

CITY OF ST. PETE BEACH, FLORIDA

Comprehensive Annual Financial Report

For the Year Ended September 30, 2013



CITY OF ST. PETE BEACH, FLORIDA

**Comprehensive
Annual Financial Report**

For the Year Ended September 30, 2013

Prepared by Finance Department

CITY OF ST. PETE BEACH,
FLORIDA

CITY COMMISSION / CITY MANAGER
FORM OF GOVERNMENT

CITY COMMISSION

Steve McFarlin
MAYOR

Lorraine Huhn
VICE-MAYOR

Melinda Pletcher

Jim Parent

Marvin Shavlan

CITY OFFICIALS

Michael P. Bonfield
CITY MANAGER

CITY CLERK
Rebecca Haynes

CITY ATTORNEY
Michael Davis

ADMINISTRATIVE SERVICES DIRECTOR
Elaine Edmunds

FIRE CHIEF
Dan Graves

COMMUNITY DEVELOPMENT DIRECTOR
George Kinney

PUBLIC SERVICES DIRECTOR
Steven Hallock

RECREATION DIRECTOR
Jennifer McMahon

Introductory Section

CITY OF ST. PETE BEACH, FLORIDA

SEPTEMBER 30, 2013

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Letter of Transmittal



City of St. Pete Beach

155 Corey Avenue

St. Pete Beach, Florida 33706-1839

727-367-2735

www.stpetebeach.org

April 21, 2014

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

The Comprehensive Annual Financial Report of the City of St. Pete Beach, Florida, for the fiscal year ended September 30, 2013, 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 Division 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, 2013 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 unmodified opinion that the City of St. Pete Beach's financial statements for the fiscal year ended September 30, 2013, and are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report on Page 1.

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

THE REPORTING ENTITY

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



The Honorable Mayor and City Commission
April 21, 2014

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 9,357. 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 fire and emergency medical protection, street construction and maintenance, planning and zoning, recreation and parks, library, as well as general administrative services. In addition, wastewater services, 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. On January 6, 2013 the City dissolved the police department and contracted with the Pinellas County Sheriff's Office for police protection. 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. After several years of declining tourism, the City of St. Pete Beach has experienced an increase in tourism during the current year.

The concern over property tax levels has sparked a move for property tax reform throughout the State of Florida. St. Pete Beach property values increased slightly for fiscal year 2013 after several years of declining property values. Since the property values have increased, the millage rate that would be required to generate the same amount of tax revenue as the previous year is 2.8533 compared to the 2012 millage rate of 2.8569.

Small police departments can be very expensive and the City was experiencing escalating costs in the police department. Significant savings could be realized were the City to contract with the Pinellas County Sheriff's department for law enforcement protection. However, in order to do so, the residents had to give their approval to

The Honorable Mayor and City Commission
 April 21, 2014

the City Commission to negotiate with an outside entity for police protection. A referendum was placed on the November 2012 ballot to decide whether the City Commission should be given this authority and the citizens voted to do so.

Since the outcome of the referendum was unknown at the time of the budget submittal, the millage rate for fiscal year 2013 was set under the assumption that the police department would be maintained and therefore no savings would be realized from contracting with the Pinellas County Sheriff's Office. Funding the budget under this scenario required an increase the millage rate from 2.8569 to 3.2819. This millage is above the roll back rate and will generate approximately \$900,000 more of tax revenue than the previous year.

LONG-TERM FINANCIAL PLANNING

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

The latest CIP was adopted by the City Commission for FY 2014 through FY 2018. 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 gradual upturn in the national and local economies. The following schedule summarizes projected increases in major rates. Property taxes were reduced in fiscal year 2014 due to the residents authorizing outsourcing of the police department services. Future 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 was \$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.

Projected Property Tax and Utility Rate Increases					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Property Tax (mills)	(12.95%)	TBD	TBD	TBD	TBD
Wastewater	4%	TBD	TBD	TBD	TBD
Reclaimed Water	8%	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
April 21, 2014

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. During fiscal year 2013, the city reached that goal with a general fund unassigned fund balance equaling 29% of annual expenditures excluding capital purchases and transfers or \$633,654 over 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 \$925,000 in fiscal year 2012 to \$1,325,000 in fiscal year 2013. 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 union general employees. Even though police services have been outsourced, the City is still responsible for the unfunded liability of the plan. 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 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, 2012. This is the seventeenth 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 Division. 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 Division 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
Administrative Services Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of St. Pete Beach
Florida**

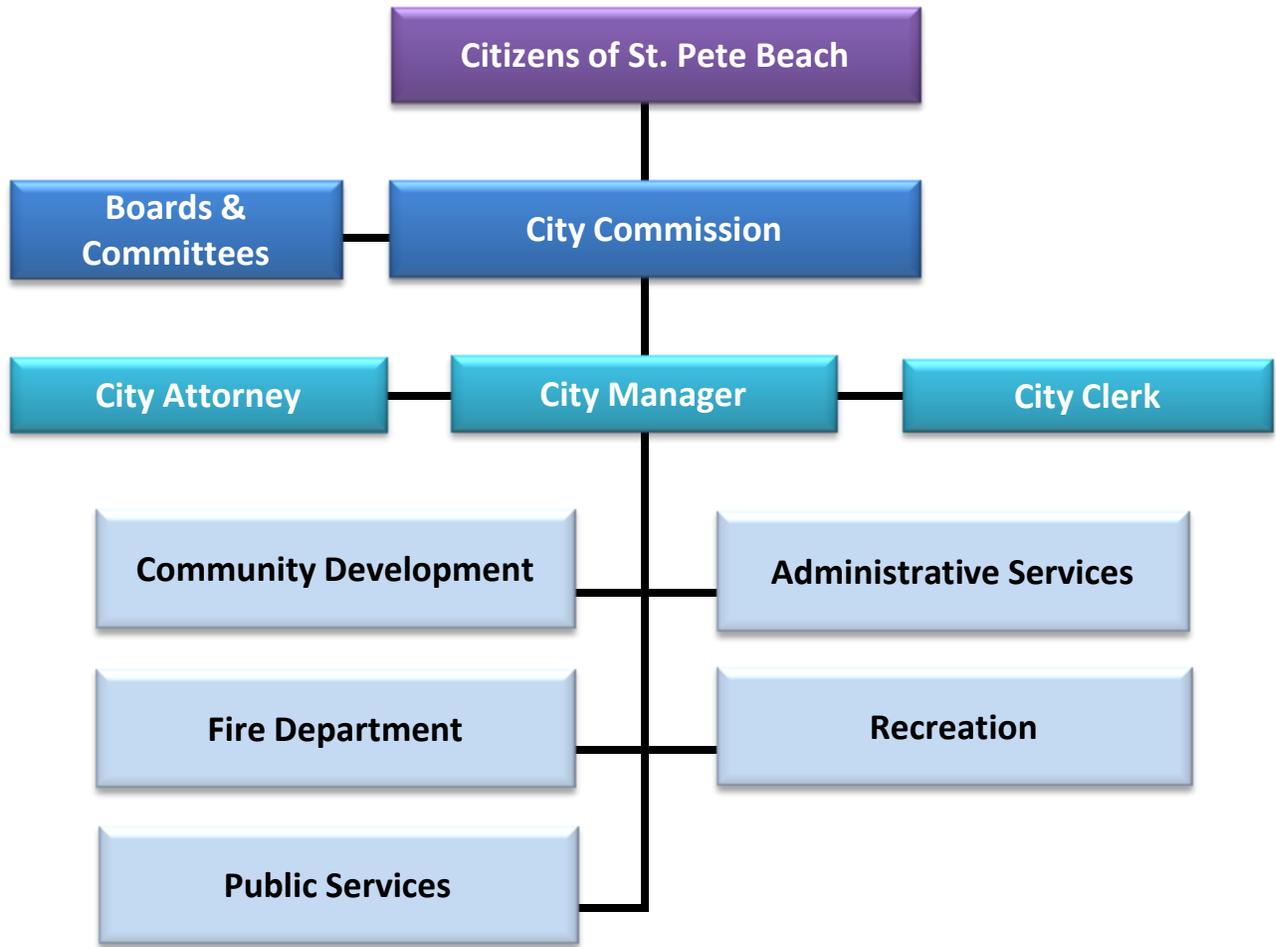
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

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, 2012 by the Government Finance Officers Association of the United States and Canada.

**City of St. Pete Beach
Organization Chart**



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Financial Section

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining Financial Statements

Other Supplementary Schedules

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Pete Beach, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (pages 3-13) 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 required supplementary information 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Pete Beach, Florida's basic financial statements. The introductory section, combining financial statements, other supplementary schedules, Schedule of Expenditures of Federal Awards, State Projects and Local Assistance and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required budgetary comparison schedule (pages 65-68) is not a required part of the basic financial statements but is required by accounting principles generally accepted in the United States of America.

The budgetary comparison schedule, combining financial statements, other supplementary schedules and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary comparison schedule, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2014, on our consideration of the City of St. Pete Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Pete Beach, Florida's internal control over financial reporting and compliance.

Wells, Houser & Schatzel, P.A.

Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida

April 23, 2014

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 16).

FINANCIAL HIGHLIGHTS

- For fiscal year 2013, the assets for the City of St. Pete Beach exceeded the liabilities by \$47,950,153 (net position). Of this amount, \$9,685,300 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,295,108. Of this amount, \$1,185,225 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 fund balance of governmental funds improved by \$1,120,511. This is largely a result of savings realized by the outsourcing of law enforcement in January 2013 and an increase in ad valorem taxes. Savings in the amount of \$308,464 were retained in the general fund and \$400,000 of the savings was transferred to the capital projects fund to be used toward future projects. Another \$342,332 is available in the capital projects fund to be used toward fiscal year 2013 encumbrances. The net position of the enterprise funds improved by \$1,547,673. The wastewater fund net position increased \$1,206,054. Of this amount, \$742,530 is from an increase in investment in capital assets net of related debt. A more detailed explanation can be found on pages 7 and 17.
- As of September 30, 2013, the City of St. Pete Beach's governmental funds reported combined ending fund balances of \$6,582,960 which is an increase of \$1,120,511 over the previous year. Approximately 63% or \$4,124,482 of 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 \$4,124,482, or 29% of total general fund expenditures excluding capital items and transfers.
- There was no increase in long term debt. Long term debt payments made in fiscal year 2013 resulted in an overall decrease of \$1,202,293.
- 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 current fee is \$38.27 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 16-19) 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 Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The focus of the Statement of Net Position (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 position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (see pages 18-19) presents information showing how the City's net position 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 16 -19) are for functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities.) The governmental activities of the City include general government, streets, economic development, public safety and culture and recreation. The business-type activities of the City consist of Wastewater, Reclaimed Water and Stormwater.

Fund Financial Statements

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

Governmental Funds

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

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

The City of St. Pete Beach adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget (see pages 65-68).

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 16 – 19 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 24 -28 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 30-31 and 71-72 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 32-63 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. Prior to GASB Statement #34, 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 position 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 \$47,950,153.

More than 76% (\$36,502,551) 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.

The following table reflects the condensed Statement of Net Position compared to the prior year. For more detailed information see the Statement of Net Position (pages 16-17).

City of St. Pete Beach's Statement of Net Position
(Presented without reclasses and eliminations)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current assets	\$8,924,545	\$6,525,229	\$4,626,940	\$3,804,227	\$13,551,485	\$10,329,456
Non-current other assets	279,964	367,752	750,582	1,251,455	1,030,546	1,619,207
Capital assets	27,800,225	28,223,130	14,352,531	13,946,694	42,152,756	42,169,824
Total Assets	37,004,734	35,116,111	19,730,053	19,002,376	56,734,787	54,118,487
Current liabilities	1,878,213	1,871,145	1,557,034	1,540,727	3,435,247	3,411,872
Long-term liabilities less current portion	1,951,737	2,253,601	3,312,007	4,112,956	5,263,744	6,366,557
Other non-current liabilities	38,992	632,446	3,126	38,480	42,118	670,926
Deferred inflows of resources	43,615				43,615	
Total liabilities and deferred outflow of resources	3,868,852	4,757,192	4,872,167	5,692,163	8,741,019	10,449,355
Net Position:						
Net investment in capital assets	25,885,225	25,813,130	10,617,326	9,504,196	36,502,551	35,317,326
Restricted	388,582	387,549	1,373,720	1,869,900	1,762,302	2,257,449
Unrestricted	6,818,460	4,158,240	2,866,840	1,936,117	9,685,300	4,094,357
Total net position	\$33,092,267	\$30,358,919	\$14,857,886	\$13,310,213	\$47,950,153	\$43,669,132

Restricted assets apply to assets whose use is subject to constraints that are either external or imposed by law. Outside restrictions include debt covenants (\$1,373,720), restricted donations for the library (\$198,063) state restrictions on confiscated property (\$5,322), and county restrictions on transportation impact fees collected (\$185,197). Taking this into account, the balance of unrestricted net assets (\$9,685,300) may be used to meet the City's ongoing obligations to citizens and creditors.

There was a decrease of \$496,180 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 \$4,295,108 during the current fiscal year. About twenty eight percent of this increase represents the incremental 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 is largely a result of outsourcing the police department to the Pinellas County Sheriff's Office. In addition to the actual dollar savings realized, there was a \$593,067 reduction in other net post-employment benefit obligation due to the reduction in the number of full time employees.

Governmental Activities

Governmental activities increased the City of St. Pete Beach’s net position by \$2,747,435, thereby accounting for 64% of the total growth in the net position 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 18-19.

City of St. Pete Beach’s Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$3,192,424	\$3,071,212	\$6,118,472	\$6,149,784	\$9,310,896	\$9,220,996
Operating grants and contributions	1,800,650	1,541,530	118,280	3,176	1,918,930	1,544,706
Capital grants and Contributions	353,008	1,143,600	-	-	353,008	1,143,600
General revenues:						
Property taxes	6,474,606	5,641,473	-	-	6,474,606	5,641,473
Franchise fees	1,105,415	1,157,857	-	-	1,105,415	1,157,857
Utility taxes	2,082,201	2,052,136	-	-	2,082,201	2,052,136
State sales tax	513,577	491,998	-	-	513,577	491,998
Infrastructure tax	804,221	761,136	-	-	804,221	761,136
Local option gas tax	131,214	126,619	-	-	131,214	126,619
State excise tax – public safety	277,654	292,403	-	-	277,654	292,403
Other taxes	47,710	46,793	-	-	47,710	46,793
State revenue sharing	267,052	265,814	-	-	267,052	265,814
Investment income	9,700	13,413	4,584	9,616	14,284	23,029
Miscellaneous	93,367	146,592	(7,866)	12,340	85,501	158,932
Transfers	(75,418)	-	75,418	-	(75,418)	-
Special item – change in assumptions used for other post-employment benefits	556,716	-	36,351	-	593,069	-
Special item – transfer of operations	(747,433)	-	-	-	(747,433)	-
Total revenues	16,886,664	16,752,576	6,345,239	6,174,916	23,231,903	22,927,492
Expenses:						
General government	1,772,659	2,238,921	-	-	1,772,659	2,238,921
Community development	607,796	576,218	-	-	607,796	576,218
Recreation	1,357,270	1,371,830	-	-	1,357,270	1,371,830
Library	584,453	558,416	-	-	584,453	558,416
Parking Enforcement	359,881	318,855	-	-	359,881	318,855
Public safety - police	2,832,865	3,892,761	-	-	2,832,865	3,892,761
Public safety - fire	3,408,902	3,274,286	-	-	3,408,902	3,274,286
Public services	3,091,481	2,761,043	-	-	3,091,481	2,761,043
Wastewater	-	-	3,691,949	3,756,305	3,691,949	3,756,305
Reclaimed water	-	-	772,697	884,287	772,697	884,287
Stormwater	-	-	332,920	259,057	332,920	259,057

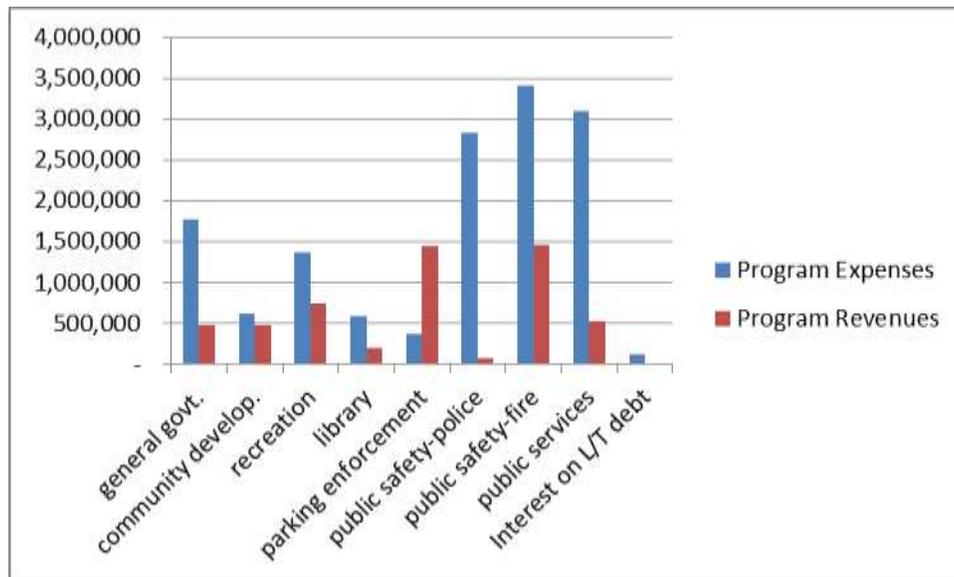
Interest on long term debt	123,922	147,049			123,922	147,049
Total expenses	14,139,229	15,139,379	4,797,566	4,899,649	18,936,795	20,039,028
Increase in net position	2,747,435	1,613,197	1,547,673	1,275,267	4,295,108	2,888,464
Net position 10/1/12	30,344,832	28,749,966	13,310,213	12,034,946	43,655,045	40,766,581
Net position 9/30/13	\$33,092,267	\$30,344,832	\$14,857,886	\$13,310,213	\$47,950,153	\$43,655,045

- Property taxes were higher (\$833,133) than the previous year because the City increased the millage above the roll-back millage rate which is designed to bring in the same amount of revenue as the previous year. Property values actually increased .12%. This increase was offset by a decrease in the ad valorem millage rate from 2.8569 to 2.8533 which was equivalent to the roll-back rate.
- Franchise fees and utility taxes decreased by \$22,377 (.7%) which is attributable to a decrease in the amount collected for electric franchise and utility tax fees. The area experienced a mild winter in 2013 which decreased usage thereby decreasing revenues in fiscal year 2013.

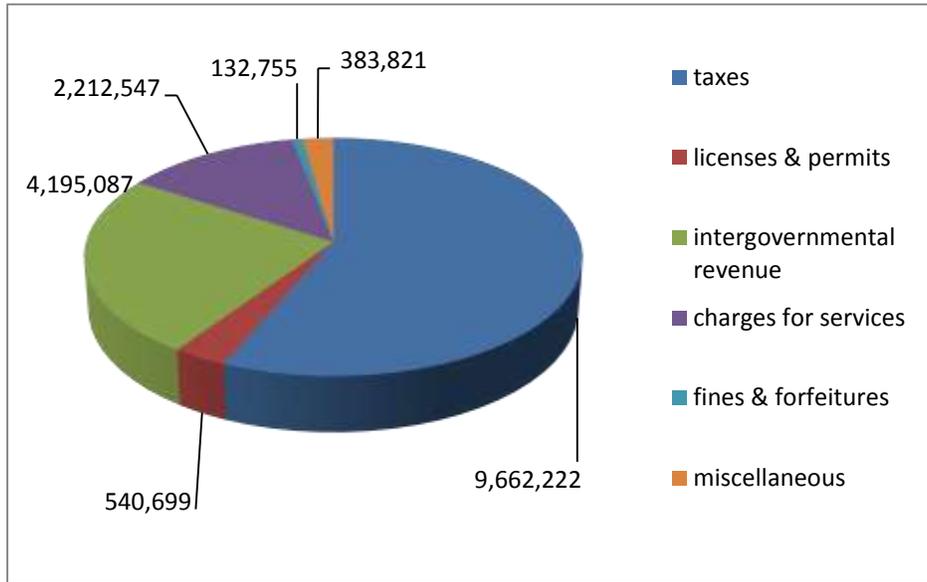
Governmental Activities

Governmental activities increased the City’s net position by \$2,747,435 which, when added to the increase in net asset of the business-type activities, resulted in a total increase in net position of \$4,295,108.

