enterprises, Inc.	8,000,000	10	0.28%	9,100,000	10	0.61%
Reef Resort Condo Assn.				10,985,400	6	0.74%
Resort Inns of America, Inc.				35,300,000	2	2.36%
Dale R. Hughes				11,600,000	4	0.78%
Resort Industries, Inc.				11,200,000	5	0.75%
Irving M. Rosenblum				10,000,000	8	0.67%
National Realty Holdings, Inc.				10,342,100	7	0.69%
Total Principal Taxpayers	152,551,634		7.70%	\$ 173,613,650		11.63%
All Other Taxpayers	1,828,201,795		92.30%	1,319,814,410		88.37%
Total	<u>\$ 1,980,753,429</u>		<u>100%</u>	<u>\$ 1,493,428,060</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
2012	\$ 5,836,092	\$ 5,641,473	96.67%
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%

Note:

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

Source:

Pinellas County Property Appraiser

(BLANK)

## **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, 2012

<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)	\$ 20,126,433	3.29%	\$ 663,038
Pinellas County Capital Leases(2)	-	0.00%	-
Pinellas County School Board (Overlapping) (2)	<u>24,760,000</u>	3.29%	<u>815,685</u>
Total OverlappingDebt	44,886,433		1,478,722
City direct debt	<u>11,294,996</u>	100.00%	<u>11,294,996</u>
Total direct and overlapping governmental activities debt	<u>\$ 56,181,429</u>		<u>\$ 12,773,718</u>
Total direct and overlapping governmental activities debt per capita (2) (3)			\$ 1,372

Notes:

- (1) The City's share is calculated based on the ratio of the 2011 City Taxable Value of \$ 1,180,753,429 to the County's Taxable Value of \$ 55,437,302,023 and the School Board Taxable Value of \$60,125,519,929.
- (2) The City of St. Pete Beach is not responsible for the debt of the County or School Board.
- (3) 2012 permanent St. Pete Beach population at 9,307.

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
2012	\$ 160,000	\$ -	\$ 2,250,000	\$ -	\$ 1,671,186	\$ 180,596
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

<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>	
\$ 2,590,716	\$ -	\$ 6,852,498	0.008%	\$17	0.04%	\$ 736
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

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, 1	
		Principal	Interest	Coverage					Principal	Interest
2012	\$ 171,357	\$ 155,000	\$ 16,357	1.00	\$ 781,555	\$ 582,818	\$ 500,000	\$ 698,737	\$ 519,287	\$ 77,814
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

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.

992 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
1.17	\$ 4,737,866	\$ 3,467,986	\$ 1,269,880	\$ 175,273	\$ 76,354	5.05	\$ 761,136	\$ 605,000	\$ 122,729	1.05
1.14	4,596,119	2,775,656	1,820,463	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

(BLANK)

## **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>
2012	9,307	\$ 397,883,557	\$ 42,751	56.8	101,818	9.8%
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%

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 Six Years Ago

Employer	2012		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
City of St. Pete Beach	104	5	140	5
Fortune Hotels Inc.	100	6		
Grand Plaza Hotel	100	7	137	6
Hurricane Lounge, Inc	100	8	100	9
Sandpiper Hotel & Suites	99	9	153	4
Beachcomber Beach Resort & Htl	85	10	75	10
Grace Healthcare of St. Petersburg			134	7
	<u>2,288</u>		<u>2,257</u>	

Source:

Pinellas County Economic Development Department.

(1) The informaiton 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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
City Manager	2.5	2.5	3.0	3.0	4.0	5	5	4	4	4
City Clerk	3.1	3.1	3.6	3.5	4.5	4.5	4.5	5	5	5
Community Development	6.0	6.0	6.0	7.0	9.0	10	3	4	2	2
Finance	4.0	4.0	3.0	3.0	4.0	4	4	4	4	4
Library	6.5	6.5	6.0	7.0	7.0	-	-	-	-	-
Parking Enforcement	2.0	2.0	0.0							
Information Technology	1.8	1.8	2.8	3.0	3.0	3	3	3	2	2
Police	33.0	33.0	36.0	37.0	44.0	44	44	43	41	42
Fire	29.8	29.8	29.8	30.0	32.0	32	32	32	32	31
Public Services	28.9	30.1	31.9	33.2	36.5	16	24	24	25	24
Leisure Services	0.0	0.0	0.0	0.0	-	24	20	21	24	24
	<u>117.6</u>	<u>119</u>	<u>122</u>	<u>127</u>	<u>144.0</u>	<u>143</u>	<u>140</u>	<u>140</u>	<u>139</u>	<u>138</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	2012	2011	2010	2009	2008	2007
<b>Police</b>						
Calls for Service	12,891	11,790	16,038	19,672	26,853	29,428
Felony Arrests	103	102	145	190	235	222
Traffic Enforcement	1,085	2,081	2,118	2,760	4,614	4,253
Parking Violations	2,520	3,314	3,778	3,559	3,862	5,800
<b>Fire</b>						
Medical	1,793	1,844	1,946	2,033	1,951	2,182
Structure Response	116	93	97	95	95	141
Auto Crash	120	128	118	143	134	209
Water Rescue	36	35	38	38	30	28
<b>Public Works</b>						
Street resurfacing (miles)	1.18 miles	.3 mile	0 mile	0 mile	0 mile	0 mile
<b>Recreation</b>						
Summer Camp	191	143	166	170	172	65
Classes Offered	37	28	65	119	72	55
Program Participants	38,217	4,202	3,009	2,608	4,616	3,646
Rentals	361	226	283	329	298	203
<b>Library</b>						
Materials Borrowed	172,082	173,937	138,946	160,874	124,537	129,690
Reference Questions	14,745	9,276	6,539	1,172	1,709	4,703
<b>Sewer</b>						
Average daily flow	3mgd	2.49mgd	2.59 mgd	2.61 mgd	2.62 mgd	2.61 mgd
Miles of sewer lines	41.5	41.5	41.5	41.5	41.5	41.5
<b>Reclaimed Water</b>						
New Connections	14	19	3	8	18	16
Average daily consumption	2.4 mgd	2.6 mgd	2.8mgd	1.8mgd	2.57 mgd	2.59 mgd