Expenses and Revenues – Governmental Activities



Revenues by Source - Governmental Activities



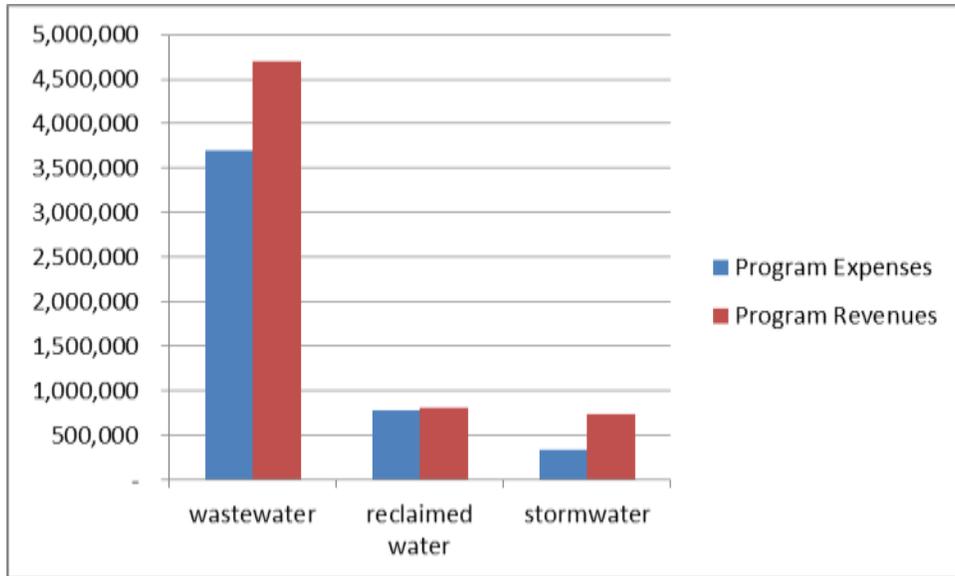
Overall revenues increased by \$134,088. Taxes increased by \$810,756 due to the increase in the ad valorem assessment. Capital grant revenue decreased \$790,592 when compared to the previous year. Last year the city received a \$700,000 grant used toward the purchase of a fire truck. Charges for services increased \$138,957 in the governmental funds due to increased revenues from our recreation department. The overall value of the assets turned over to the Sheriff net of depreciation totaled \$404,704. In addition to these costs, separation payments to the police department employees for sick, vacation and severance payments totaled \$342,729. These costs are not included in the police department budget since they were related to the outsourcing of the department. The decrease in employees affected the City’s other post-employment liability because there was a reduction of thirty three full time positions. Additionally, the changes made to the defined benefit pension plans extended the length of service required to be eligible for full time retirement benefits which affected the assumptions used to calculate the benefit. These two changes resulted in a decrease in other post-employment benefit costs of \$556,716. The governmental accounting standard board requires that the full impact of a change to this liability be recognized in the fiscal year that the change was made. Overall expenses decreased \$1,004,394. Legal fees were \$419,465 in fiscal year 2013 compared to \$616,057 in the previous year which represents a decrease of \$196,592. A significant savings was realized in the Information Technology (IT) area as a result of a reorganization of that department. Two positions were eliminated and a new position was created to respond to day-to-day IT issues. The overall maintenance of the City’s IT network was outsourced. These changes resulted in a savings off \$145,388. Police Department assets were turned over to the Pinellas County Sheriff’s Office to offset start-up costs that the Sheriff incurred in implementing police protection for St. Pete Beach.

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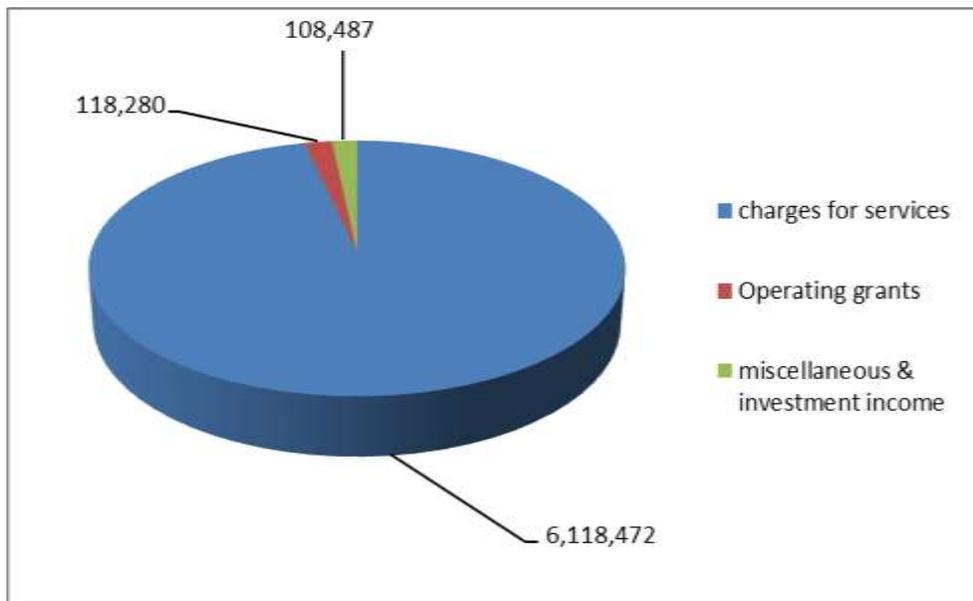
Business-type Activities

Business-type activities increased the City's net position by \$1,547,673 which, when added to the increase in net position of the governmental activities, resulted in a total increase in net position of \$4,295,108.

Expenses and Revenues – Business-type Activities



Revenues by Source – Business Activities



No rate changes were made in fiscal year 2013. As a result, charges for services for business-type activities only varies slightly from the previous year by a decrease of \$31,312. Wastewater charges decreased \$61,122, reclaimed charges increased \$3,426 and stormwater assessment charges increased \$26,384. In 2013, the city received a \$98,401 grant from the Federal Emergency Management Agency (FEMA) for reimbursement of costs incurred during Tropical Storm Debbie in the previous year. Extensive damage was done to the storm drains in Sunset Park.

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, 2013, the City's governmental funds reported combined ending fund balances of \$6,582,960, an increase of \$1,120,511 in comparison to the prior year. Approximately 4.3% of this amount (\$284,467) 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 6% of this amount (\$388,582) 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 27% of this amount (\$1,785,429) is assigned which reflects monies intended to be used for a specific purpose. The total assigned amount consists of monies that have been assigned for the payment of compensated absences (\$412,809) and monies set aside for future capital improvements (\$1,372,620). Compensated absences refer to paid time off made available to employees in connection with vacation leave and sick leave. The unassigned balance is 62.7% (\$4,124,482) which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At September 30, 2013, the unassigned balance of the general fund was \$4,124,482 while the total fund balance was \$5,019,821. 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 29% of total general fund expenditures excluding capital items and transfers while total fund balance represents 36% of that same amount.

The fund balance of the City's general fund increased by \$308,464 during the current fiscal year even with an increase in the amount of transfer from the general fund to the capital projects fund was increased of \$400,000.

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.

The Unrestricted net position of the enterprise funds at September 30, 2013 show a positive balance of \$2,866,840 compared to a balance of \$1,936,117 the previous year. A rate study for wastewater and reclaimed water was completed at the end of fiscal year 2010. Based on the study, no rate increase was required for fiscal year 2013. 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. No changes were made to these assessment amounts in fiscal year 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$164,215 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$24,034 supplemental appropriation for an encumbrance brought forward from the previous fiscal year. This appropriation was funded from reserves.

- \$25,212 supplemental appropriation for costs associated with Tropical Storm Debby. This increase was funded by a grant from the Federal Emergency Management Agency (FEMA).
- \$15,000 supplemental appropriation to fund personnel costs in the recreation department due to a higher demand in the after school program. This increase was funded by a corresponding increase in staff led program revenues.
- \$24,985 increase in fire pension expense which is paid dollar for dollar from the fire insurance premium tax revenue received from the State of Florida which funded the increase.
- \$12,000 increase in fire department overtime expense. Firefighters who are also certified to perform inspections do so through overtime. This increase was funded by a corresponding increase in fire inspection revenue.
- \$50,000 increase in the parking enforcement budget to fund increase costs of maintaining pay stations and payment of credit card processing fees. This increase was funded by a corresponding increase in parking revenues.

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, 2013 amounts to \$42,152,756 (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:

- Fire station remediation
- Fire ambulance
- Rehabilitation of gymnasium
- Repairs to Merry Pier

City of St. Pete Beach’s Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land and improvements	\$3,856,454	\$3,809,806	\$310,117	\$310,117	\$4,166,571	\$4,119,923
Capital projects in process	196,748	648,725	30,150	109,371	226,898	758,096
Building and improvements	14,100,124	14,105,328	124,216	127,791	14,224,340	14,233,119
Furniture, machinery and equipment	1,798,027	2,195,236	216,328	225,614	2,014,355	2,420,850
Infrastructure	7,848,872	7,464,035	13,671,720	13,173,801	21,520,592	20,637,836
Total	\$27,800,225	\$28,223,130	\$14,352,531	\$13,946,694	\$ 42,152,756	\$42,169,824

Additional information on the City of St. Pete Beach’s capital assets can be found in note F on page 47 of this report.

Long-term debt: At the end of the current fiscal year, the City of St. Pete Beach had total long-term debt outstanding of \$5,650,205. Of this amount, \$160,000 comprises debt government. The general obligation bonds, which were backed by the full faith and credit of City, were retired in fiscal year 2013. The outstanding long-term debt of \$5,650, is secured solely by specified revenue sources.

City of St. Pete Beach’ Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue bonds and loans	\$1,915,000	\$2,250,000	\$3,735,205	\$4,442,498	\$5,650,205	\$6,692,498

General obligation bonds	-	160,000	-	-	-	160,000
Total	\$1,915,000	\$2,410,000	\$ 3,735,205	\$ 4,442,498	\$5,650,205	\$6,852,498

Additional information on the City of St. Pete Beach’s long term debt can be found in note G on pages 48-52 of this report.

Economic Factors and Next Year’s Budgets and Rates

- After four years of decline, property values have somewhat stabilized. Property values have increased slightly (4%) in fiscal year 2014. The Pinellas County Property Appraiser is projecting a moderate increase for fiscal year 2015 as the economy continues to recover.
- 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.
- Effective January 6, 2013 and reflected in the fiscal year 2013 expenditures, 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 will result in a recurring annual savings in excess of \$1.5 million.

During the current fiscal year, unreserved, unassigned fund balance in the general fund increased to \$4,124,482. As the outcome of the police department referendum was not known when the 2013 budget was adopted and the millage was increased to 3.2819 mills which was 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.

In the fiscal year 2014 budget, the decision was made to return part of the savings from contracting out law enforcement services back to the taxpayers of the City of St. Pete Beach. This resulted in lowering the millage rate from 3.2819 mills to 2.8569 or approximately \$600,000 less in revenue. The balance of the savings (\$900,000) was put towards an increase in the transfer from the General Fund to the Capital Improvement Projects Fund from \$925,000 to \$1,825,000.

During fiscal year 2013, 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. The outsourcing of the police department, and change in benefits, combined with a higher than the projected 7.5% return on investments (actual returns ranged from 9.5% to 10.1%) resulted in a significant reduction in the unfunded liabilities of all three plans. The total unfunded liability of all three plans combined dropped from \$23,298,677 as of October 1, 2012 to \$16,096,819 as of October 1, 2013. The City will continue to make a concerted effort to reduce the overall liability by overfunding the amount required for the police pension plan until it is fully funded.

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 Administrative Services Director at City Hall at 155 Corey Avenue, St. Pete Beach, Florida 33706, telephone number (727) 363-9250.

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Basic Financial Statements

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

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CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF NET POSITION

September 30, 2013

With Comparative Amounts for September 30, 2012

	2013			(Restated) 2012	
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 2,950	\$ 75	\$ -	\$ 3,025	\$ 3,275
Pooled cash and investments and cash equivalents	6,926,214	2,879,162	-	9,805,376	6,785,760
Restricted assets - State Revolving Loans:					
Pooled cash and investments	-	123,138	-	123,138	118,445
Investments, at fair value	-	500,000	-	500,000	500,000
Receivables					
Customer service charges	-	907,900	-	907,900	865,594
Other	268,793	-	-	268,793	286,846
Due from other funds	71,176	-	(71,176)	-	-
Due from other governments	531,211	136,192	-	667,403	1,040,189
Supplies inventory	435	80,407	-	80,842	74,369
Prepaid items	1,123,766	66	-	1,123,832	259,163
Total current assets	<u>8,924,545</u>	<u>4,626,940</u>	<u>(71,176)</u>	<u>13,480,309</u>	<u>9,933,641</u>
NON-CURRENT ASSETS					
Restricted assets - State Revolving Loans:					
Pooled cash and investments	-	251,473	-	251,473	255,335
Investments, at fair value	-	499,109	-	499,109	996,120
Due from other funds	273,144	-	(273,144)	-	-
Land, land rights and improvements	3,905,294	310,117	-	4,215,411	4,219,420
Buildings and other improvements	20,417,948	129,409	-	20,547,357	20,219,582
Furniture, machinery and equipment	4,464,637	676,089	-	5,140,726	6,484,089
Infrastructure	14,957,242	21,667,410	-	36,624,652	34,888,548
Capital projects in process	196,748	30,150	-	226,898	758,096
Less: accumulated depreciation	(16,141,644)	(8,460,644)	-	(24,602,288)	(24,399,911)
Un-amortized debt costs	6,820	-	-	6,820	9,345
Total non-current assets	<u>28,080,189</u>	<u>15,103,113</u>	<u>(273,144)</u>	<u>42,910,158</u>	<u>43,430,624</u>
TOTAL ASSETS	<u>\$ 37,004,734</u>	<u>\$ 19,730,053</u>	<u>\$ (344,320)</u>	<u>\$ 56,390,467</u>	<u>\$ 53,364,265</u>

	2013			(Restated) 2012	
	Governmental Activities	Business-type Activities	Reclasses and Eliminations	Total	Total
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 451,157	\$ 203,551	\$ -	\$ 654,708	\$ 485,542
Accrued liabilities	843,095	27,882	-	870,977	516,908
Due to other governments	85,293	487,451	-	572,744	416,813
Unearned revenue	122,506	-	-	122,506	138,919
Current portion of:					
Due to other funds	-	71,176	(71,176)	-	-
Compensated absences	31,072	2,830	-	33,902	207,834
Revenue bonds payable	345,000	-	-	345,000	335,000
General obligation bonds payable	-	-	-	-	160,000
State Revolving Loan	-	141,006	-	141,006	136,596
Payable from restricted assets:					
Accrued interest payable - State					
Revolving Loan	-	33,021	-	33,021	47,530
State Revolving Loans - current portion	-	590,117	-	590,117	570,915
Total current liabilities	<u>1,878,123</u>	<u>1,557,034</u>	<u>(71,176)</u>	<u>3,363,981</u>	<u>3,016,057</u>
NON-CURRENT LIABILITIES					
Net other post employment benefit obligation	38,992	3,126	-	42,118	627,311
Due to other funds	-	273,144	(273,144)	-	-
Compensated absences	381,737	34,781	-	416,518	372,250
Revenue bonds payable	1,570,000	-	-	1,570,000	1,915,000
State Revolving Loans	-	3,004,082	-	3,004,082	3,734,987
Total non-current liabilities	<u>1,990,729</u>	<u>3,315,133</u>	<u>(273,144)</u>	<u>5,032,718</u>	<u>6,649,548</u>
TOTAL LIABILITIES	<u>3,868,852</u>	<u>4,872,167</u>	<u>(344,320)</u>	<u>8,396,699</u>	<u>9,665,605</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred premium on issuance of debt	<u>43,615</u>	<u>-</u>	<u>-</u>	<u>43,615</u>	<u>43,615</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,912,467</u>	<u>4,872,167</u>	<u>(344,320)</u>	<u>8,440,314</u>	<u>9,709,220</u>
NET POSITION					
Net investment in capital assets	25,885,225	10,617,326	-	36,502,551	35,317,326
Restricted:					
Debt service	-	1,373,720	-	1,373,720	1,869,900
Library	198,063	-	-	198,063	198,063
Law enforcement	5,322	-	-	5,322	5,325
Transportation improvements	185,197	-	-	185,197	184,161
Unrestricted	<u>6,818,460</u>	<u>2,866,840</u>	<u>-</u>	<u>9,685,300</u>	<u>6,080,270</u>
TOTAL NET POSITION	<u>33,092,267</u>	<u>14,857,886</u>	<u>-</u>	<u>47,950,153</u>	<u>43,655,045</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 37,004,734</u>	<u>\$ 19,730,053</u>	<u>\$ (344,320)</u>	<u>\$ 56,390,467</u>	<u>\$ 53,364,265</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, 2013

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

FUNCTIONS / PROGRAMS	2013			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,772,659	\$ 469,324	\$ -	\$ -
Community development	607,796	470,650	-	-
Recreation	1,357,270	739,016	-	-
Library	584,453	26,771	162,137	-
Parking enforcement	359,881	1,444,844	-	-
Public safety - police	2,832,865	41,819	20,976	2,508
Public safety - fire	3,408,902	-	1,452,525	-
Public services	3,091,481	-	165,012	350,500
Interest on long-term debt	123,922	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	14,139,229	3,192,424	1,800,650	353,008
BUSINESS-TYPE ACTIVITIES				
Water pollution control - wastewater	3,691,949	4,680,651	19,879	-
Water pollution control - reclaimed water	772,697	800,471	-	-
Water pollution control - stormwater	332,920	637,350	98,401	-
TOTAL BUSINESS-TYPE ACTIVITIES	4,797,566	6,118,472	118,280	-
TOTAL	\$ 18,936,795	\$ 9,310,896	\$ 1,918,930	\$ 353,008

General Revenues

- Taxes:
 - Ad valorem
 - Franchise taxes
 - Utility taxes
 - Telecommunications tax
 - State sales tax
 - Infrastructure tax
 - Local option gas tax
 - State excise tax - public safety
 - Other taxes
- State revenue sharing - unrestricted
- Investment income
- Miscellaneous
- Transfers
- Special item* - change in assumptions used for Other Post Employment Benefits - Note I
- Special item* - Transfer of Operations - Note N
- Total general revenues, transfers and special items
- Change in net position
- Net position - beginning of year - before restatement
- Restatement - Note B
- Net position - beginning of year - as restated
- Net position - end of year

2013			(Restated) 2012
Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Total
\$ (1,303,335)	\$ -	\$ (1,303,335)	\$ (1,765,463)
(137,146)	-	(137,146)	(120,612)
(618,254)	-	(618,254)	(525,006)
(395,545)	-	(395,545)	(364,726)
1,084,963	-	1,084,963	1,085,627
(2,767,562)	-	(2,767,562)	(3,645,458)
(1,956,377)	-	(1,956,377)	(1,393,214)
(2,575,969)	-	(2,575,969)	(2,501,595)
(123,922)	-	(123,922)	(147,049)
<u>(8,793,147)</u>	<u>-</u>	<u>(8,793,147)</u>	<u>(9,377,496)</u>
-	1,008,581	1,008,581	981,202
-	27,774	27,774	(88,517)
-	402,831	402,831	355,085
<u>-</u>	<u>1,439,186</u>	<u>1,439,186</u>	<u>1,247,770</u>
<u>(8,793,147)</u>	<u>1,439,186</u>	<u>(7,353,961)</u>	<u>(8,129,726)</u>
6,474,606	-	6,474,606	5,641,473
1,105,415	-	1,105,415	1,157,857
1,527,262	-	1,527,262	1,473,331
554,939	-	554,939	578,805
513,577	-	513,577	491,998
804,221	-	804,221	761,136
131,214	-	131,214	126,619
277,654	-	277,654	292,403
47,710	-	47,710	46,793
267,052	-	267,052	265,814
9,700	4,584	14,284	23,029
93,367	(7,866)	85,501	158,932
(75,418)	75,418	-	-
556,716	36,351	593,067	-
(747,433)	-	(747,433)	-
<u>11,540,582</u>	<u>108,487</u>	<u>11,649,069</u>	<u>11,018,190</u>
2,747,435	1,547,673	4,295,108	2,888,464
30,344,832	13,310,213	43,655,045	40,784,912
-	-	-	(18,331)
<u>30,344,832</u>	<u>13,310,213</u>	<u>43,655,045</u>	<u>40,766,581</u>
<u>\$ 33,092,267</u>	<u>\$ 14,857,886</u>	<u>\$ 47,950,153</u>	<u>\$ 43,655,045</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, 2013
With Comparative Total Amounts for September 30, 2012

	2013			2012	
	General	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds	Total
ASSETS					
Cash	\$ 2,950	\$ -	\$ -	\$ 2,950	\$ 3,200
Pooled cash and investments and cash equivalents	5,339,364	1,395,339	191,511	6,926,214	4,552,046
Receivables					
Other	268,793	-	-	268,793	273,883
Due from other funds	344,320	-	-	344,320	740,135
Due from other governments	396,402	134,809	-	531,211	1,039,884
Supplies inventory	435	-	-	435	1,238
Prepaid insurance and deposits	11,088	-	-	11,088	6,967
TOTAL ASSETS	\$ 6,363,352	\$ 1,530,148	\$ 191,511	\$ 8,085,011	\$ 6,617,353
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 293,629	\$ 157,528	\$ -	\$ 451,157	\$ 381,898
Accrued liabilities	843,095	-	-	843,095	492,252
Due to other governments	84,301	-	992	85,293	157,982
Deferred revenue	122,506	-	-	122,506	122,772
TOTAL LIABILITIES	1,343,531	157,528	992	1,502,051	1,154,904
FUND BALANCES					
Fund balances					
Nonspendable:					
Supplies inventory	435	-	-	435	1,238
Prepays	10,888	-	-	10,888	6,767
Long-term receivable	273,144	-	-	273,144	344,320
Restricted for:					
Library	198,063	-	-	198,063	198,063
Law enforcement	-	-	5,322	5,322	5,323
Transportation improvements	-	-	185,197	185,197	184,161
Assigned to:					
Capital improvement projects	-	1,372,620	-	1,372,620	561,608
Compensated absences	412,809	-	-	412,809	543,695
Unassigned:					
General fund	4,124,482	-	-	4,124,482	3,617,274
TOTAL FUND BALANCES	5,019,821	1,372,620	190,519	6,582,960	5,462,449
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,363,352	\$ 1,530,148	\$ 191,511	\$ 8,085,011	\$ 6,617,353

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 POSITION - GOVERNMENTAL ACTIVITIES

September 30, 2013

Fund Balances - total governmental funds \$ 6,582,960

Amounts reported for governmental activities in the statement of
net position 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	\$ 328,798	
Police Officers' Pension	783,880	
		1,112,678

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

Governmental capital assets	43,941,869	
Less: Accumulated depreciation	(16,141,644)	
		27,800,225

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

Capitalized debt issuance costs - insurance	29,022	
Less: accumulated amortization	(22,202)	
		6,820

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	(38,992)	
Compensated absences	(412,809)	
Revenue bonds payable	(1,915,000)	
		(2,366,801)

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
a deferred inflow of resources net of amortization in the statement of net position.