Source:

Various Government Departments

2006	2005	2004	2003
27,980	25,545	21,914	22,472
208	138	135	134
3,783	3,055	2,233	3,006
5,170	6,380	6,747	7,773
2,126	2,041	1,979	1,494
151	231	182	166
198	77	209	173
45	48	30	40
1 mile	1.1 miles	2.2 miles	N/A
63	103	116	106
13	9	12	8
2,168	1,668	2,088	1,497
84	156	108	132
134,077	125,823	124,336	121,258
5,036	4,810	2,844	1,422
2.83 mgd	2.86 mgd	3.00 mgd	2.77 mgd
41.5	41.5	41.5	41.5
26	42	20	28
2.99 mgd	2.93 mgd	2.10 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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Libraries					
Main	1	1	1	1	1
Checked out Volumes	172,082	173,937	138,946	176,031	134,077
Public Schools					
Gulf Beach Elementary (students)	0	0	0	0	390
Public works					
Streets (miles)	45.73	45.73	45.73	45.73	45.73
Recreation					
Parks (acres)	35.5	35.5	35.5	34.7	34.7
Beaches (acres)	40	39.8	39.8	39.8	39.8
Playgrounds	5	7	7	7	7
Picnic areas	6	6	6	6	6
Fishing piers	2	2	2	2	2
Fishing areas	5	5	5	5	5
Boat ramps	2	2	2	2	2
Tennis courts	9	9	9	9	9
Baseball fields	3	3	3	3	3
Basketball courts	3	3	3	3	3
Water					
				Owned and operated by Pinellas County	
Wastewater					
Sanitary sewers (miles)	37	37	37	37	37
Pump stations	17	17	17	17	17
Average daily flow (mgd)	3	2.49	2.6	2.6	2.6
Reclaimed water					
Reclaimed lines (miles)	40	40	40	40	40
Number of connections	14	19	1	1	1

Source:

Various City Departments

2007	2006	2005	2004	2003
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
125,823	124,336	121,258	122,332	123,015
390	390	390	390	390
45.73	45.73	45.73	45.73	45.73
34.7	34.7	34.7	34.7	34.7
39.8	39.8	39.8	39.8	39.8
5	5	5	5	5
5	5	5	5	5
2	2	2	2	2
5	5	5	5	5
2	2	2	2	2
9	9	9	9	9
3	3	3	3	3
3	3	3	3	3
37	37	37	37	37
17	17	17	17	17
2.8	2.8	3.0	2.8	2.8
40	40	40	40	40
1	1	1	1	1

(BLANK)

## **Other Reports**

This section contains the Auditor's Reports required by *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 19, 2013. 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

Management of the City is responsible for establishing and maintaining effective 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.*

St. Petersburg, Florida

March 19, 2013

(BLANK)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

**Compliance**

We have audited the City of St. Pete Beach, Florida's compliance (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2012. City of St. Pete Beach, Florida's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of St. Pete Beach, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of St. Pete Beach, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

**Internal Control Over Compliance**

The management of the City of St. Pete Beach, Florida is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of St. Pete Beach, Florida's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and

correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, the City Commission, federal, state and local awarding agencies 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.*

St. Petersburg, Florida

March 19, 2013

CITY OF ST. PETE BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the fiscal year ended September 30, 2012

**SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

The auditor's report expresses an unqualified opinion on the financial statements of the City of St. Pete Beach, Florida.

Internal control over financial reporting:

Material weakness identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiency identified?	<u>          </u> Yes	<u>    X    </u> None reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>    X    </u> No

***Federal Awards***

Internal control over major programs:

Material weakness identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiency identified?	<u>          </u> Yes	<u>    X    </u> None reported

The auditor's report on compliance for the major Federal programs for the City of St. Pete Beach, Florida expresses an unqualified opinion on all major federal programs.

Any audit findings disclosed related to Federal programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

           Yes          X     No

***Identification of major Federal programs***

**Federal Programs**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B programs:

    \$300,000    

Auditee qualified as low-risk auditee?            Yes          X     No

A schedule of prior audit findings is not presented because there are no prior audit findings.

(BLANK)

# WELLS, HOUSER & SCHATZEL, P.A.

CPA AND CONSULTING FIRM  
INDEPENDENT AUDITOR'S MANAGEMENT LETTER

John B. Houser, CPA  
Peter C. Schatzel, CPA  
Peter B. Wells, CPA

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, 2012, and have issued our report thereon dated March 19, 2013.

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 19, 2013, 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, 2012, 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, 2012. 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.*

St. Petersburg, Florida

March 19, 2013