Premiums received in prior years	(185,598)	
Less: Accumulated amortization	141,983	
		(43,615)

Net position of governmental activities. \$ 33,092,267

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, 2013
With Comparative Total Amounts for the Year Ended September 30, 2012

	2013			2012	
	General	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds	Total
REVENUES					
Taxes	\$ 9,662,222	\$ -	\$ -	\$ 9,662,222	\$ 8,851,466
Licenses and permits	540,699	-	-	540,699	516,512
Intergovernmental revenue	3,040,366	1,154,721	-	4,195,087	4,651,553
Charges for services	2,212,547	-	-	2,212,547	2,135,514
Fines and forfeitures	132,755	-	-	132,755	141,215
Miscellaneous	382,893	(107)	1,035	383,821	416,937
TOTAL REVENUES	15,971,482	1,154,614	1,035	17,127,131	16,713,197
EXPENDITURES					
CURRENT					
General government	1,729,444	-	-	1,729,444	2,082,197
Community development	595,161	-	-	595,161	565,632
Recreation	1,045,861	-	-	1,045,861	903,841
Library	547,258	-	-	547,258	517,505
Parking enforcement	336,416	-	-	336,416	318,540
Public safety	6,985,526	-	-	6,985,526	6,884,686
Public services	2,380,917	27,243	-	2,408,160	2,324,891
CAPITAL OUTLAY					
General government	-	20,330	-	20,330	22,050
Recreation	20,059	89,248	-	109,307	16,603
Library	-	-	-	-	16,932
Parking enforcement	-	-	-	-	6,290
Public safety	195,278	290,712	-	485,990	891,194
Public services	9,217	853,280	-	862,497	718,731
DEBT SERVICE					
Principal reductions	160,000	335,000	-	495,000	760,000
Interest and fiscal charges	9,208	112,189	-	121,397	144,126
TOTAL EXPENDITURES	14,014,345	1,728,002	-	15,742,347	16,173,218
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,957,137	(573,388)	1,035	1,384,784	539,979
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of surplus capital assets	19,056	-	-	19,056	34,298
Transfers in	-	1,384,400	-	1,384,400	925,000
Transfers out	(1,325,000)	-	-	(1,325,000)	(925,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,305,944)	1,384,400	-	78,456	34,298
SPECIAL ITEM - TRANSFER OF OPERATIONS - See Note N	(342,729)	-	-	(342,729)	-
NET CHANGE IN FUND BALANCES	308,464	811,012	1,035	1,120,511	574,277
FUND BALANCES - BEGINNING OF YEAR	4,711,357	561,608	189,484	5,462,449	4,888,172
FUND BALANCES - END OF YEAR	\$ 5,019,821	\$ 1,372,620	\$ 190,519	\$ 6,582,960	\$ 5,462,449

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, 2013

Net change in fund balances - total governmental funds \$ 1,120,511

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	\$ 1,478,124	
Less: Current year depreciation	<u>(1,351,971)</u>	126,153

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 position.

Un-depreciated cost of capital assets sold as surplus or disposed of	(414,239)
--	-----------

In the statement of activities an expense is reported for the remaining un-depreciated cost of assets transferred to the business-type activities. The expense is reported as a transfer.

(134,818)

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

495,000

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	16,147
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Certain prepaid expenses recorded in governmental activities do not represent financial resources and are not reported in the governmental funds.

Negative Net Pension Obligation - Firefighters' Pension	174,024	
Negative Net Pension Obligation - Police Officers' Pension	<u>686,458</u>	860,482

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.

Decrease in net other post employment benefit obligation - <i>Special Item</i>	556,716	
Current year other post employment benefit obligation	(6,878)	
Amortization of debt issuance costs	(2,525)	
Decrease in compensated absences - reduction of expense	<u>130,886</u>	<u>678,199</u>

Change in net position of governmental activities \$ 2,747,435

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, 2013

With Comparative Total Amounts for September 30, 2012

	Business-type Activities - Enterprise Funds				2012 (Restated) Total
	2013				
	Wastewater	Reclaimed Water	Stormwater	Total	
ASSETS					
CURRENT ASSETS					
Cash	\$ 75	\$ -	\$ -	\$ 75	\$ 75
Pooled cash and cash equivalents	2,225,276	301,374	352,512	2,879,162	2,233,714
Receivables					
Customer service charges	679,176	126,005	102,719	907,900	865,594
Due from other governments	114,292	21,900	-	136,192	305
Other	-	-	-	-	12,963
Supplies inventory	80,407	-	-	80,407	73,131
Prepaid insurance	33	14	19	66	-
Restricted:					
Cash equivalents	36,186	86,952	-	123,138	118,445
Investments, at fair value	-	500,000	-	500,000	500,000
Total current assets	<u>3,135,445</u>	<u>1,036,245</u>	<u>455,250</u>	<u>4,626,940</u>	<u>3,804,227</u>
NON-CURRENT ASSETS					
Restricted:					
Cash equivalents	-	251,473	-	251,473	255,335
Investments, at fair value	-	499,109	-	499,109	996,120
Capital Assets:					
Land and land rights	310,117	-	-	310,117	310,117
Buildings and other improvements	129,409	-	-	129,409	129,409
Infrastructure	9,830,525	11,591,189	245,696	21,667,410	20,728,207
Furniture, machinery and equipment	573,995	83,918	18,176	676,089	554,542
Capital projects in process	-	-	30,150	30,150	109,371
Less: accumulated depreciation	(3,789,774)	(4,658,343)	(12,527)	(8,460,644)	(7,884,952)
Total non-current assets	<u>7,054,272</u>	<u>7,767,346</u>	<u>281,495</u>	<u>15,103,113</u>	<u>15,198,149</u>
TOTAL ASSETS	<u>\$ 10,189,717</u>	<u>\$ 8,803,591</u>	<u>\$ 736,745</u>	<u>\$ 19,730,053</u>	<u>\$ 19,002,376</u>

Business-type Activities - Enterprise Funds

	2013				2012
	Wastewater	Reclaimed Water	Stormwater	Total	(Restated) Total
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 187,656	\$ 5,122	\$ 10,773	\$ 203,551	\$ 103,644
Accrued liabilities	21,573	4,200	2,109	27,882	24,656
Due to other governments	466,492	20,959	-	487,451	258,831
Current portion of:					
Due to other funds	-	71,176	-	71,176	395,815
Compensated absences	2,557	135	138	2,830	2,740
State Revolving Loans	141,006	-	-	141,006	136,596
Payable from restricted assets					
Accrued interest payable	2,905	30,116	-	33,021	47,530
State Revolving Loan	33,281	556,836	-	590,117	570,915
Total current liabilities	<u>855,470</u>	<u>688,544</u>	<u>13,020</u>	<u>1,557,034</u>	<u>1,540,727</u>
NON-CURRENT LIABILITIES					
Net other post employment benefit obligation	2,135	600	391	3,126	38,480
Due to other funds	-	273,144	-	273,144	344,320
Compensated absences	31,410	1,670	1,701	34,781	33,649
State Revolving Loans	2,427,482	576,600	-	3,004,082	3,734,987
Total non-current liabilities	<u>2,461,027</u>	<u>852,014</u>	<u>2,092</u>	<u>3,315,133</u>	<u>4,151,436</u>
TOTAL LIABILITIES	<u>3,316,497</u>	<u>1,540,558</u>	<u>15,112</u>	<u>4,872,167</u>	<u>5,692,163</u>
NET POSITION					
Invested in capital assets, net of related debt	4,452,503	5,883,328	281,495	10,617,326	9,504,196
Restricted - expendable:					
Long-term debt requirements	36,186	1,337,534	-	1,373,720	1,869,900
Unrestricted	2,384,531	42,171	440,138	2,866,840	1,936,117
TOTAL NET POSITION	<u>6,873,220</u>	<u>7,263,033</u>	<u>721,633</u>	<u>14,857,886</u>	<u>13,310,213</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,189,717</u>	<u>\$ 8,803,591</u>	<u>\$ 736,745</u>	<u>\$ 19,730,053</u>	<u>\$ 19,002,376</u>

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

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CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2013
 With Comparative Total Amounts for the Year Ended September 30, 2012

	Business-type Activities - Enterprise Funds				2012
	2013				
	Wastewater	Reclaimed Water	Stormwater	Total	
OPERATING REVENUES					Total
Charges for services	\$ 4,679,616	\$ 775,886	\$ 637,350	\$ 6,092,852	\$ 6,130,387
Other fees	-	23,310	-	23,310	13,883
TOTAL OPERATING REVENUES	4,679,616	799,196	637,350	6,116,162	6,144,270
OPERATING EXPENSES					
Personal services	474,595	101,647	55,838	632,080	618,216
Contractual and other services	2,895,698	387,043	265,522	3,548,263	3,690,679
Depreciation	249,743	239,065	11,560	500,368	448,811
TOTAL OPERATING EXPENSES	3,620,036	727,755	332,920	4,680,711	4,757,706
OPERATING INCOME	1,059,580	71,441	304,430	1,435,451	1,386,564
NON-OPERATING REVENUE (EXPENSES)					
Interest earned	805	76,927	-	77,732	108,840
Grants	19,879	-	98,401	118,280	3,176
Gain (loss) on disposition of capital assets	(7,200)	(666)	-	(7,866)	12,313
Decrease in fair value of investments	-	(73,148)	-	(73,148)	(99,224)
Interest and debt service fees paid	(71,913)	(44,942)	-	(116,855)	(141,943)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(58,429)	(41,829)	98,401	(1,857)	(116,838)
INCOME BEFORE CONTRIBUTIONS, TRANSFERS AND SPECIAL ITEM	1,001,151	29,612	402,831	1,433,594	1,269,726
Transfers in	191,895	-	-	191,895	-
Transfers out	(12,575)	(60,512)	(43,390)	(116,477)	-
Impact fees	1,035	1,275	-	2,310	5,541
<i>Special item</i> - change in assumptions used for Other Post Employment Benefits	24,548	6,362	5,441	36,351	-
CHANGE IN NET POSITION	1,206,054	(23,263)	364,882	1,547,673	1,275,267
NET POSITION - BEGINNING OF YEAR	5,667,166	7,286,296	356,751	13,310,213	12,034,946
NET POSITION - END OF YEAR	\$ 6,873,220	\$ 7,263,033	\$ 721,633	\$ 14,857,886	\$ 13,310,213

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, 2013
With Comparative Total Amounts for the Year Ended September 30, 2012

	Business-type Activities - Enterprise Funds				2012 Total
	2013				
	Wastewater	Reclaimed Water	Stormwater	Total	Total
INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS					
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,695,484	\$ 795,615	\$ 573,820	\$ 6,064,919	\$ 6,098,557
Cash payments to suppliers for goods and services	(2,455,132)	(314,107)	(217,627)	(2,986,866)	(3,174,195)
Cash payments to employees for services	(469,948)	(101,487)	(55,200)	(626,635)	(602,019)
Cash paid for general government allocated expenses	(213,295)	(70,452)	(70,452)	(354,199)	(343,883)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,557,109	309,569	230,541	2,097,219	1,978,460
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants	19,879	-	98,401	118,280	3,176
Transfers to and from other funds	(12,575)	(3,435)	(43,390)	(59,400)	-
Cash advances repaid to other funds	(324,639)	(71,176)	-	(395,815)	(285,271)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(317,335)	(74,611)	55,011	(336,935)	(282,095)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Impact fees	1,035	1,275	-	2,310	5,541
Acquisition and construction of capital assets	(638,035)	-	(141,218)	(779,253)	(641,579)
Proceeds from sale of capital assets	-	-	-	-	12,313
Principal paid on State Revolving Loans	(169,543)	(537,750)	-	(707,293)	(694,563)
Principal paid on capital leases	-	-	-	-	(32,837)
Interest paid on State Revolving Loan	(72,013)	(59,351)	-	(131,364)	(154,357)
Interest paid on capital leases	-	-	-	-	(1,612)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(878,556)	(595,826)	(141,218)	(1,615,600)	(1,507,094)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on cash and cash equivalents	805	790	-	1,595	1,076
Proceeds from the maturity of investments	-	500,000	-	500,000	500,000
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	805	500,790	-	501,595	501,076
NET INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS	362,023	139,922	144,334	646,279	690,347
POOLED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,899,514	499,877	208,178	2,607,569	1,917,222
POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,261,537	\$ 639,799	\$ 352,512	\$ 3,253,848	\$ 2,607,569
POOLED CASH AND CASH EQUIVALENTS IS COMPRISED OF:					
Cash	\$ 75	\$ -	\$ -	\$ 75	\$ 75
Current pooled cash and cash equivalents	2,225,276	301,374	352,512	2,879,162	2,233,714
Current restricted cash equivalents	36,186	86,952	-	123,138	118,445
Non-current restricted cash equivalents	-	251,473	-	251,473	255,335
	\$ 2,261,537	\$ 639,799	\$ 352,512	\$ 3,253,848	\$ 2,607,569

	Business-type Activities - Enterprise Funds				2012
	2013			Total	
	Wastewater	Reclaimed Water	Stormwater		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					Total
Operating income (loss)	\$ 1,059,580	\$ 71,441	\$ 304,430	\$ 1,435,451	\$ 1,386,564
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	249,743	239,065	11,560	500,368	448,811
Changes in assets and liabilities:					
(Increase) decrease in receivables - customer service charges	15,868	5,356	(63,530)	(42,306)	(45,239)
(Increase) decrease in receivables - other	-	(8,937)	-	(8,937)	(474)
(Increase) decrease in due from other governments	(113,987)	-	-	(113,987)	45,344
(Increase) decrease in supplies inventory	(7,276)	-	-	(7,276)	(306)
(Increase) decrease in prepaid items	(33)	(14)	(19)	(66)	21,898
Increase (decrease) in accounts payable	121,180	1,265	(22,538)	99,907	58,818
Increase (decrease) in accrued liabilities	3,352	(386)	260	3,226	3,179
Increase (decrease) in due to other governments	227,387	1,233	-	228,620	46,847
Increase (decrease) in compensated absences	597	319	306	1,222	(1,685)
Increase (decrease) in other post employment benefit obligation excluding <i>Special Item</i> portion	698	227	72	997	14,703
TOTAL ADJUSTMENTS	497,529	238,128	(73,889)	661,768	591,896
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,557,109	\$ 309,569	\$ 230,541	\$ 2,097,219	\$ 1,978,460

Non-cash financing activities for the year ended September 30, 2013 consisted of the transfer of capital assets from the Governmental Activities and the Reclaimed Water Fund with un-depreciated cost of \$134,818 and \$57,077, respectively, to the Wastewater Fund. There were no non-cash investing activities.

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

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

CITY OF ST. PETE BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

September 30, 2013

With Comparative Amounts for September 30, 2012

	Totals	
	2013	2012
ASSETS		
Cash	\$ 159,561	\$ -
Investments, at fair value		
Cash and cash equivalents, short term investments	558,067	1,678,253
U. S. Government, Federal		
Agency and municipal securities	2,324,774	5,270,204
Asset backed securities	1,863,648	-
Collateralized mortgage obligations	2,107,425	-
Fixed income mutual funds	5,011,509	-
Unit investment trusts	160,209	-
Foreign stocks and bonds	1,193,578	-
Corporate bonds	2,873,720	4,659,914
Equities - common stock	7,079,462	6,182,815
Equities - mutual funds	9,111,639	12,740,619
	<u>32,284,031</u>	<u>30,531,805</u>
Receivables		
Accrued interest and dividends	74,711	67,441
Contribution receivable	357,711	77,219
State excise tax rebate	196,803	53,620
	<u>629,225</u>	<u>198,280</u>
TOTAL ASSETS	<u>33,072,817</u>	<u>30,730,085</u>
LIABILITIES		
Administrative expenses payable	76,852	37,729
Deferred contribution	14,339	14,339
TOTAL LIABILITIES	<u>91,191</u>	<u>52,068</u>
NET POSITION HELD IN TRUST		
Held in trust for pension benefits	<u>\$ 32,981,626</u>	<u>\$ 30,678,017</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 POSITION
FIDUCIARY FUNDS

Year Ended September 30, 2013

With Comparative Amounts for the Year Ended September 30, 2012

	Totals	
	2013	2012
ADDITIONS		
Contributions		
Employer	\$ 2,290,592	\$ 1,631,992
Plan members	151,220	358,807
	<u>2,441,812</u>	<u>1,990,799</u>
Intergovernmental revenue		
State excise tax rebate	277,654	292,403
Investment income		
Net appreciation in fair value of investments	2,882,088	4,108,220
Interest and dividends	763,316	776,299
Miscellaneous income	466	15,347
Total investment earnings	<u>3,645,870</u>	<u>4,899,866</u>
Less investment expense	137,551	139,516
Net investment earnings	<u>3,508,319</u>	<u>4,760,350</u>
TOTAL ADDITIONS	<u>6,227,785</u>	<u>7,043,552</u>
DEDUCTIONS		
Benefits	2,758,440	2,409,339
Lump sum Deferred Retirement Option Plan (DROP) payments	714,363	1,225,752
Refunds of contributions	359,815	54,116
Administrative expenses	91,558	88,410
	<u>3,924,176</u>	<u>3,777,617</u>
TOTAL DEDUCTIONS	<u>3,924,176</u>	<u>3,777,617</u>
CHANGE IN NET POSITION	2,303,609	3,265,935
NETS POSITION - BEGINNING OF YEAR	<u>30,678,017</u>	<u>27,412,082</u>
NET POSITION - END OF YEAR	<u>\$ 32,981,626</u>	<u>\$ 30,678,017</u>

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

September 30, 2013

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 presents its comprehensive annual financial report in accordance with the provisions of GASB Statement #34 – “Basic Financial Statements – and – Management’s Discussion and Analysis – for State and Local Governments”. This standard establishes the financial reporting requirements for state and local governments. The Statement establishes specific standards for basic financial statements, management’s discussion and analysis (MD&A), and certain required supplementary information.

As part of reporting pursuant to 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 reported in accordance with GASB Statement #34. The City 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, community development, 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

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 \$164,215; Wastewater Fund – increase of \$356,180; and Stormwater Fund – increase of \$125,689.

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 position 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 position 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, asset backed securities, collateralized mortgage obligations, corporate bonds, common - equity stocks and mutual funds, fixed income mutual funds, foreign equity stocks and bonds, unit investment trusts 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 position 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 are 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, 2013 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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets: Capital assets, which include land and land rights; buildings and other land improvements; furniture, machinery and equipment; and infrastructure assets are reported in the applicable governmental or business-type activity in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of

\$2,500 or more and an estimated useful life in excess of one year. These assets are capitalized at historical cost, or estimated historical cost if actual cost information is not available. Donated capital assets are capitalized at their fair market value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of the asset are also capitalized.

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

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

Deferred / Unearned Revenues: Revenues which are measurable, but not earned, are reported as deferred / unearned revenue. In the governmental funds and government-wide financial statements, 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, and rental payments that have been received in advance.

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.

Deferred Outflows / Inflows of Resources: The Statement of Net Position contains separate elements for deferred outflows and deferred inflows of resources, when applicable, that represent a consumption or provision of net position that applies to a future period and will not be recognized as an outflow or inflow of resources until then. For the year ended September 30, 2013, there is a deferred inflow reported in the amount of \$43,615 that relates to the premium received on the issuance of revenue bonds. The premium is amortized into income over the life of the bonds using an effective interest rate method.

Net Position: The government-wide financial statements utilize a net position presentation. Net Position is presented in three components – net investment in capital assets, restricted and unrestricted. The net investment in capital assets component consists of capital assets less accumulated depreciation and any related long-term debt. Restricted assets consist of the portion of net position that have constraints placed on them either externally by third parties (grantors and contributors) or by law through provisions of enabling legislation. Unrestricted net position consists of items that do not meet the definition of “net investment in capital assets” or “restricted”. Designations of net position 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 position reports \$1,762,302 of restricted net position, of which \$185,197 is restricted by enabling legislation.

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Supplies Inventory, Prepaid Items, and Long-Term Receivables as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws 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. 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) 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, 2013 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 the 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

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to levy property taxes at a rate of up to 10 mills. The millage rate in effect for the fiscal year ended September 30, 2013, was 3.3697, of which a 0.0878 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.

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 pertaining to repayment insurance 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 reported as Deferred Inflows of Resources and issuance costs pertaining to repayment insurance are reported as unamortized debt costs.

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.

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012, from which such summarized information has been derived.

NOTE B – RESTATEMENT

The statement of net position has been restated in the Governmental Activities as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The balance of unamortized debt issuance costs were previously included as an asset, but now are expensed when incurred under the new standard, except for costs associated with insuring the repayment of debt. The beginning net position as of October 1, 2011 was decreased by \$18,331 for the amount of unamortized debt issuance costs that were written off. Debt issuance costs that pertain to the insuring of debt repayment continue to be reported as an amortizable asset.

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

Pooled Cash

The City maintains a cash pool that is available for all funds except the Fiduciary Fund types. The restricted cash and investments, including the amounts on deposit with the State Board of Administration, are held separately and are not pooled.

The amounts invested with the Florida Municipal Investment Trust Fund (FMIVT) and Florida Surplus Asset Fund Trust are not pooled and are 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, 2013 was \$4,079,734, excluding \$3,025 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, Florida Surplus Asset Fund Trust and any other investment pool organized pursuant to Florida Statutes Sections 163.01 and 218.415; 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

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve (Instrumentalities are usually AAA rated, but have no explicit government guarantee) and include, but are not limited to: Federal National Mortgage Association (FNMA), Federal Farm Credit Banks, Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Student Loan Marketing Association, and Tennessee Valley Authority (TVA); e) Collateralized Mortgage Obligations with very accurately defined maturities issued by Federal Agencies and their Instrumentalities that are rated AAA by a nationally recognized rating agency; (f) Non-negotiable Certificates of Deposit, which can be insured, collateralized at the Federal Reserve or qualify as State Public Deposits, as defined by Florida Statutes; g) Taxable or Tax Exempt Government bonds, notes or other obligations of investment grade quality (as established by a nationally recognized rating agency), municipal corporation, special district, and authority or political subdivision thereof; h) Repurchase Agreements with primary dealers or with the City’s primary state qualified public depository that are evidenced by a Master Agreement to engage in this investment option and are fully collateralized by U. S. Government Obligations or any Agency or Instrumentality thereof (Reverse Repurchase Agreements are prohibited); and i) Securities in, or other interests in, any open-ended or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio is limited to obligations of the U. S. Government or any agency or instrumentality thereof (Mutual Funds).

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

The Local Government Surplus Trust Fund (Florida PRIME) and the Fund B Surplus Funds Trust Fund (Fund B) are an external investment pool administered by the Florida State Board of Administration which is a three member board made up of the State elected officials of Governor, Chief Financial Officer and Attorney General. This Board is empowered by Florida law to invest funds at the request of local governments. The Florida PRIME is treated as a “2a-7 like” pool in accordance with GASB Statements No. 31 and No. 59 and is valued using the pooled share price (amortized cost), which approximates fair value. The Florida PRIME funds may be withdrawn upon demand. The Fund B is accounted as a fluctuating net position 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, 2013 had been determined using a fair value factor of 1.13262284. 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 Position Value investment pool.

The City’s investments, carried at fair value as of September 30, 2013, are:

Investment	Maturity	Fair Value	Rating
State Board of Administration – Florida PRIME	N/A	\$3,994,235	AAAm
State Board of Administration – Fund B	N/A	2,480	Non-rated
Florida Municipal Investment Trust -0-2 Year High Quality Bond Fund	N/A	102,105	AAA/V1
Florida Safe Investment Pool	N/A	1,007,532	AAAm
Florida Safe Fixed Income Investment Program – Certificates of Deposit	3/14 to 9/15	993,900	Non-rated
U. S. Treasury Strips - face value of \$1,000,000, Zero coupon bonds maturing at dates annually through November 15, 2014 in \$500,000 increments for debt sinking fund purposes.	2013-2014	999,110	N/A
Total investments		\$7,099,362	

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

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, 2013, 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, 2013, 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 Position as of September 30, 2013, is as follows:

Petty cash	\$ 3,025
Deposits	4,079,734
Investments	7,099,362
Total	\$ 11,182,121
As reported in Statement of Net Position:	
Unrestricted	
Cash	\$ 3,025
Pooled cash and investments and cash equivalents	9,805,376
Restricted Assets - Current:	
Pooled cash and investments	123,138
Investments, at fair value	500,000
Restricted Assets – Non-Current:	
Pooled cash and investments	251,473
Investments, at fair value	499,109
Total	\$ 11,182,121

Police Officers’ Retirement System

Deposits

Salem Trust Company holds un-invested cash and short term investments in its capacity as custodian of the Police Officers Retirement System (the Police Pension). The cash is held on deposit and short term investments are held in money market type accounts that are invested in short-term U. S. government, corporate and bank 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,

September 30, 2013

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

structured mortgage products issued by the United States Government, and mortgage related or asset backed securities not issued by the United States Government, and bonds issued by municipal issuers provided that all such securities meet the following criteria: a. Fixed income securities shall be Investment Grade as measured by Standard & Poor’s (S&P) or Moody’s; b. equity securities must be traded on a national exchange; c. not more than 5% of the 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, 2013:

Salem Trust Company:	Fair Value	S&P Rating
Cash and Investments		
Cash	\$ 64,156	N/A
Cash equivalents and short term investments	204,988	N/A
U. S. Government, Federal Agency and Municipal Securities	664,873	A to AAA
Asset backed securities and collateralized obligations	1,237,779	AA to AAA
Fixed income mutual funds	522,899	N/A
Unit investment trusts	37,318	N/A
Foreign stocks and bonds	261,387	BB+ to AA
Corporate bonds	911,210	BB to AA+
Equities – common stocks	1,062,744	N/A
Equities – mutual funds	5,971,977	N/A
Total Investments	\$10,939,331	

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 and short term investments in its capacity as custodian of Firefighters’ Retirement System (the Firefighters’ Pension). The cash is held on deposit and the short term investments held in money market type accounts that are invested in short-term U. S. government and agency 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

September 30, 2013

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

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, 2013:

Salem Trust Company:	Fair Value	S&P Rating
Cash and Investments		
Cash	\$ 88,063	N/A
Cash equivalents and short term investments	196,589	N/A
U. S. Government, Federal Agency and Municipal Securities	737,092	A to AAA
Asset backed securities and collateralized obligations	1,193,181	AA to AAA
Fixed income mutual funds	465,770	N/A
Unit investment trusts	87,016	N/A
Foreign stocks and bonds	649,204	BB+ to AA-
Corporate bonds	873,455	BB+ to AA+
Equities – common stocks	5,013,060	N/A
Equities – mutual funds	906,295	N/A
Total Investments	\$10,209,725	

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 and short term investments in its capacity as custodian of General Employees’ Retirement System (the General Pension). The cash is held on deposit and short term investments are held in money market type accounts that are invested in short-term U. S. government, corporate and bank 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

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

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, 2013:

<u>Salem Trust Company:</u>	<u>Fair Value</u>	<u>S&P Rating</u>
Cash and Investments		
Cash	\$ 7,342	N/A
Cash equivalents and short term investments	156,490	N/A
U. S. Government, Federal Agency and Municipal Securities	922,809	A to AAA
Asset backed securities and collateralized obligations	1,540,113	AA to AAA
Fixed income mutual funds	4,022,840	N/A
Unit investment trusts	35,875	N/A
Foreign stocks and bonds	282,987	BB+ to AA+
Corporate bonds	1,089,055	BB+ to AA+
Equities – common stocks	1,003,658	N/A
Equities – mutual funds	2,233,367	N/A
Total Investments	<u>\$11,294,536</u>	

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

NOTE D - DUE FROM AND TO OTHER GOVERNMENTS

Due from and to other governments consists of the following as of September 30, 2013:

	<u>Due From</u>	<u>Due To</u>
<u>General Fund</u>		
Pinellas County		
Utility taxes	\$ 32,728	\$ -
Fines and parking tickets	10,949	81
Parking meters	-	58,885
Utilities	-	17,706
Other	8,342	-
Pinellas County Sheriff	-	5,000
City of South Pasadena	-	959
State of Florida		
Intergovernmental revenue	<u>344,383</u>	<u>1,670</u>
	396,402	84,301

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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

	<u>Due From</u>	<u>Due To</u>
<u>Capital Improvement Projects Fund</u>		
Pinellas County		
Intergovernmental revenue	134,809	-
<u>Transportation Impact Fund</u>		
Pinellas County – Transportation Impact Fee	-	992
<u>Wastewater Fund</u>		
City of St. Petersburg - Wastewater Treatment	-	462,323
Pinellas County - Utilities	114,292	3,269
Florida Department of Environmental Protection	-	900
<u>Reclaimed Water Fund</u>		
Pinellas County – Utilities	21,900	20,959
	<u>\$ 667,403</u>	<u>\$ 572,744</u>

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

NOTE E - INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances consist of the following as of September 30, 2013:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 344,320	\$ -
Reclaimed Water Fund		
Current portion	-	71,176
Long-term portion	-	273,144
	<u>\$ 344,320</u>	<u>\$ 344,320</u>

The General Fund (\$344,320) has advanced funds to the Reclaimed Water Fund (\$344,320) for the purpose of funding operations.

Inter-fund transfers consist of the following for the year ended September 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,325,000
Capital Improvement Projects Fund	1,384,400	-
Wastewater Fund	-	12,575
Wastewater Fund – capital assets	191,895	-
Reclaimed Water Fund	-	3,435
Reclaimed Water Fund – capital assets	-	57,077
Stormwater Fund	-	43,390
	<u>1,576,295</u>	<u>1,441,477</u>
Governmental Activities – capital assets	-	134,818
	<u>\$ 1,576,295</u>	<u>\$ 1,576,295</u>

The General, Wastewater, Reclaimed Water and Stormwater Funds transferred funds to the Capital Improvement Projects Fund for capital project funding purposes.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	Restated Balance 10-1-12	Additions / Transfers	Deletions / Transfers-out	Balance 9-30-13
Governmental Activities				
<u>Non-depreciable assets:</u>				
Capital projects in process	\$ 648,725	\$ 741,211	\$ 1,193,188	\$ 196,748
<u>Depreciable assets:</u>				
Land, land rights and improvements	3,909,303	-	4,009	3,905,294
Buildings and other improvements	20,090,173	641,294	313,519	20,417,948
Furniture, machinery and equipment	5,929,547	321,704	1,786,614	4,464,637
Infrastructure	14,160,341	967,101	170,200	14,957,242
Total at historical cost	<u>\$ 44,738,089</u>	<u>\$ 2,671,310</u>	<u>\$ 3,467,530</u>	<u>\$ 43,941,869</u>
<u>Less accumulated depreciation for:</u>				
Land and improvements	\$ 99,497	\$ 4,875	\$ 55,532	\$ 48,840
Buildings and other improvements	5,984,845	558,901	225,922	6,317,824
Furniture, machinery and equipment	3,734,311	337,678	1,405,379	2,666,610
Infrastructure	6,696,306	450,517	38,453	7,108,370
Total accumulated depreciation	<u>16,514,959</u>	<u>1,351,971</u>	<u>1,725,286</u>	<u>16,141,644</u>
Capital assets, net	<u>\$ 28,223,130</u>	<u>\$ 1,319,339</u>	<u>\$ 1,742,244</u>	<u>\$ 27,800,225</u>

	Restated Balance 10-1-12	Additions / Transfers	Deletions / (Transfers-in)	Balance 9-30-13
Business-Type Activities				
<u>Non-depreciable assets:</u>				
Land, land rights and improvements	\$ 310,117	\$ -	\$ -	\$ 310,117
Capital projects in process	109,371	30,150	109,371	30,150
<u>Depreciable assets:</u>				
Buildings and other improvements	129,409	-	-	129,409
Furniture, machinery and equipment	554,542	149,495	27,948	676,089
Infrastructure	20,728,207	1,027,107	87,904	21,667,410
Total at historical cost	<u>\$ 21,831,646</u>	<u>\$ 1,206,752</u>	<u>\$ 225,223</u>	<u>\$ 22,813,175</u>
<u>Less accumulated depreciation for:</u>				
Buildings and other land improvements	\$ 1,618	\$ 3,575	\$ -	\$ 5,193
Furniture, machinery and equipment	328,928	67,415	(63,418)	459,761
Infrastructure	7,554,406	429,378	(11,906)	7,995,690
Total accumulated depreciation	<u>7,884,952</u>	<u>500,368</u>	<u>(75,324)</u>	<u>8,460,644</u>
Capital assets, net	<u>\$ 13,946,694</u>	<u>\$ 706,384</u>	<u>\$ 300,547</u>	<u>\$14,352,531</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 21,672
Community development	8,194
Recreation	298,278
Library	33,305
Parking enforcement	23,465
Public safety – police	85,728
Public safety – fire	198,930
Public services	682,399
	<u>\$ 1,351,971</u>

The October 1, 2012 beginning balances have been restated for reclassifications that have been made between asset categories.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE F - CAPITAL ASSETS (continued)

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

NOTE G - LONG-TERM DEBT

Long-term debt activity for the fiscal year ended September 30, 2013 was as follows:

	Balance 10-1-12	Increases	Decreases	Balance 9-30-13	Due Within One Year
Governmental Activities					
General Obligation Bonds, Series 1993	\$ 160,000	\$ -	\$ 160,000	\$ -	\$ -
Revenue Bonds, Series 2006	2,250,000	-	335,000	1,915,000	345,000
Accumulated unused Compensated absences	543,695	46,647	177,533	412,809	31,072
	<u>\$ 2,953,695</u>	<u>\$ 46,647</u>	<u>\$ 672,533</u>	<u>\$ 2,327,809</u>	<u>\$ 376,072</u>
Business-Type Activities					
State Revolving Loan (1992)	\$ 1,671,186	\$ -	\$ 537,750	\$ 1,133,436	\$ 556,836
State Revolving Loan (2003)	180,596	-	14,047	166,549	14,433
State Revolving Loan (2005)	2,590,716	-	155,496	2,435,220	159,854
Accumulated unused Compensated absences	36,389	1,222	-	37,611	2,830
	<u>\$ 4,478,887</u>	<u>\$ 1,222</u>	<u>\$ 707,293</u>	<u>\$ 3,772,816</u>	<u>\$ 733,953</u>

Long-term debt for the governmental activities is comprised of the following as of September 30, 2013:

<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 \$345,000 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	1,915,000
<u>Accumulated unused compensated absences</u> : represents the vested portion of accumulated vacation and sick pay benefits due employees.	412,809
Total Governmental Activities Long-Term Debt	<u>\$ 2,327,809</u>

Long-term debt for the business-type activities is comprised of the following as of September 30, 2013:

<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.	\$ 1,133,436
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CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G - LONG-TERM DEBT (continued)

State Revolving Loan (2003): The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on November 5, 2001, whereby DEP agreed to finance a sanitary sewer and reclaimed water relocation – reconstruction project. The final amended agreement provided for a total amount of available loan proceeds of \$492,549. The total amount drawn on the loan, including capitalized interest and excluding service fees, was \$287,004. The loan is to be repaid in semi-annual installments of \$9,725, including interest at 3.05%, through September 15, 2023. The first payment was due March 15, 2004. The loan is secured by a lien on pledged revenues from the wastewater system after payment of operation and maintenance expenses. 166,549

State Revolving Loan (2005): The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on May 14, 2004, whereby DEP agreed to finance a new master lift station. The final amended agreement provided for a total amount of available loan proceeds of \$3,630,146. The total amount drawn on the loan, excluding capitalized interest and service fees, was \$3,515,929. The 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. 2,435,220

Accumulated unused compensated absences: represents the vested portion of accumulated vacation and sick pay benefits due employees. 37,611
 Total Business-Type Activities Long Term Debt \$ 3,772,816

Interest expense and fiscal charges for Governmental Activities in the amount of \$121,397 has been separately reported as interest on long-term debt in the Statement of Activities for the year ended September 30, 2013. Interest expense of \$116,855 has been reported for the Business-type Activities – Enterprise Funds for the year ended September 30, 2013.

Funding of Revenue Bonds, Series 2006

The total amount of principal and interest paid during fiscal year 2013 on the Revenue Bonds, Series 2006 was \$335,000 and \$109,150, respectively. The debt service payments are secured by non – ad valorem revenues. The City has identified the infrastructure sales tax revenues as the source for the debt service payments on the Revenue Bonds, Series 2006. The combined amount of debt service payments for the Revenue Bonds, Series 2006, and the amount of infrastructure sales tax revenues received for fiscal year 2013 was \$444,150 and \$804,221, 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, 2013, are as follows:

Reserved escrow account	\$ 999,110
Pledged Reserve escrow account	248,859
Loan repayment reserve account	<u>89,565</u>
Total restricted assets	<u>\$ 1,337,534</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G - LONG-TERM DEBT (continued)

The City has used the Reserved Escrow Account funds to purchase \$4,342,417 of U.S. Treasury Zero Coupon Bonds with an original face value of \$10,000,000. The U.S. Treasury bonds mature in \$500,000 increments annually for twenty years through November 15, 2014. This maturity schedule coincides with the annual loan repayment terms requiring annual payments through December 31, 2014. The face value of unmatured bonds as of September 30, 2013 is \$1,000,000.

The total amount of principal and interest paid for fiscal year 2013 on the 1992 State Revolving Loan was \$597,117, of which \$500,000 was paid from the maturing U. S. Treasury bond and \$97,117 from the pledged reclaimed water system revenues. The total amount of reclaimed water system revenues for fiscal year 2013 was \$799,196.

Funding Requirements of State Revolving Loan (2003)

The loan agreement provides that the City shall establish a Loan Repayment Reserve Account in the amount of \$14,346 by September 15, 2003 which shall be dedicated solely for the repayment of the loan. Additionally, a Loan Debt Service Account shall be established by September 15, 2003 into which shall be deposited monthly 1/6th of the semi-annual loan payment of \$9,725. These Escrow accounts have been established and are accounted for in the Wastewater Fund as a restricted asset. The required balances and the amount of restricted assets as of September 30, 2012, are as follows:

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

The total amount of principal and interest paid for fiscal year 2013 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 2013 was \$4,679,616 and operating expenditures and capital outlay expenditures totaled \$4,008,329.

Funding Requirements of State Revolving Loan (2005)

The loan agreement provides that a Loan Debt Service Account shall be established by September 15, 2006 into which shall be deposited monthly 1/6th of the semi-annual loan payment of \$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, 2013, are as follows:

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

The total amount of principal and interest paid for fiscal year 2013 on the 2005 State Revolving Loan was \$222,106. This amount was paid from the pledged wastewater system revenues. The total amount of wastewater system revenues for fiscal year 2013 was \$4,679,616 and operating expenditures and capital outlay expenditures totaled \$4,008,329.

Total funding requirements for the State Revolving Loans:

State Revolving Loan (1992)	\$ 1,337,534
State Revolving Loan (2003)	15,967
State Revolving Loan (2005)	<u>20,219</u>
Total restricted assets	<u><u>\$ 1,373,720</u></u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G - LONG-TERM DEBT (continued)

The restricted assets pertaining to the funding requirements for the State Revolving Loans are presented in the accompanying Statement of Net Position as of September 30, 2013 as follows:

Current assets –Pooled cash and investments	\$ 123,138
Investments, at fair value	500,000
Non-current assets – Pooled cash and investments	251,473
Investments, at fair value	499,109
Total restricted assets	<u>\$ 1,373,720</u>

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2013, are as follows:

<u>Revenue Bonds, Series 2006</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 345,000	\$ 95,750	\$ 440,750
2015	365,000	78,500	443,500
2016	385,000	60,250	445,250
2017	400,000	41,000	441,000
2018	420,000	21,000	441,000
<u>Total Annual Requirements Excluding Accumulated Unused Compensated Absences</u>	<u>\$ 1,915,000</u>	<u>\$ 296,500</u>	<u>\$2,211,500</u>

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2013, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>State Revolving Loan (1992)</u>			
2014	\$ 556,819	\$ 40,282	\$ 597,101
2015	576,617	20,484	597,101
	<u>\$ 1,133,436</u>	<u>\$ 60,766</u>	<u>\$ 1,194,202</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>State Revolving Loan (2003)</u>			
2014	\$ 14,433	\$ 5,016	\$ 19,449
2015	14,879	4,570	19,449
2016	15,339	4,110	19,449
2017	15,814	3,635	19,449
2018	16,303	3,146	19,449
	76,768	20,477	97,245
2019-2023	89,781	7,848	97,629
	<u>\$ 166,549</u>	<u>\$ 28,325</u>	<u>\$ 194,874</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>State Revolving Loan (2005)</u>			
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
2018	177,255	44,852	222,107
	842,211	268,324	1,110,535
2019-2023	958,328	152,204	1,110,532
2024-2026	634,681	27,852	662,533
	<u>\$ 2,435,220</u>	<u>\$ 448,380</u>	<u>\$ 2,883,600</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G - LONG-TERM DEBT (continued)

<u>Total Annual Requirements Excluding Accumulated Unused Compensated Absences</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 731,106	\$ 107,551	\$ 838,657
2015	755,533	83,124	838,657
2016	183,669	57,887	241,556
2017	188,549	53,007	241,556
2018	193,558	47,998	241,556
	<u>2,052,415</u>	<u>349,567</u>	<u>2,401,982</u>
2019-2023	1,048,109	160,052	1,208,161
2024-2026	634,681	27,852	662,533
	<u>\$ 3,735,205</u>	<u>\$ 537,471</u>	<u>\$ 4,272,676</u>

NOTE H - PENSIONS

Defined Benefit Plans

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

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

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

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

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

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, 2013:

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H – PENSIONS (continued)

	Police Pension	Firefighters' Pension	General Pension
Retirees and beneficiaries receiving benefits	23	21	69
Terminated plan members entitled to but not yet receiving benefits	5	2	46
Active plan members	4	26	20
DROP plan members (active)	2	2	6
	34	51	141

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 - 80.4%	Actuarially Determined - 46.6%	Actuarially Determined - 64.4% (City only)
Contribution rates: Plan members	3.0%	3.0%	7.6%
Actuarial valuation date	October 1, 2013	October 1, 2013	October 1, 2013
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	7.75%	7.75%	7.75%
Projected salary increases	5% per year	4.5% per year	5% 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.

Plan Amendments

The following amendments have been made to the Plans during the past year:

Police Pension:

1. A freeze on all accrued benefits was implemented as of January 31, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date. Such members will accrue benefits in accordance with the Plan provisions in effect prior to January 31, 2013.

September 30, 2013

NOTE H – PENSIONS (continued)

2. Cost of living adjustments (COLA) will be eliminated for all benefits accruing after February 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date who will continue to be eligible for cost of living adjustments.
3. Plan members will not be able to enter the DROP program effective February 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date.
4. The normal retirement date provisions were amended for all Plan members that had not completed 10 years of credited service by January 31, 2013 such that the normal retirement date will now be the earlier of attaining age 60 and the completion of 10 years of credited service or the completion of 30 years of credited service regardless of age.
5. The Plan vesting provisions were amended such that a member now becomes 100% vested after attaining 10 years of credited service and is 0% vested prior to attaining 10 years of credited service.
6. Member contribution rates were lowered from 8.3% to 3% effective February 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date who will continue to make contributions at 8.3%.
7. As a result of the Police Department being merged into the Pinellas County Sheriff's Department, Plan members can elect to remain in the Police Pension or enter into the Florida Retirement System.

Firefighters' Pension:

1. A freeze on all accrued benefits was implemented as of December 31, 2012 except for Plan members who have attained age 55 or 25 years of credited service as of that date. Such members will accrue benefits in accordance with the Plan provisions in effect prior to December 31, 2012.
2. Cost of living adjustments (COLA) will be eliminated for all benefits accruing after January 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date who will continue to be eligible for cost of living adjustments
3. Plan members will not be able to enter the DROP program effective January 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date.
4. The normal retirement date provisions were amended for all Plan members that had not completed 10 years of credited service by January 1, 2013 such that the normal retirement date will now be the earlier of attaining age 60 and the completion of 10 years of credited service or the completion of 30 years of credited service regardless of age.
5. The Plan vesting provisions were amended such that a member now becomes 100% vested after attaining 10 years of credited service and is 0% vested prior to attaining 10 years of credited service.
6. Member contribution rates were lowered from 10.3% to 3% effective February 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date who will continue to make contributions at 10.3%.

General Pension:

1. A freeze on all accrued benefits was implemented as of September 30, 2012 except for Plan members who have attained age 55 or 25 years of credited service as of that date. Such members will accrue benefits in accordance with the Plan provisions in effect prior to September 30, 2012.
2. Cost of living adjustments (COLA) will be eliminated for all benefits accruing after October 1, 2012 except for Plan members who have attained age 55 or 25 years of credited service as of that date who will continue to be eligible for cost of living adjustments
3. Plan members will not be able to enter the DROP program effective October 1, 2012 except for Plan members who have attained age 55 or 25 years of credited service as of that date.
4. The normal retirement date provisions were amended for all Plan members that had not completed 10 years of credited service by October 1, 2012 such that the normal retirement date will now be the earlier of attaining age 60 and the completion of 10 years of credited service or the completion of 30 years of credited service regardless of age.
5. The Plan vesting provisions were amended such that a member now becomes 100% vested after attaining 10 years of credited service and is 0% vested prior to attaining 10 years of credited service.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H – PENSIONS (continued)

6. Member contribution rates were lowered from 7.6% to 3% effective February 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date who will continue to make contributions at 7.6%.

	Three Year Trend Information			
	Year Ending September 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation *
Police Pension	2011	\$ 543,498	100	\$ (25,161)
	2012	692,038	110	(97,422)
	2013	505,311	236	(783,880)
Firefighters' Pension	2011	\$ 336,868	100	\$ (84,176)
	2012	581,097	112	(154,774)
	2013	668,138	126	(328,798)
General Pension	2011	\$ 393,026	100	\$ 0
	2012	428,564	100	0
	2013	541,944	100	(2,138)

* 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, 2013	October 1, 2013	October 1, 2013
Actuarial Value of Assets	\$ 10,712,936	\$ 9,927,164	\$ 10,934,940
Actuarial Accrued Liability,	\$ 15,007,798	\$ 16,193,620	\$ 16,470,441
Unfunded Actuarial Accrued Liability	\$ 4,294,862	\$ 6,266,456	\$ 5,535,501
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	71.38%	61.30%	66.39%
Annual Covered Payroll	\$ 272,610	\$ 1,503,961	\$ 839,938
Ratio of the Unfunded Actuarial Liability to Covered Payroll	1575.46%	416.66%	659.04%

Net Pension Obligation:

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

	2011	2012	2013
Actuarially determined contribution (A)	\$ 543,739	\$ 692,107	\$ 505,018
Interest on NPO	(2,118)	(2,139)	(7,550)
Adjustment to (A)	1,877	2,070	7,843
Annual Pension Cost	543,498	692,038	505,311
Contributions made	543,739	764,299	1,191,769
Increase in NPO	(241)	(72,261)	(686,458)
NPO beginning of year	(24,920)	(25,161)	(97,422)
NPO end of year	<u>\$(25,161)</u>	<u>\$(97,422)</u>	<u>\$(783,880)</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H – PENSIONS (continued)

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

	2011	2012	2013
Actuarially determined contribution (A)	\$ 338,255	\$ 582,851	\$ 670, 930
Interest on NPO	(7,037)	(7,155)	(11,995)
Adjustment to (A)	5,650	5,401	9,203
Annual Pension Cost	336,868	581,097	668,138
Contributions made	338,255	651,695	842,162
Increase in NPO	(1,387)	(70,598)	(174,024)
NPO beginning of year	(82,789)	(84,176)	(154,774)
NPO end of year	<u>\$ (84,176)</u>	<u>\$ (154,774)</u>	<u>\$ (328,798)</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	10/01/13	\$ 10,712,936	\$ 15,007,798	\$ 4,294,862	71.38%	\$ 272,610	1575.46%
	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	16,765,701	7,544,406	55.00%	1,120,784	673.14%
	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%
Firefighters’ Pension	10/01/13	\$ 9,927,164	\$ 16,193,620	\$ 6,266,456	61.30%	\$ 1,503,961	416.66%
	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%
General Pension	10/01/13	\$ 10,934,940	\$ 16,470,441	\$ 5,535,501	66.39%	\$ 839,938	659.04%
	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%

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	2013	\$ 505,018	\$ 1,110,918	\$ 80,851	235.99%
	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%

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H – PENSIONS (continued)

	Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
Firefighters' Pension	2013	\$ 670,930	\$ 631,303	\$ 210,859	125.52%
	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%
General Pension	2013	\$ 541,944	\$ 544,082	\$ 0	100.39%
	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%

* - The State contribution was '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, 2013 in the amounts of \$80,851 and \$196,803, 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, 2013 are as follows:

Statement of Net Position
September 30, 2013

	Police	Firefighters'	General
Assets			
Cash	\$ 64,156	\$ 88,063	\$ 7,342
Investments, at fair value	10,875,175	10,121,662	11,287,194
Receivables	326,781	249,070	53,374
Total assets	11,266,112	10,458,795	11,347,910
Liabilities			
Administrative expenses payable	38,668	17,802	20,382
Deferred contribution	-	14,339	-
Total Liabilities	38,668	32,141	20,382
Net Position			
Held in Trust for Pension Benefits	\$ 11,227,444	\$ 10,426,654	\$ 11,327,528

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H – PENSIONS (continued)

Statement of Changes in Net Position
For the year Ended September 30, 2013

	<u>Police</u>	<u>Firefighters'</u>	<u>General</u>
Additions			
Contributions			
Employer	\$ 1,110,918	\$ 626,303	\$ 553,371
Plan members	41,165	74,976	35,079
	<u>1,152,083</u>	<u>701,279</u>	<u>588,450</u>
Intergovernmental revenue			
State excise tax rebate and Supplemental Compensation Trust Fund	80,851	196,803	-
Investment earnings			
Net appreciation (depreciation) in fair value of investments	1,048,688	911,049	922,351
Interest and dividends	259,472	248,150	255,694
Miscellaneous Income	130	51	285
Total investment earnings	<u>1,308,290</u>	<u>1,159,250</u>	<u>1,178,330</u>
Less investment expense	29,454	70,001	38,096
Net investment earnings	<u>1,278,836</u>	<u>1,089,249</u>	<u>1,140,234</u>
Total additions	<u>2,511,770</u>	<u>1,987,331</u>	<u>1,728,684</u>
Deductions			
Benefits	1,013,390	821,828	923,222
Lump sum Deferred Retirement Option Plan (DROP) payments	385,931	-	328,432
Refunds of contributions	274,645	-	85,170
Administrative expenses	33,267	23,981	34,310
Total deductions	<u>1,707,233</u>	<u>845,809</u>	<u>1,371,134</u>
Change in Net Position	804,537	1,141,522	357,550
Net Position – October 1, 2012	<u>10,422,907</u>	<u>9,285,132</u>	<u>10,969,978</u>
Net Position – September 30, 2013	<u>\$ 11,227,444</u>	<u>\$ 10,426,654</u>	<u>\$ 11,327,528</u>

Defined Contribution Plans

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.

Funding Policy: Pursuant to the Plan agreement 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. The City's contributions for

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H – PENSIONS (continued)

the years ended September 30, 2013, 2012 and 2011 were \$120,169, \$112,071 and \$96,759, respectively. The City contributed the required amount for each fiscal year.

Plan Description: The City implemented an additional defined contribution - money purchase - retirement plan (the General & Special Risk Retirement Plan) effective October 1, 2012. Eligible participants consist of non-managerial general employees and firefighters that elect to participate in the General & Special Risk Retirement Plan. Participants that elect to participate in the General & Special Risk Retirement Plan are still required to participate in the Firefighters' Pension Plan or the General Pension Plan.

Funding Policy: The City makes a matching contribution to the General & Special Risk Retirement Plan as follows: general employees with less than 14 years of credited service as of October 1, 2012 can contribute up to 5% of their earnings each year and the City will match 50% of the contribution percentage up to 2.5% of the employee's contribution; general employees with more than 14 years of credited service as of the effective date can contribute up to 5% of earnings and the City will match 75% of the contribution percentage up to 3.75% of the employee's contribution. Firefighters with less than 14 years of credited service as of October 1, 2012 can contribute up to 10% of their earnings each year and the City will match 50% of the contribution percentage up to 5% of the employee's contribution; Firefighters with more than 14 years of credited service as of the effective date can contribute up to 10% of earnings and the City will match 75% of the contribution percentage up to 7.5% of the employee's contribution. The City's matching contribution for September 30, 2013 was \$49,231. The City contributed the required amount for the year.

The Plans are 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 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.

NOTE I – 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 60 with a minimum of 10 years of vesting service, or the completion of 30 years of service (earlier of 55 years old or 25 years of service if hired before October 1, 2002.). *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 60 with 10 years of service, or upon completion of 30 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 60 or above with 10 years of service, or the completion of 30 years of service (earlier of 55 or 25 years of service if hired before February 1, 2003.)

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.

September 30, 2013

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

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, 2013, the expected contribution for the City was \$1,848.

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:

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.

During the year ended September 30, 2013, the City changed the retirement age for all classes of employees from age 55 to 60 or the attainment of 30 years of credited service rather than the previous requirement of 25 years of credited service. The City also transferred the operation of the police department to the Pinellas County Sheriff’s Department resulting in a reduction of the City’s workforce of approximately 30%. As a result of changing the retirement age requirement and the reduction in the City’s workforce, there was a significant decrease in the Other Postemployment Benefits obligation for fiscal year 2013. The reduction of the Net OPEB obligation was \$593,067.

	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/13
Annual Required Contribution (ARC)	\$ 9,033
Interest on net OPEB obligation	244
Adjustment to ARC	-
Annual OPEB cost	<u>9,277</u>
Expected employer contribution	<u>1,848</u>
Increase in net OPEB obligation	7,429
Net OPEB obligation beginning of year	627,756
Impact of change in assumption	<u>(593,067)</u>
Net OPEB obligation end of year	<u><u>\$ 42,118</u></u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE I – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

Other Required Supplementary Information:

Three year trend information:

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/13	\$ 9,033	20.5%	\$ 42,118
9/30/12	\$ 246,164	22.7%	\$ 627,311
9/30/11	\$ 242,451	23.1%	\$ 436,847

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)
10/01/12	\$ -	\$ 220,686	\$ 220,686	0.0%	\$4,584,562	4.81%
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:

Actuarial valuation date	10/1/12
Annual OPEB Cost	\$ 9,033
Contributions made	\$ 1,848
Actuarial cost method	Entry Age Cost Method
Amortization method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions	
Investment rate of return *	3%
Payroll growth rate *	8%
Initial medical trend rate	4.8%
Ultimate medical trend rate	5.8%
* - Includes inflation at	8%

NOTE J – OPERATING LEASE COMMITMENTS

The City has entered into office equipment lease agreements having original terms of 60 months. The lease agreements do not contain renewal or escalation provisions. Rental expense for the year ended September 30, 2013 was \$14,944. The remaining lease payments as of September 30, 2013 are as follows:

	Payment Requirement
2014	\$ 4,646
2015	1,936
Total	<u>\$ 6,582</u>

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE K - RISK FINANCING

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

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

Public Risk Management of Florida is a risk pool that assumes the risk of loss for all participating members. The members are subject to additional premium assessments in the event that the risk pool requires additional funding to satisfy all claims. The City has not been assessed any additional insurance premiums for the year ended September 30, 2013, nor is the City aware of any contingent assessments. The City has not reduced insurance coverage from the prior year for any category of insurance risk. Settlement claims, if any, have not exceeded insurance coverage at any time for each of the past three fiscal years.

NOTE L - DEFERRED COMPENSATION PLAN

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

NOTE M – COMMITMENTS AND CONTINGENCIES

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

Law Enforcement: Through a voter referendum held in November, 2012, the Citizens of St. Pete Beach approved a charter amendment to dissolve the City's Police Department and allow the City to contract with the Pinellas County Sheriff's Department for law enforcement services with an effective date of January 6, 2013. For the period January 6 to September 30, 2013, the City paid \$1,520,436 for law enforcement services through the Pinellas County Sheriff's Department. The City Commission continued this contract for services for the fiscal year ended September 30, 2014 in the amount of \$2,077,477.

Contingent Liability: As of September 30, 2013, 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.

CITY OF ST. PETE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE N -TRANSFER OF OPERATIONS – PUBLIC SAFETY – POLICE

Effective January 6, 2013, the City of St. Pete Beach dissolved its Police department and contracted with the Pinellas County Sheriff's Department to provide law enforcement services. The direct costs associated with the transfer of law enforcement services as reported at the fund level totaled \$342,729 and included the payment of severance and accumulated vacation, sick and compensatory time to terminated employees in the amount of \$304,882 and the payment of additional pension plan contributions in the amount of \$37,847. These expenditures have been reported as a *Special Item* in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Additional direct costs associated with the transfer of law enforcement services as reported on the government-wide level includes the un-depreciated cost of equipment transferred to the Pinellas County Sheriff's Department and the un-depreciated cost of equipment otherwise disposed of totaling \$404,704. The sum of all direct costs in the amount of \$747,433 is reported as a *Special Item* in the accompanying Statement of Activities.

NOTE O – SUBSEQUENT EVENTS

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

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Required Supplementary Information

The required supplementary information consists of budgetary comparison schedules for the General Fund.

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Taxes					
Ad valorem tax	\$ 6,458,854	\$ 6,458,854	\$ 6,474,606	\$ 15,752	\$ 5,641,473
Franchise tax	1,250,000	1,250,000	1,105,415	(144,585)	1,157,857
Telecommunications tax	590,000	590,000	554,939	(35,061)	578,805
Utility tax	1,595,000	1,595,000	1,527,262	(67,738)	1,473,331
	<u>9,893,854</u>	<u>9,893,854</u>	<u>9,662,222</u>	<u>(231,632)</u>	<u>8,851,466</u>
Licenses and permits					
Local business tax	102,000	102,000	94,410	(7,590)	105,644
Building, sign and other permits	378,450	390,450	446,289	55,839	410,868
	<u>480,450</u>	<u>492,450</u>	<u>540,699</u>	<u>48,249</u>	<u>516,512</u>
Intergovernmental revenues					
State sales tax	490,000	490,000	513,577	23,577	491,998
Emergency medical services	1,445,699	1,445,699	1,445,699	-	1,216,072
Federal, state and local grants	54,000	81,720	195,322	113,602	834,884
State excise tax rebate - Fire Pension	171,912	196,897	196,803	(94)	199,867
State excise tax rebate - Police Pension	72,175	80,851	80,851	-	92,536
Pinellas Library Cooperative	161,485	161,485	162,137	652	168,334
Other intergovernmental revenues	441,830	441,830	445,977	4,147	439,226
	<u>2,837,101</u>	<u>2,898,482</u>	<u>3,040,366</u>	<u>141,884</u>	<u>3,442,917</u>
Charges for services					
Planning and zoning fees	10,000	10,000	23,287	13,287	21,452
Certification, copies and record search	6,800	6,800	6,533	(267)	7,213
Administration charges to other funds	354,199	354,199	354,199	-	343,883
Parking facilities	1,102,000	1,152,000	1,350,873	198,873	1,326,539
Library fees	28,000	28,000	26,771	(1,229)	25,356
Recreation activity fees	453,150	468,150	438,253	(29,897)	320,121
Other charges for services	6,430	6,430	9,596	3,166	10,695
Police services	55,000	55,000	3,035	(51,965)	80,255
	<u>2,015,579</u>	<u>2,080,579</u>	<u>2,212,547</u>	<u>131,968</u>	<u>2,135,514</u>
Fines and forfeitures					
Court fines and costs	36,000	36,000	20,753	(15,247)	44,969
Police education	2,100	2,100	1,118	(982)	2,332
Parking tickets	80,000	80,000	93,971	13,971	77,943
Other fines and forfeitures	20,000	20,000	16,913	(3,087)	15,971
	<u>138,100</u>	<u>138,100</u>	<u>132,755</u>	<u>(5,345)</u>	<u>141,215</u>
Miscellaneous revenues					
Interest income	8,600	8,600	9,844	1,244	13,552
Rentals of City owned facilities	283,004	283,004	300,692	17,688	253,437
Surplus and scrap sales	20,000	20,000	19,056	(944)	34,298
Contributions and donations	10,000	11,800	9,750	(2,050)	15,916
Other miscellaneous revenues	32,500	32,500	62,607	30,107	91,426
	<u>354,104</u>	<u>355,904</u>	<u>401,949</u>	<u>46,045</u>	<u>408,629</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 15,719,188	\$ 15,859,369	\$ 15,990,538	\$ 131,169	\$ 15,496,253
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
General Government					
City Commission					
Personal services	31,972	31,972	31,972	-	29,700
Other operating expenditures	35,001	41,901	41,867	34	29,896
City Clerk					
Personal services	186,885	186,885	155,674	31,211	178,825
Other operating expenditures	47,782	40,882	34,369	6,513	30,748
Legal					
Operating expenditures	295,000	419,985	419,465	520	616,057
City Manager					
Personal services	335,623	335,623	341,048	(5,425)	288,993
Other operating expenditures	124,060	128,060	114,290	13,770	191,346
Transfer to Capital Improvement Projects Fund	925,000	1,325,000	1,325,000	-	925,000
Financial Administration					
Personal services	344,442	344,441	358,007	(13,566)	349,976
Other operating expenditures	44,382	44,382	30,101	14,281	40,222
Information Technology					
Personal services	194,391	67,806	64,351	3,455	216,454
Other operating expenditures	128,456	141,756	138,300	3,456	109,980
Capital outlay	12,000	300	-	300	21,605
	<u>2,704,994</u>	<u>3,108,993</u>	<u>3,054,444</u>	<u>54,549</u>	<u>3,028,802</u>
Community Development					
Planning					
Personal services	195,030	165,632	157,014	8,618	162,476
Other operating expenditures	19,200	39,199	35,230	3,969	21,492
Building Services					
Personal services	354,722	361,722	362,620	(898)	332,722
Other operating expenditures	41,270	43,670	40,297	3,373	48,942
	<u>610,222</u>	<u>610,223</u>	<u>595,161</u>	<u>15,062</u>	<u>565,632</u>
Recreation					
Personal services	511,549	526,550	535,231	(8,681)	505,634
Other operating expenditures	507,518	515,317	510,630	4,687	398,207
Capital outlay	34,000	28,000	20,059	7,941	16,603
	<u>1,053,067</u>	<u>1,069,867</u>	<u>1,065,920</u>	<u>3,947</u>	<u>920,444</u>
Library					
Personal services	359,025	359,026	362,026	(3,000)	344,752
Other operating expenditures	193,502	193,502	185,232	8,270	172,753
Capital outlay	-	-	-	-	16,932
	<u>552,527</u>	<u>552,528</u>	<u>547,258</u>	<u>5,270</u>	<u>534,437</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
CHARGES TO APPROPRIATIONS					
(OUTFLOWS) (continued)					
Parking Enforcement					
Personal services	\$ 141,560	\$ 154,316	\$ 154,098	\$ 218	\$ 125,593
Other operating expenditures	135,380	185,379	182,318	3,061	192,947
Capital outlay	-	-	-	-	6,290
	<u>276,940</u>	<u>339,695</u>	<u>336,416</u>	<u>3,279</u>	<u>324,830</u>
Public Safety					
Police					
Personal services	3,872,187	2,263,333	2,264,044	(711)	3,407,828
Other operating expenditures	365,366	1,700,343	1,689,080	11,263	332,552
Capital outlay	134,500	2,806	6,962	(4,156)	108,573
Debt service	168,400	168,400	169,208	(808)	172,346
Fire - Fire Suppression					
Personal services	1,793,332	1,830,316	1,828,880	1,436	1,736,570
Other operating expenditures	203,120	232,820	224,324	8,496	203,099
Capital outlay	69,000	39,300	38,316	984	767,017
Fire - EMS					
Personal services	1,261,452	1,261,452	1,263,851	(2,399)	1,153,491
Other operating expenditures	50,058	50,058	58,076	(8,018)	51,146
Capital outlay	150,000	150,000	150,000	-	15,604
	<u>8,067,415</u>	<u>7,698,828</u>	<u>7,692,741</u>	<u>6,087</u>	<u>7,948,226</u>
Public Services					
Administration					
Personal services	149,793	149,793	150,593	(800)	148,690
Other operating expenditures	477,694	477,694	471,593	6,101	413,795
Building Administration					
Personal services	153,732	153,732	148,460	5,272	138,240
Other operating expenditures	102,868	102,868	80,575	22,293	125,111
Streets					
Personal services	192,841	192,841	196,292	(3,451)	184,895
Other operating expenditures	673,041	680,608	635,485	45,123	627,155
Parks					
Personal services	244,313	244,313	248,376	(4,063)	211,769
Other operating expenditures	439,741	481,420	449,543	31,877	475,236
Capital outlay	20,000	20,000	9,217	10,783	52,169
	<u>2,454,023</u>	<u>2,503,269</u>	<u>2,390,134</u>	<u>113,135</u>	<u>2,377,060</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>15,719,188</u>	<u>15,883,403</u>	<u>15,682,074</u>	<u>201,329</u>	<u>15,699,431</u>
EXCESS (DEFICIENCY) OF RESOURCES					
OVER CHARGES TO APPROPRIATIONS					
	-	(24,034)	308,464	332,498	(203,178)
FUND BALANCES - BEGINNING OF YEAR					
	<u>4,711,357</u>	<u>4,711,357</u>	<u>4,711,357</u>	-	<u>4,914,535</u>
FUND BALANCES - END OF YEAR					
	<u>\$ 4,711,357</u>	<u>\$ 4,687,323</u>	<u>\$ 5,019,821</u>	<u>\$ 332,498</u>	<u>\$ 4,711,357</u>

(continued)

CITY OF ST. PETE BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2012

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.	\$ 15,990,538
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>(19,056)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 15,971,482</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 15,682,074
Differences - budget to GAAP:	
Transfers out are outflows for budgetary purposes but are not expenditures for financial reporting purposes.	(1,325,000)
Special Item - Transfer of Operations - Public Safety - Police expenditures incurred as a result of the dissolution of the Police Department are reported separately as a special item.	<u>(342,729)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 14,014,345</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, 2013

With Comparative Total Amounts for September 30, 2012

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	Governmental Funds	
			2013	2012
ASSETS				
Pooled cash and investments and cash equivalents	\$ 186,189	\$ 5,322	\$ 191,511	\$ 205,864
TOTAL ASSETS	<u>\$ 186,189</u>	<u>\$ 5,322</u>	<u>\$ 191,511</u>	<u>\$ 205,864</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other governments	\$ 992	\$ -	\$ 992	\$ 16,380
TOTAL LIABILITIES	992	-	992	16,380
FUND BALANCES				
Fund balances				
Restricted for:				
Transportation Improvements	185,197	-	185,197	184,161
Law enforcement	-	5,322	5,322	5,323
TOTAL FUND BALANCES	<u>185,197</u>	<u>5,322</u>	<u>190,519</u>	<u>189,484</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 186,189</u>	<u>\$ 5,322</u>	<u>\$ 191,511</u>	<u>\$ 205,864</u>

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2013

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

	Special Revenue Funds		Totals	
	Transportation	Police	Non- major	
	Impact Fee	Confiscation	Governmental Funds	
			2013	2012
REVENUES				
Impact fees	\$ 1,074	\$ -	\$ 1,074	\$ 17,745
Miscellaneous	(38)	(1)	(39)	(64)
TOTAL REVENUES	1,036	(1)	1,035	17,681
EXPENDITURES	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,036	(1)	1,035	17,681
OTHER FINANCING SOURCES (USES)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	1,036	(1)	1,035	17,681
FUND BALANCES - BEGINNING OF YEAR	184,161	5,323	189,484	171,803
FUND BALANCES - END OF YEAR	\$ 185,197	\$ 5,322	\$ 190,519	\$ 189,484

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

September 30, 2013

With Comparative Total Amounts for September 30, 2012

	Police Pension	Firefighters' Pension	General Pension	Totals	
				2013	2012
ASSETS					
Cash	\$ 64,156	\$ 88,063	\$ 7,342	159,561	\$ -
Investments, at fair value					
Cash equivalents, short term investments	204,988	196,589	156,490	558,067	1,678,253
U. S. Government, Federal					
Agency and municipal securities	664,873	737,092	922,809	2,324,774	5,270,204
Asset backed securities	570,428	553,699	739,521	1,863,648	-
Collateralized mortgage obligations	667,351	639,482	800,592	2,107,425	-
Fixed income mutual funds	522,899	465,770	4,022,840	5,011,509	-
Unit investment trusts	37,318	87,016	35,875	160,209	-
Foreign stocks and bonds	261,387	649,204	282,987	1,193,578	-
Corporate bonds	911,210	873,455	1,089,055	2,873,720	4,659,914
Equities - common stock	1,062,744	5,013,060	1,003,658	7,079,462	6,182,815
Equities - mutual funds	5,971,977	906,295	2,233,367	9,111,639	12,740,619
	<u>10,875,175</u>	<u>10,121,662</u>	<u>11,287,194</u>	<u>32,284,031</u>	<u>30,531,805</u>
Receivables					
Accrued interest and dividends	22,795	27,670	24,246	74,711	67,441
Contribution receivable	303,986	24,597	29,128	357,711	77,219
State excise tax rebate	-	196,803	-	196,803	53,620
	<u>326,781</u>	<u>249,070</u>	<u>53,374</u>	<u>629,225</u>	<u>198,280</u>
TOTAL ASSETS	<u>11,266,112</u>	<u>10,458,795</u>	<u>11,347,910</u>	<u>33,072,817</u>	<u>30,730,085</u>
LIABILITIES					
Administrative expenses payable	38,668	17,802	20,382	76,852	37,729
Deferred contribution	-	14,339	-	14,339	14,339
TOTAL LIABILITIES	<u>38,668</u>	<u>32,141</u>	<u>20,382</u>	<u>91,191</u>	<u>52,068</u>
NET POSITION HELD IN TRUST					
Held in trust for pension benefits	<u>\$ 11,227,444</u>	<u>\$ 10,426,654</u>	<u>\$ 11,327,528</u>	<u>\$ 32,981,626</u>	<u>\$ 30,678,017</u>

CITY OF ST. PETE BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended September 30, 2013

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

	Police Pension	Firefighters' Pension	General Pension	Totals	
				2013	2012
ADDITIONS					
Contributions					
Employer	\$ 1,110,918	\$ 626,303	\$ 553,371	\$ 2,290,592	\$ 1,631,992
Plan members	41,165	74,976	35,079	151,220	358,807
	<u>1,152,083</u>	<u>701,279</u>	<u>588,450</u>	<u>2,441,812</u>	<u>1,990,799</u>
Intergovernmental revenue					
State excise tax rebate	80,851	196,803	-	277,654	292,403
Investment income					
Net appreciation in fair value of investments	1,048,688	911,049	922,351	2,882,088	4,108,220
Interest and dividends	259,472	248,150	255,694	763,316	776,299
Miscellaneous income	130	51	285	466	15,347
Total investment earnings	<u>1,308,290</u>	<u>1,159,250</u>	<u>1,178,330</u>	<u>3,645,870</u>	<u>4,899,866</u>
Less investment expense	<u>29,454</u>	<u>70,001</u>	<u>38,096</u>	<u>137,551</u>	<u>139,516</u>
Net investment earnings	<u>1,278,836</u>	<u>1,089,249</u>	<u>1,140,234</u>	<u>3,508,319</u>	<u>4,760,350</u>
TOTAL ADDITIONS	<u>2,511,770</u>	<u>1,987,331</u>	<u>1,728,684</u>	<u>6,227,785</u>	<u>7,043,552</u>
DEDUCTIONS					
Benefits	1,013,390	821,828	923,222	2,758,440	2,409,339
Lump sum Deferred Retirement Option Plan (DROP) payments	385,931	-	328,432	714,363	1,225,752
Refunds of contributions	274,645	-	85,170	359,815	54,116
Administrative expenses	<u>33,267</u>	<u>23,981</u>	<u>34,310</u>	<u>91,558</u>	<u>88,410</u>
TOTAL DEDUCTIONS	<u>1,707,233</u>	<u>845,809</u>	<u>1,371,134</u>	<u>3,924,176</u>	<u>3,777,617</u>
CHANGE IN NET POSITION	804,537	1,141,522	357,550	2,303,609	3,265,935
NET POSITION - BEGINNING OF YEAR	<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>
NET POSITION - END OF YEAR	<u>\$ 11,227,444</u>	<u>\$ 10,426,654</u>	<u>\$ 11,327,528</u>	<u>\$ 32,981,626</u>	<u>\$ 30,678,017</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,	
	2013	2012
ASSETS		
Cash	\$ 2,950	\$ 3,200
Pooled cash and investments and cash equivalents	5,339,364	3,913,623
Receivables		
Other	268,793	273,883
Due from other funds	344,320	740,135
Due from other governments	396,402	889,189
Supplies inventory	435	1,238
Prepaid insurance and deposits	11,088	6,967
	<u>6,363,352</u>	<u>5,828,235</u>
TOTAL ASSETS	<u>\$ 6,363,352</u>	<u>\$ 5,828,235</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 293,629	\$ 360,252
Accrued liabilities	843,095	492,252
Due to other governments	84,301	141,602
Deferred revenue	122,506	122,772
	<u>1,343,531</u>	<u>1,116,878</u>
TOTAL LIABILITIES	<u>1,343,531</u>	<u>1,116,878</u>
FUND BALANCES		
Nonspendable:		
Supplies inventory	435	1,238
Prepays	10,888	6,767
Long-term receivable	273,144	344,320
Restricted for:		
Library	198,063	198,063
Assigned to:		
Compensated absences	412,809	543,695
Unassigned:		
General fund	4,124,482	3,617,274
	<u>5,019,821</u>	<u>4,711,357</u>
TOTAL FUND BALANCES	<u>5,019,821</u>	<u>4,711,357</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,363,352</u>	<u>\$ 5,828,235</u>

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2013
 With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services					
Customer service charges	\$ 4,598,838	\$ 4,598,838	\$ 4,679,616	\$ 80,778	\$ 4,737,866
Grants	-	-	19,879	19,879	-
Miscellaneous revenues					
Impact fees	12,000	12,000	1,035	(10,965)	4,266
Sale (disposal) of capital assets	-	-	(7,200)	(7,200)	12,313
Other	100	100	217,248	217,148	(359)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>4,610,938</u>	<u>4,610,938</u>	<u>4,910,578</u>	<u>299,640</u>	<u>4,754,086</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Personal services	460,510	441,570	474,595	(33,025)	448,217
Contractual/other services	2,670,053	2,691,080	2,895,698	(204,618)	3,019,769
Vehicle/equipment lease principle	-	-	-	-	32,834
Interest and fiscal charges	72,479	72,479	71,913	566	77,964
Capital outlay	580,500	934,593	638,036	296,557	444,008
State revolving loan principle	169,076	169,076	169,544	(468)	175,273
Repayment of advance from General Fund	324,640	324,640	324,639	1	285,270
Transfer to Capital Improvement Projects Fund	-	-	12,575	(12,575)	-
TOTAL CHARGES TO APPROPRIATIONS	<u>4,277,258</u>	<u>4,633,438</u>	<u>4,587,000</u>	<u>46,438</u>	<u>4,483,335</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 333,680</u>	<u>\$ (22,500)</u>	<u>\$ 323,578</u>	<u>\$ 346,078</u>	<u>\$ 270,751</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$249,743, for generally accepted accounting principles (GAAP) purposes was \$3,704,525. Capital outlay expenditures of \$638,036, state revolving loan principle of \$169,544, and repayment of advance from General Fund of \$324,639 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, 2013
 With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services					
Customer service charges	\$ 732,245	\$ 732,245	\$ 775,886	\$ 43,641	\$ 781,555
Investment income					
Interest	100	100	-	(100)	-
Miscellaneous revenues					
Impact fees	1,425	1,425	1,275	(150)	1,275
Sale (disposal) of capital assets	-	-	(666)	(666)	-
Other	14,122	14,122	29,672	15,550	14,215
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>747,892</u>	<u>747,892</u>	<u>806,167</u>	<u>58,275</u>	<u>797,045</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Personal services	107,880	107,880	101,647	6,233	102,518
Contractual/other services	327,460	339,460	387,043	(47,583)	480,300
State revolving loan debt service	597,101	597,101	582,692	14,409	583,266
Transfers out	83,176	71,176	60,512	10,664	-
Capital Outlay	75,200	75,200	-	75,200	44,769
TOTAL CHARGES TO APPROPRIATIONS	<u>1,190,817</u>	<u>1,190,817</u>	<u>1,131,894</u>	<u>58,923</u>	<u>1,210,853</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ (442,925)</u>	<u>\$ (442,925)</u>	<u>\$ (325,727)</u>	<u>\$ 117,198</u>	<u>\$ (413,808)</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$239,065, for generally accepted accounting principles (GAAP) purposes was \$833,209. 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 \$76,927 and a decrease in investment value of (\$73,148), for GAAP purposes was \$803,583. State revolving loan principal of \$537,750 is not an expense 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, 2013
 With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts Budgetary Basis		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services					
Customer service charges	\$ 605,475	\$ 605,475	\$ 637,350	\$ 31,875	\$ 610,966
Grants	-	-	98,401	98,401	3,176
Miscellaneous revenues					
Other	-	-	-	-	27
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>605,475</u>	<u>605,475</u>	<u>735,751</u>	<u>130,276</u>	<u>614,169</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Personal services	55,580	55,580	55,838	(258)	67,481
Contractual/other services	549,796	631,960	265,522	366,438	190,610
Transfers out	-	43,525	43,390	135	-
TOTAL CHARGES TO APPROPRIATIONS	<u>605,376</u>	<u>731,065</u>	<u>364,750</u>	<u>366,315</u>	<u>258,091</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ 99</u>	<u>\$ (125,590)</u>	<u>\$ 371,001</u>	<u>\$ 496,591</u>	<u>\$ 356,078</u>

NOTES TO SCHEDULE:

The City does not budget for depreciation expense. Total expenses, including depreciation expense of \$11,560, for generally accepted accounting principles (GAAP) purposes was \$376,310.

CITY OF ST. PETE BEACH, FLORIDA

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

September 30, 2013

	Total Governmental Funds	Long-term Assets, Liabilities	Other Items, Reclasses and Eliminations	Statement of Net Position Totals
ASSETS				
Cash	\$ 2,950	\$ -	\$ -	\$ 2,950
Pooled cash and investments and cash equivalents	6,926,214	-	-	6,926,214
Receivables				
Other	268,793	-	-	268,793
Due from other funds	344,320	-	-	344,320
Due from other governments	531,211	-	-	531,211
Supplies inventory	435	-	-	435
Prepaid insurance and deposits	11,088	-	1,112,678	1,123,766
Land and improvements	-	3,905,294	-	3,905,294
Buildings and other improvements	-	20,417,948	-	20,417,948
Furniture, machinery and equipment	-	4,464,637	-	4,464,637
Infrastructure	-	14,957,242	-	14,957,242
Capital projects in process	-	196,748	-	196,748
Less: accumulated depreciation	-	(16,141,644)	-	(16,141,644)
Un-amortized debt costs	-	6,820	-	6,820
TOTAL ASSETS	\$ 8,085,011	\$ 27,807,045	\$ 1,112,678	\$ 37,004,734
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 451,157	\$ -	\$ -	\$ 451,157
Accrued liabilities	843,095	-	-	843,095
Due to other governments	85,293	-	-	85,293
Current portion of				
Deferred revenue	122,506	-	-	122,506
Compensated absences	-	31,072	-	31,072
Revenue bonds payable	-	345,000	-	345,000
Non-current portion of				
Net other post employment benefit obligation	-	38,992	-	38,992
Compensated absences	-	381,737	-	381,737
Revenue bonds payable	-	1,570,000	-	1,570,000
TOTAL LIABILITIES	1,502,051	2,366,801	-	3,868,852
DEFERRED INFLOWS OF RESOURCES				
Deferred premium on issuance of debt	-	43,615	-	43,615
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,502,051	2,410,416	-	3,912,467
TOTAL FUND BALANCES / NET POSITION	6,582,960	25,396,629	1,112,678	33,092,267
TOTAL LIABILITIES AND FUND BALANCES / NET POSITION	\$ 8,085,011	\$ 27,807,045	\$ 1,112,678	\$ 37,004,734

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2013

	Total Governmental Funds	Capital Outlay, Disposals and Depreciation	Long-term Debt Transactions	Other Items, Reclasses and Eliminations	Statement of Activities Totals
REVENUES					
Taxes	\$ 9,662,222	\$ -	\$ -	\$ (9,662,222)	\$ -
Licenses and permits	540,699	-	-	(540,699)	-
Intergovernmental revenue	4,195,087	-	-	(4,195,087)	-
Charges for services	2,212,547	-	-	979,877	3,192,424
Fines and forfeitures	132,755	-	-	(132,755)	-
Miscellaneous revenues	383,821	9,521	16,147	(409,489)	-
Operating grants and contributions	-	-	-	1,800,650	1,800,650
Capital grants and contributions	-	-	-	353,008	353,008
General revenues	-	-	-	11,806,717	11,806,717
TOTAL REVENUES	17,127,131	9,521	16,147	-	17,152,799
EXPENDITURES					
Current					
General government	1,729,444	21,672	21,543	-	1,772,659
Community development	595,161	8,195	4,440	-	607,796
Recreation	1,045,861	298,278	13,131	-	1,357,270
Library	547,258	33,305	3,890	-	584,453
Parking enforcement	336,416	23,465	-	-	359,881
Public safety	6,985,526	-	-	(6,985,526)	-
Public safety - police	-	85,728	(176,800)	2,923,937	2,832,865
Public safety - fire	-	198,929	8,866	3,201,107	3,408,902
Public services	2,408,160	682,399	922	-	3,091,481
Capital Outlay	1,478,124	(1,478,124)	-	-	-
Debt service					
Principal retirement	495,000	-	(495,000)	-	-
Interest and fiscal charges	121,397	-	2,525	-	123,922
TOTAL EXPENDITURES	15,742,347	(126,153)	(616,483)	(860,482)	14,139,229
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of surplus capital assets	19,056	(19,056)	-	-	-
Transfers in	1,384,400	-	-	(1,325,000)	59,400
Transfers out	(1,325,000)	(134,818)	-	1,325,000	(134,818)
TOTAL OTHER FINANCING SOURCES (USES)	78,456	(153,874)	-	-	(75,418)
<i>Special Item</i> - Transfer of Operations	(342,729)	(404,704)	-	-	(747,433)
<i>Special item</i> - Other Post Employment Benefits	-	-	556,716	-	556,716
NET CHANGE IN FUND BALANCE / NET POSITION	\$ 1,120,511	\$ (422,904)	\$ 1,189,346	\$ 860,482	\$ 2,747,435

CITY OF ST. PETE BEACH, FLORIDA

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

For the Year Ended September 30, 2013

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	\$ 15,011
Florida Department of Law Enforcement				
Noise Level Meter Grant	16.738	2013-JAGD-PINE-3-D8-019	2,508	2,508
U. S. Department of Homeland Security				
Federal Emergency Management Agency				
Disaster Assistance - Tropical Storm Debby	97.044	4068-DR-FL	190,368	<u>167,447</u>
Total Expenditures of Federal Awards				<u><u>\$ 184,966</u></u>
<u>State Projects</u>				
Florida Department of Transportation				
Highway Landscape Reimbursement	55.003	FP#428885-3-58-01 AQ560	\$ 150,000	\$ 144,919
Highway Landscape Reimbursement	55.003	FP#429468-6-58-01 AQ603	120,000	<u>116,309</u>
				261,228
Division of Emergency Management				
Disaster Assistance - Tropical Storm Debby	-	13-DB-73-08-62-01-615	31,728	<u>27,908</u>
Total Expenditures of State Awards				<u><u>\$ 289,136</u></u>
<u>Local Assistance</u>				
Pinellas County				
Department of Solid Waste Operations				
Recycling Grant	-	-	\$ 7,196	<u><u>\$ 7,196</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.

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Statistical Section - Supplemental Information

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

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

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

Schedules of Financial Trends Information

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

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

	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 21,383,617	\$ 23,823,782	\$ 27,490,946	\$ 30,398,426	\$ 30,608,205
Restricted	5,026,731	4,677,706	4,301,727	4,081,739	3,869,130
Unrestricted	6,361,174	5,551,958	3,463,277	720,323	1,447,615
Total governmental activities net assets	\$ 32,771,522	\$ 34,053,446	\$ 35,255,950	\$ 35,200,488	\$ 35,924,950
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total business-type activities net assets	\$ -				
Primary government					
Invested in capital assets, net of related debt	\$ 21,383,617	\$ 23,823,782	\$ 27,490,946	\$ 30,398,426	\$ 30,608,205
Restricted	5,026,731	4,677,706	4,301,727	4,081,739	3,869,130
Unrestricted	6,361,174	5,551,958	3,463,277	720,323	1,447,615
Total primary government net assets	\$ 32,771,522	\$ 34,053,446	\$ 35,255,950	\$ 35,200,488	\$ 35,924,950

Notes:

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

2009	2010	2011	2012	2013
\$ 23,194,806	\$ 23,703,266	\$ 24,778,730	\$ 25,813,130	\$ 25,885,225
380,065	382,107	369,866	387,549	388,582
3,556,029	3,764,169	3,601,370	4,158,240	6,818,460
<u>\$ 27,130,900</u>	<u>\$ 27,849,542</u>	<u>\$ 28,749,966</u>	<u>\$ 30,358,919</u>	<u>\$ 33,092,267</u>
\$ 7,416,175	\$ 7,966,862	\$ 8,584,028	\$ 9,504,196	\$ 10,617,326
3,149,490	2,761,992	2,360,200	1,869,900	1,373,720
(1,004,406)	(263,623)	1,090,718	1,936,117	2,866,840
<u>\$ 9,561,259</u>	<u>\$ 10,465,231</u>	<u>\$ 12,034,946</u>	<u>\$ 13,310,213</u>	<u>\$ 14,857,886</u>
\$ 30,610,981	\$ 31,670,128	\$ 33,362,758	\$ 35,317,326	\$ 36,502,551
3,529,555	3,144,099	2,730,066	2,257,449	1,762,302
2,551,623	3,500,546	4,692,088	6,094,357	9,685,300
<u>\$ 36,692,159</u>	<u>\$ 38,314,773</u>	<u>\$ 40,784,912</u>	<u>\$ 43,669,132</u>	<u>\$ 47,950,153</u>

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

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General government	\$ 1,821,046	\$ 2,229,939	\$ 2,413,760	\$ 2,546,390	\$ 2,093,889	\$ 2,223,320	\$ 2,306,345
Community Development	-	-	-	-	707,288	620,111	593,337
Recreation	-	-	-	-	-	-	-
Library	-	-	-	-	603,915	613,869	552,497
Parking Enforcement	-	-	-	-	-	-	-
Public Safety - police	3,439,816	3,665,002	4,006,979	4,165,767	4,400,470	4,132,774	4,048,923
Public Safety - fire	2,465,313	2,595,777	2,863,945	3,023,061	3,249,397	3,071,551	3,100,901
Public Services	2,497,075	2,808,846	2,905,516	3,058,319	4,217,367	3,999,036	3,872,799
Leisure services	1,665,900	1,818,392	2,056,743	2,477,342	-	-	-
Interest on long term-debt	379,763	344,444	325,147	509,659	534,107	483,111	255,846
Total governmental activities expenses	12,268,913	13,462,400	14,572,090	15,780,538	15,806,433	15,143,772	14,730,648
Business-type activities:							
Water pollution control - sewer	2,504,303	2,732,414	3,079,658	4,022,773	3,457,675	3,385,327	3,467,822
Water pollution control - reclaimed water	583,852	652,864	653,777	643,833	638,710	776,244	778,626
Water pollution control - stormwater	-	-	-	-	-	-	110,227
Total business-type activities expenses	3,088,155	3,385,278	3,733,435	4,666,606	4,096,385	4,161,571	4,356,675
Total primary government expenses	\$ 15,357,068	\$ 16,847,678	\$ 18,305,525	\$ 20,447,144	\$ 19,902,818	\$ 19,305,343	\$ 19,087,323
Program Revenues							
Governmental activities:							
Charges for services:							
General Government	\$ 1,001,936	\$ 950,401	\$ 1,076,223	\$ 411,629	\$ 435,010	\$ 425,373	\$ 439,404
Community Development	107,867	187,896	52,250	58,176	449,139	359,829	399,355
Recreation	-	-	-	-	-	-	-
Library	-	-	-	-	28,069	30,182	27,427
Parking Enforcement	-	-	-	-	-	-	928,834
Public Safety - Police	244,177	237,425	278,485	969,146	1,155,181	1,147,821	141,741
Public Services	692,546	714,049	716,278	619,330	419,320	399,399	431,290
Leisure Services	196,554	214,464	189,466	263,963	-	-	-
Operating grants and contributions	1,023,476	1,469,448	1,651,769	1,314,450	1,625,473	1,581,096	1,414,213
Capital grants and contributions	1,242,972	388,287	27,817	653,672	276,854	264,062	371,068
Total governmental activities program revenues	4,509,528	4,161,970	3,992,288	4,290,366	4,389,046	4,207,762	4,153,332
Business-type activities:							
Charges for services:							
Water pollution control - sewer	2,807,469	2,755,062	2,846,516	2,944,746	3,222,774	3,753,190	4,556,755
Water pollution control - reclaimed water	561,701	549,432	564,592	567,251	562,528	548,899	603,741
Water pollution control - stormwater	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	3,369,170	3,304,494	3,411,108	3,511,997	3,785,302	4,302,089	5,160,496
Total primary government program revenues	\$ 7,878,698	\$ 7,466,464	\$ 7,403,396	\$ 7,802,363	\$ 8,174,348	\$ 8,509,851	\$ 9,313,828
Net (Expense)/Revenue							
Governmental activities	\$ (7,759,385)	\$ (9,300,430)	\$ (10,579,802)	\$ (11,490,172)	\$ (11,417,387)	\$ (10,936,010)	\$ (10,577,316)
Business-type activities	281,015	(80,784)	(322,327)	(1,154,609)	(311,083)	140,518	803,821
Total primary government net expense	\$ (7,478,370)	\$ (9,381,214)	\$ (10,902,129)	\$ (12,644,781)	\$ (11,728,470)	\$ (10,795,492)	\$ (9,773,495)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Ad valorem	\$ 4,898,802	\$ 5,514,840	\$ 6,361,917	\$ 7,205,756	\$ 6,662,973	\$ 6,057,622	\$ 5,655,614
Franchise fees	885,027	961,157	1,123,954	1,129,082	1,104,184	1,224,333	1,291,867
Utility taxes	1,841,342	1,880,502	1,952,652	1,993,340	2,032,406	2,057,562	2,238,043
State sales tax	558,141	572,134	585,464	558,172	530,500	484,524	480,771
Infrastructure tax	847,225	927,344	979,980	947,581	920,711	808,949	805,652
Local option gas tax	91,080	91,964	92,348	88,496	133,095	128,949	139,354
State excise tax - public safety	-	-	194,804	300,840	334,351	224,860	252,317
Other taxes	48,707	48,494	44,328	40,112	42,785	52,617	45,060
State revenue sharing - unrestricted	234,436	269,947	270,611	272,013	267,207	262,715	263,617
Investment income	253,640	302,017	426,297	508,419	345,567	56,045	6,892
Miscellaneous	49,037	94,739	72,278	85,022	79,153	105,148	116,770
Transfers	-	-	-	-	-	-	-
Special item - Change in assumptions - OPEB	-	-	-	-	-	-	-
Special item - Transfer of operations	-	-	-	-	-	-	-
Special item - loss on capital assets	-	-	-	(539,514)	-	-	-
Total governmental activities	9,707,437	10,663,138	12,104,633	12,589,319	12,452,932	11,463,324	11,295,957
Business-type activities:							
Investment income	-	-	-	-	-	99,377	100,152
Miscellaneous	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Special item - Change in assumptions - OPEB	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	99,377	100,152
Total primary government	\$ 9,707,437	\$ 10,663,138	\$ 12,104,633	\$ 12,589,319	\$ 12,452,932	\$ 11,562,701	\$ 11,396,109
Change in Net Assets							
Governmental activities	\$ 1,948,052	\$ 1,362,708	\$ 1,524,831	\$ 1,099,147	\$ 1,035,545	\$ 527,314	\$ 718,641
Business-type activities	281,015	(80,784)	(322,327)	(1,154,609)	(311,083)	239,895	903,973
Total primary government	\$ 2,229,067	\$ 1,281,924	\$ 1,202,504	\$ (55,462)	\$ 724,462	\$ 767,209	\$ 1,622,614

2011	2012	2013
\$ 1,975,312	\$ 2,238,921	\$ 1,772,659
581,888	576,218	607,796
-	1,371,830	1,357,270
571,243	558,416	584,453
267,877	318,855	359,881
3,884,179	3,892,761	2,832,865
3,047,866	3,274,286	3,408,902
3,962,149	2,761,043	3,091,481
-	-	-
203,379	147,049	123,922
<u>14,493,893</u>	<u>15,139,379</u>	<u>14,139,229</u>
3,052,904	3,756,305	3,691,949
819,844	884,287	772,697
152,728	259,057	332,920
<u>4,025,476</u>	<u>4,899,649</u>	<u>4,797,566</u>
<u>\$ 18,519,369</u>	<u>\$ 20,039,028</u>	<u>\$ 18,936,795</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 Beginning in fiscal year 2013 the Recreation department has been separately presented and no longer included as a part of Public Services. Fiscal year 2012 has been restated for comparison purposes.

\$ 450,656	\$ 473,458	\$ 469,324
363,853	450,065	470,650
-	574,324	739,016
25,048	25,356	26,771
1,143,883	1,404,482	1,444,844
169,361	143,527	41,819
536,404	-	-
-	-	-
1,411,742	1,541,530	1,800,650
316,946	1,143,600	353,008
<u>4,417,893</u>	<u>5,756,342</u>	<u>5,346,082</u>

4,605,011	4,741,773	4,680,651
699,152	797,045	800,471
264,594	610,966	637,350
-	3,176	118,280
-	-	-
5,568,757	6,152,960	6,236,752
<u>\$ 9,986,650</u>	<u>\$ 11,909,302</u>	<u>\$ 11,582,834</u>

\$ (10,076,000)	\$ (9,383,037)	\$ (8,793,147)
1,543,281	1,253,311	1,439,186
<u>\$ (8,532,719)</u>	<u>\$ (8,129,726)</u>	<u>\$ (7,353,961)</u>

\$ 5,659,947	\$ 5,641,473	\$ 6,474,606
1,198,408	1,157,857	1,105,415
2,124,927	2,052,136	2,082,201
485,227	491,998	513,577
719,060	761,136	804,221
126,339	126,619	131,214
244,087	292,403	277,654
45,701	46,793	47,710
264,996	265,814	267,052
2,491	13,413	9,700
105,241	146,592	93,367
-	-	(75,418)
-	-	556,716
-	-	(747,433)
-	-	-
<u>10,976,424</u>	<u>10,996,234</u>	<u>11,540,582</u>

26,434	9,616	4,584
-	12,340	(7,866)
-	-	75,418
-	-	36,351
26,434	21,956	108,487
<u>\$ 11,002,858</u>	<u>\$ 11,018,190</u>	<u>\$ 11,649,069</u>

\$ 900,424	\$ 1,613,197	\$ 2,747,435
1,569,715	1,275,267	1,547,673
<u>\$ 2,470,139</u>	<u>\$ 2,888,464</u>	<u>\$ 4,295,108</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Reserved	\$ 226,416	\$ 220,154	\$ 213,744	\$ 210,005	\$ 209,325
Unreserved	2,982,241	3,142,415	2,857,924	2,936,042	3,192,546
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 3,208,657</u>	<u>\$ 3,362,569</u>	<u>\$ 3,071,668</u>	<u>\$ 3,146,047</u>	<u>\$ 3,401,871</u>
All Other Governmental Funds					
Reserved	\$ 4,863,264	\$ 4,531,608	\$ 4,140,422	\$ 3,917,959	\$ 3,707,404
Unreserved					
Special revenue funds	554,768	735,530	636,941	(702,015)	(1,047,146)
Debt service fund	734	734	734	(46,827)	(49,778)
Capital project fund	3,681,056	2,477,094	716,737	(651,603)	49,928
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,099,822</u>	<u>\$ 7,744,966</u>	<u>\$ 5,494,834</u>	<u>\$ 2,517,514</u>	<u>\$ 2,660,408</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.

2009	2010	2011	2012	2013
\$ 1,567,842	\$ -	\$ -	\$ -	\$ -
2,401,267	-	-	-	-
-	1,134,260	920,961	352,325	284,467
-	198,063	198,063	198,063	198,063
-	-	-	-	-
-	668,445	565,656	543,695	412,809
-	2,337,289	3,229,855	3,617,274	4,124,482
<u>\$ 3,969,109</u>	<u>\$ 4,338,057</u>	<u>\$ 4,914,535</u>	<u>\$ 4,711,357</u>	<u>\$ 5,019,821</u>
\$ 3,397,217	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
564,051	-	-	-	-
-	184,044	171,803	189,484	190,519
-	-	-	-	-
-	475,479	-	561,608	1,372,620
-	-	(198,166)	-	-
<u>\$ 3,961,268</u>	<u>\$ 659,523</u>	<u>\$ (26,363)</u>	<u>\$ 751,092</u>	<u>\$ 1,563,139</u>

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

	2004	2005	2006	2007	2008	2009
Revenues						
Taxes	\$ 7,625,170	\$ 8,356,499	\$ 9,438,522	\$ 10,328,178	\$ 9,799,563	\$ 9,339,517
Licenses and permits	775,716	807,856	807,175	713,523	534,094	455,394
Intergovernmental revenue	4,054,678	3,551,832	3,846,278	3,922,805	4,004,139	3,689,253
Charges for services	4,366,235	4,279,208	4,518,661	4,679,076	5,325,751	1,572,766
Fines and forfeitures	218,029	204,855	215,241	224,958	209,512	163,951
Miscellaneous revenue	579,720	925,520	665,691	1,029,823	731,898	360,139
Total revenues	<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>	<u>15,581,020</u>
Expenditures						
Current						
General government	1,645,426	2,040,786	2,240,435	2,378,877	1,926,479	2,015,314
Community Development	-	-	-	-	716,378	610,481
Recreation	-	-	-	-	-	-
Library	-	-	-	-	571,361	587,953
Parking enforcement	-	-	-	-	-	-
Public safety	5,636,732	5,971,810	6,416,531	6,810,757	7,308,294	6,749,074
Public services	2,167,072	2,453,416	2,564,046	2,629,373	3,401,670	3,138,324
Water pollution control	2,757,135	3,038,394	3,359,030	4,259,808	3,701,133	-
Leisure services	1,514,680	1,655,771	1,806,596	2,158,388	-	-
Total Current Expenditures	<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>	<u>13,101,146</u>
Capital outlay						
General government	28,640	10,975	486,928	69,723	163,246	54,889
Community Development	-	-	-	-	3,000	6,350
Recreation	-	-	-	-	-	-
Library	-	-	-	-	163,251	-
Parking enforcement	-	-	-	-	-	-
Public safety	133,892	348,387	1,065,265	231,343	70,770	69,216
Public services	1,309,619	854,586	678,155	802,927	418,265	219,989
Water pollution control	698,174	870,342	1,838,557	1,358,178	25,399	274,086
Leisure services	195,056	1,285,574	2,565,988	6,731,060	-	-
Total Capital Outlay	<u>2,365,381</u>	<u>3,369,864</u>	<u>6,634,893</u>	<u>9,193,231</u>	<u>843,931</u>	<u>624,530</u>
Debt service						
Principal retirement	799,099	800,120	819,389	1,338,279	1,433,818	813,322
Interest and fiscal charges	373,824	339,133	320,480	571,085	521,138	261,648
Total Debt Service	<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>	<u>1,074,970</u>
Total expenditures	<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>	<u>14,800,646</u>
Excess of revenues over (under) expenditures	360,199	(1,543,524)	(4,669,832)	(8,441,435)	755	780,374
Other Financing Sources (Uses)						
Capital lease obligation incurred	-	234,365	658,553	-	-	-
Bond proceeds	-	-	-	4,100,598	-	-
Loan proceeds	-	73,117	1,455,892	1,414,321	388,742	269,843
Proceeds from sale of surplus capital assets	13,318	35,098	14,354	23,575	9,221	31,746
Transfers in	209,860	322,619	589,101	934,601	547,101	400,000
Transfers out	(209,860)	(322,619)	(589,101)	(934,601)	(547,101)	(400,000)
Total other financing sources (uses)	<u>13,318</u>	<u>342,580</u>	<u>2,128,799</u>	<u>5,538,494</u>	<u>397,963</u>	<u>301,589</u>
Special item - Transfer of operations	-	-	-	-	-	-
Net change in fund balances	373,517	(1,200,944)	(2,541,033)	(2,902,941)	398,718	1,081,963
Fund balances - beginning of year	11,934,962	12,308,479	11,107,535	8,566,502	5,663,561	3,633,199
Fund balance - end of year	<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>	<u>\$ 4,715,162</u>
Debt service as a percentage of non-capital expenditures	7.9%	7.0%	6.5%	9.5%	10.0%	7.6%

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

2010	2011	2012	2013
\$ 9,185,523	\$ 8,983,281	\$ 8,851,466	\$ 9,662,222
494,634	459,849	516,512	540,699
3,678,096	3,579,651	4,651,553	4,195,087
1,512,469	1,768,756	2,135,514	2,212,547
150,192	226,328	141,215	132,755
389,009	346,267	416,937	383,821
<u>15,409,923</u>	<u>15,364,132</u>	<u>16,713,197</u>	<u>17,127,131</u>
2,099,784	1,786,770	2,082,197	1,729,444
581,496	567,536	565,632	595,161
-	-	903,841	1,045,861
530,304	529,431	517,505	547,258
-	267,877	318,540	336,416
6,738,104	6,628,405	6,884,686	6,985,526
3,026,346	3,064,189	2,324,891	2,408,160
-	-	-	-
-	-	-	-
<u>12,976,034</u>	<u>12,844,208</u>	<u>13,597,292</u>	<u>13,647,826</u>
17,551	300,488	22,050	20,330
-	8,590	-	-
-	-	16,603	109,307
3,894	26,236	16,932	-
-	-	6,290	-
265,200	211,183	891,194	485,990
1,206,059	735,242	718,731	862,497
-	-	-	-
-	-	-	-
<u>1,492,704</u>	<u>1,281,739</u>	<u>1,671,800</u>	<u>1,478,124</u>
1,340,375	1,169,185	760,000	495,000
245,623	194,704	144,126	121,397
<u>1,585,998</u>	<u>1,363,889</u>	<u>904,126</u>	<u>616,397</u>
<u>16,054,736</u>	<u>15,489,836</u>	<u>16,173,218</u>	<u>15,742,347</u>
(644,813)	(125,704)	539,979	1,384,784
-	-	-	-
-	-	-	-
875,000	-	-	-
52,231	16,296	34,298	19,056
475,000	492,000	925,000	1,384,400
(475,000)	(492,000)	(925,000)	(1,325,000)
<u>927,231</u>	<u>16,296</u>	<u>34,298</u>	<u>78,456</u>
-	-	-	(342,729)
282,418	(109,408)	574,277	1,120,511
4,715,162	4,997,580	4,888,172	5,462,449
<u>\$ 4,997,580</u>	<u>\$ 4,888,172</u>	<u>\$ 5,462,449</u>	<u>\$ 6,582,960</u>
10.9%	9.6%	6.2%	4.3%

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

	2004	2005	2006	2007
Function / Program				
Governmental activities :				
Charges for services				
General government	\$ 403,300	\$ 398,765	\$ 450,424	\$ 411,629
Community development	107,867	187,896	52,250	58,176
Recreation	-	-	-	-
Library	-	-	-	-
Parking enforcement	-	-	-	-
Public safety - police	842,813	789,061	904,284	969,146
Public services	692,546	714,049	716,278	619,330
Leisure services	196,554	214,464	189,466	263,963
Total charges for services	<u>2,243,080</u>	<u>2,304,235</u>	<u>2,312,702</u>	<u>2,322,244</u>
Operating grants and contributions				
Library	202,725	218,190	235,674	271,841
Public safety - police	10,000	5,185	14,484	92,235
Public safety - fire	790,617	833,463	865,930	904,660
Public services	20,134	412,610	535,681	45,714
Total operating grants and contributions	<u>1,023,476</u>	<u>1,469,448</u>	<u>1,651,769</u>	<u>1,314,450</u>
Capital grants and contributions				
General government	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Public safety - police	-	-	-	-
Public safety - fire	-	-	-	-
Public services	681,145	-	-	-
Leisure services	561,827	388,287	27,817	653,672
Total capital grants and contributions	<u>1,242,972</u>	<u>388,287</u>	<u>27,817</u>	<u>653,672</u>
Sub-total governmental activities	<u>\$ 4,509,528</u>	<u>\$ 4,161,970</u>	<u>\$ 3,992,288</u>	<u>\$ 4,290,366</u>
Business-type activities:				
Charges for services:				
Water pollution control - sewer	\$ 2,807,469	\$ 2,755,062	\$ 2,846,516	\$ 2,944,746
Water pollution control - reclaimed water	561,701	549,432	564,592	567,251
Water pollution control - stormwater	-	-	-	-
	<u>3,369,170</u>	<u>3,304,494</u>	<u>3,411,108</u>	<u>3,511,997</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>3,369,170</u>	<u>3,304,494</u>	<u>3,411,108</u>	<u>3,511,997</u>
Total primary government program revenues	<u>\$ 7,878,698</u>	<u>\$ 7,466,464</u>	<u>\$ 7,403,396</u>	<u>\$ 7,802,363</u>

2008	2009	2010	2011	2012	2013
\$ 435,010	\$ 425,373	\$ 439,404	\$ 450,656	\$ 473,458	\$ 469,324
449,139	359,829	399,355	363,853	450,065	470,650
-	-	-	-	574,324	739,016
28,069	30,182	27,427	25,048	25,356	26,771
-	-	928,834	1,143,883	1,404,482	1,444,844
1,155,181	1,147,821	141,741	169,361	143,527	41,819
419,320	399,399	431,290	536,404	-	-
-	-	-	-	-	-
<u>2,486,719</u>	<u>2,362,604</u>	<u>2,368,051</u>	<u>2,689,205</u>	<u>3,071,212</u>	<u>3,192,424</u>
248,257	218,470	189,859	173,606	168,334	162,137
76,465	47,129	63,569	82,127	97,676	20,976
1,182,893	1,236,947	1,108,691	1,101,575	1,216,072	1,452,525
117,858	49,532	52,084	54,434	59,448	165,012
<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>	<u>1,800,650</u>
-	-	-	142,500	-	-
-	-	-	-	272,500	-
-	-	-	10,000	-	-
-	118,719	247,341	99,760	6,100	2,508
-	-	-	-	665,000	-
-	174,361	123,727	64,686	200,000	350,500
276,854	-	-	-	-	-
<u>276,854</u>	<u>293,080</u>	<u>371,068</u>	<u>316,946</u>	<u>1,143,600</u>	<u>353,008</u>
<u>\$ 4,389,046</u>	<u>\$ 4,207,762</u>	<u>\$4,153,322</u>	<u>\$ 4,417,893</u>	<u>\$ 5,756,342</u>	<u>\$ 5,346,082</u>
\$ 3,222,774	\$ 3,753,190	\$ 4,556,755	\$ 4,605,011	\$ 4,741,773	\$ 4,680,651
562,528	548,899	603,741	699,152	797,045	800,471
-	-	-	264,594	610,966	637,350
<u>3,785,302</u>	<u>4,302,089</u>	<u>5,160,496</u>	<u>5,568,757</u>	<u>6,149,784</u>	<u>6,118,472</u>
-	-	-	-	3,176	118,280
-	-	-	-	-	-
<u>3,785,302</u>	<u>4,302,089</u>	<u>5,160,496</u>	<u>5,568,757</u>	<u>6,152,960</u>	<u>6,236,752</u>
<u>\$ 8,174,348</u>	<u>\$ 8,509,851</u>	<u>\$ 9,313,818</u>	<u>\$ 9,986,650</u>	<u>\$ 11,909,302</u>	<u>\$ 11,582,834</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
2013	\$ 6,474,606	\$ 1,105,415	\$ 2,082,201	\$ 9,662,222
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

Schedules of Revenue Capacity Information

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

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

Fiscal Year Ended September 30,	Tax Roll	Residential Property	Commercial Property	Governmental Property	Institutional Property
2013	2012	\$ 1,785,350,119	\$ 383,501,063	\$ 25,393,771	\$ 19,389,257
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

Source:

Pinellas County Property Appraiser

Other Real Property	Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 7,773,482	\$ 57,629,771	\$ 2,279,037,463	\$ 294,774,137	\$ 1,984,263,326	3.3697
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

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
2013	3.2819	0.0878	3.3697	5.0105	-	0.0622	5.0727	5.5540
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

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	8.3020	0.9158	0.0125	0.8981	0.3928	-	18.9636
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

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

Taxpayer	2013			2004		
	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	\$ 47,400,000	1	1.68%	\$ 45,593,980	1	2.71%
Nicklaus, H Gregg Tre	22,250,000	2	0.79%	23,450,000	3	1.39%
B R E Mariner Dolphin Village LLC	15,700,000	3	0.56%	9,209,400	9	0.55%
RIA - Breckenridge, Inc.	15,180,000	4	0.54%			
RIA - Sandpiper Inc	14,900,000	5	0.53%			
St. Pete Partners LLC	12,262,560	6	0.43%			
Grand Plaza Resorts Inc	11,103,503	7	0.39%			
Dolphin Holdings, LTD	9,700,000	8	0.34%			
RIA - Tradewinds, Inc.	9,245,600	9	0.33%			
Reagan, Brownlee	8,552,500	10	0.30%			
Resort Inns of America, Inc.				35,300,000	2	2.10%
Dale R. Hughes				11,600,000	4	0.69%
Resort Industries, Inc.				11,200,000	5	0.67%
Reef Resort Condo Assn.				10,985,400	6	0.65%
National Realty Holdings, Inc.				10,342,100	7	0.61%
Irving M. Rosenblum				10,000,000	8	0.59%
Alden Enterprises, Inc.				9,100,000	10	0.54%
Total Principal Taxpayers	166,294,163		8.38%	\$ 176,780,880		10.51%
All Other Taxpayers	1,817,969,163		91.62%	1,504,870,600		89.49%
Total	\$ 1,984,263,326		100.00%	\$ 1,681,651,480		100.00%

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
2013	\$ 6,686,372	\$ 6,474,606	96.83%
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%

Note:

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

Source:

Pinellas County Property Appraiser

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Schedules of Debt Capacity Information

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

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

City of St. Pete Beach, Florida
 Schedule 11
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2013

<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)	\$ 12,546,265	3.37%	\$ 423,226
Pinellas County Bonds (2)	3,108,726	3.65%	113,496
Pinellas County School Board (Overlapping) (2)	<u>21,985,000</u>	3.37%	<u>741,625</u>
Total Overlapping Debt	37,639,991		1,278,347
City direct debt	<u>5,650,205</u>	100.00%	<u>5,650,205</u>
Total direct and overlapping governmental activities debt	<u>\$ 43,290,196</u>		<u>\$ 6,928,552</u>
Total direct and overlapping governmental activities debt per capita (2) (3)			\$ 740

Notes:

- (1) The City's share is calculated based on the ratio of the 2012 City Taxable Value of \$ 1,984,263,326 to the County's Taxable Value of \$ 54,350,309,869 and the School Board Taxable Value of \$58,822,185,008.
- (2) The City of St. Pete Beach is not responsible for the debt of the County or School Board.
- (3) 2013 permanent St. Pete Beach population at 9,357.

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
2013	\$ -	\$ -	\$ 1,915,000	\$ -	\$ 1,133,436	\$ 166,549
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

Activities		General Bonded Debt				Total Primary Government Debt Per Capita
State Revolving Loan 2005	Capital Leases Payable	Total Primary Government	Percentage of Actual Taxable Value of Property	Per Capita	Percentage of Personal Income	
\$ 2,435,220	\$ -	\$ 5,650,205	0.000%	\$ -	0.00%	\$ 604
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

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

Year	Ad valorem Taxes	General Obligation Bonds 1993			Reclaimed Water Service Charges	Less: Operating Expenses	Plus: Sinking Fund - Sale of U.S. Treasury Zero Coupon Bonds	Net Available Revenue	State Revolving Loan	
		Principal	Interest	Coverage					Principal	Interest
2013	\$ 168,400	\$ 160,000	\$ 8,400	1.00	\$ 775,886	\$ 488,690	\$ 500,000	\$ 787,196	\$ 537,750	\$ 59,351
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

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.

1992 Coverage	Sewer Service Charges	Less: Operating Expenses	Net Available Revenue	State Revolving Loan 2003 and 2005			Infrastructure Sales Tax	Revenue Bonds Series 2001A and Series 2006A		
				Principal	Interest	Coverage		Principal	Interest	Coverage
1.32	\$ 4,679,616	\$ 3,370,293	\$ 1,309,323	\$ 169,543	\$ 72,012	5.42	\$ 804,221	\$ 335,000	\$ 109,150	1.81
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

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Schedules of Demographic and Economic Information

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

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

Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2013	9,357	\$ 435,587,064	\$ 46,552	57.5	101,337	6.0%
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%

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 Seven Years Ago

Employer	2013		2006	
	Employees	Rank	Employees	Rank
Tradewinds Island Resorts	800	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
Fortune Hotels Inc.	100	5	-	-
Grand Plaza Hotel	100	6	137	6
Hurricane Lounge, Inc	100	7	100	9
Sandpiper Hotel & Suites	99	8	153	4
City of St. Pete Beach	86	9	140	5
Beachcomber Beach Resort & Htl	85	10	75	10
Grace Healthcare of St. Petersburg	-	-	134	7
	<u>2,420</u>		<u>2,257</u>	

Source:

Pinellas County Economic Development Department.

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

Schedules of Operating Information

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

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of September 30</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government										
City Manager	3.0	2.5	2.5	3.0	3.0	4.0	5.0	5.0	4.0	4.0
City Clerk	3.1	3.1	3.1	3.6	3.5	4.5	4.5	4.5	5.0	5.0
Community Development	6.0	6.0	6.0	6.0	7.0	9.0	10.0	3.0	4.0	2.0
Finance	4.0	4.0	4.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Library	6.5	6.5	6.5	6.0	7.0	7.0	-	-	-	-
Parking Enforcement	2.0	2.0	2.0	-	-	-	-	-	-	-
Information Technology	1.8	1.8	1.8	2.8	3.0	3.0	3.0	3.0	3.0	2.0
Police	-	33.0	33.0	36.0	37.0	44.0	44.0	44.0	43.0	41.0
Fire	29.8	29.8	29.8	29.8	30.0	32.0	32.0	32.0	32.0	32.0
Public Services	18.3	28.9	30.1	31.9	33.2	36.5	16.0	24.0	24.0	25.0
Recreation	11.4	-	-	-	-	-	-	-	-	-
Leisure Services	-	-	-	-	-	-	24.0	20.0	21.0	24.0
	<u>85.9</u>	<u>117.6</u>	<u>118.8</u>	<u>122.1</u>	<u>126.7</u>	<u>144.0</u>	<u>142.5</u>	<u>139.5</u>	<u>140.0</u>	<u>139.0</u>

Source:

Human Resource Office

Notes:

- (1) Leisure Services Department dissolved. Library now recorded separately.
- (2) Parks staff recorded in Public Services
- (3) Police services were outsourced to Pinellas County Sheriff's Department in January 2013 bringing personnel count to zero.
- (4) Recreation previously reported under Public Services. In fiscal year 2013 became a stand alone department.

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

Function/Program	2013	2012	2011	2010	2009	2008
Police						
Calls for Service	23,469	12,891	11,790	16,038	19,672	26,853
Felony Arrests	141	103	102	145	190	235
Traffic Enforcement	3,235	1,085	2,081	2,118	2,760	4,614
Parking Violations	3,190	2,520	3,314	3,778	3,559	3,862
Fire						
Medical	1,910	1,793	1,844	1,946	2,033	1,951
Structure Response	41	116	93	97	95	95
Auto Crash	41	120	128	118	143	134
Water Rescue	18	36	35	38	38	30
Public Works						
Street resurfacing (miles)	0 mile	1.18 miles	.3 mile	0 mile	0 mile	0 mile
Recreation						
Summer Camp	138	191	143	166	170	172
Classes Offered	49	37	28	65	119	72
Program Participants	46,890	38,217	4,202	3,009	2,608	4,616
Rentals	318	361	226	283	329	298
Library						
Materials Borrowed	153,213	172,082	173,937	138,946	160,874	124,537
Reference Questions	15,706	14,745	9,276	6,539	1,172	1,709
Sewer						
Average daily flow	2.63mgd	3mgd	2.49mgd	2.59 mgd	2.61 mgd	2.62 mgd
Miles of sewer lines	41.5	41.5	41.5	41.5	41.5	41.5
Reclaimed Water						
New Connections	0	14	19	3	8	18
Average daily consumption	2.1 mgd	2.4 mgd	2.6 mgd	2.8mgd	1.8mgd	2.57 mgd

Source:

Various Government Departments

2007	2006	2005	2004
29,428	27,980	25,545	21,914
222	208	138	135
4,253	3,783	3,055	2,233
5,800	5,170	6,380	6,747
2,182	2,126	2,041	1,979
141	151	231	182
209	198	77	209
28	45	48	30
0 mile	1 mile	1.1 miles	2.2 miles
65	63	103	116
55	13	9	12
3,646	2,168	1,668	2,088
203	84	156	108
129,690	134,077	125,823	124,336
4,703	5,036	4,810	2,844
2.61 mgd	2.83 mgd	2.86 mgd	3.00 mgd
41.5	41.5	41.5	41.5
16	26	42	20
2.59 mgd	2.99 mgd	2.93 mgd	2.10 mgd

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

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</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	153,213	172,082	173,937	138,946	176,031
Public Schools					
Gulf Beach Elementary (students)	0	0	0	0	0
Public works					
Streets (miles)	45.73	45.73	45.73	45.73	45.73
Recreation					
Parks (acres)	35.5	35.5	35.5	35.5	34.7
Beaches (acres)	40	40	39.8	39.8	39.8
Playgrounds	5	5	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 c
Wastewater					
Sanitary sewers (miles)	37	37	37	37	37
Pump stations	17	17	17	17	17
Average daily flow (mgd)	2.63	3	2.49	2.6	2.6
Reclaimed water					
Reclaimed lines (miles)	40	40	40	40	40
Number of connections	0	14	19	1	1

Source:

Various City Departments

2008	2007	2006	2005	2004
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
134,077	125,823	124,336	121,258	122,332
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
7	5	5	5	5
6	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
operated by Pinellas County				
37	37	37	37	37
17	17	17	17	17
2.6	2.8	2.8	3.0	2.8
40	40	40	40	40
1	1	1	1	1

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Other Reports

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

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

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

We have audited, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*

in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wells, Houser & Schatzel, P.A.

Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida

April 23, 2014

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

We have audited the financial statements of the St. Pete Beach, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated April 23, 2014.

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 April 23, 2014, 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. 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 of St. Pete Beach, Florida, is a municipal corporation and operates under applicable provisions of Florida Statutes Chapter 166. The City of St. Pete Beach, Florida has no component units.
6. Rules of the Auditor General Section 10.554 (1)(i) 6.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.

- 7 Rules of the Auditor General Section 10.554 (1)(i) 6.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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- 8 Pursuant to Sections 10.554 (1)(i) 6.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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and Federal and State granting agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Wells, Houser & Schatzel, P.A.

Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida

April 23, 2014