

**City of St. Pete Beach, Florida**  
**Comprehensive Annual Financial Report**

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**For the Fiscal Year Ended**  
**September 30, 2018**

Prepared by:  
City of St. Pete Beach Finance Department

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

**Mayor:**

Alan Johnson

**City Commission:**

District 1 – Terri Finnerty

District 2 – Doug Izzo

District 3 – Ward Friszolowski

District 4 – Melinda Pletcher

**City Officials:**

City Manager – Wayne Saunders

City Clerk – Rebecca Haynes

City Attorney – Andrew Dickman

Assistant City Manager/Finance Director – Vincent Tenaglia

Fire Chief – Jim Kilpatrick

Community Development Director – Wesley Wright

Public Works Director – Michael Clarke

Recreation Director – Jennifer McMahon

*City officials in place as of financial reporting date*



City of St. Pete Beach  
155 Corey Avenue  
St. Pete Beach, FL 33706

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March 20, 2019

To the Honorable Mayor, City Commissioners, and Citizens of the City of St. Pete Beach, Florida:

The Comprehensive Annual Financial Report (CAFR) of the City of St. Pete Beach for the fiscal year ended September 30, 2018 is hereby submitted. In addition to meeting legal requirements of the City Charter, Florida Statutes and the Rules of the Auditor General of the State of Florida, the report continues to present the City's tradition of full financial disclosure. The CAFR represents the official report of the City's financial position and operations to the City Commission, citizens, rating agencies, bond holders and other interested parties. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. Management believes the data as presented are accurate in all material respects; that the report is presented in a manner which fairly illustrates the financial activity of the various funds; and that all disclosures necessary to enable the reader to gain a complete understanding of the City's financial activities have been included.

To provide a reasonable basis for making the financial presentations, management maintains an internal control structure that provides reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization; and that transactions are recorded properly to facilitate preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits requires estimates and judgments by management. Management believes the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Pursuant to the City Charter, Florida Statutes Chapters 11.45 and 218, and Chapter 10.550 of the Rules of the Auditor General of the State of Florida, an audit of the accounts and financial statements of the City of St. Pete Beach has been completed by the City's independent certified public accountants, James Moore & Co, P.L., whose opinion is included in the financial section of this report. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves 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, 2018, are fairly presented in conformity with GAAP.

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 (MD&A). 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 audit report.

### **ST. PETE BEACH GOVERNMENT**

The funds related to the City of St. Pete Beach that are included in the CAFR 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. 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 shown in the Table of Contents are included in this report.

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, and appointing the City Manager, the City Attorney and the City Clerk. The City Commission also appoints members to the following boards and advisory committees:

- General Employees' Pension Board
- Firefighters' Pension Board
- Police Pension Board
- Board of Adjustment
- Beach Stewardship Committee
- Finance and Budget Review Committee
- Historic Preservation Board
- Library Advisory Committee
- Planning Board
- Recreation Advisory Committee

The City provides a traditional range of services, including: fire protection and emergency medical service; maintenance of parks, streets, beaches, and infrastructure; planning and zoning; recreation services and amenities; library; wastewater; reclaimed water; and stormwater drainage management. On January 6, 2013, the City dissolved the police department and contracted with the Pinellas County Sheriff's Office for law enforcement service. Potable water, solid waste treatment, and criminal justice systems are provided by Pinellas County.

### **BUDGETARY INFORMATION**

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 the basic financial statements for the General Fund, which is the only non-capital, major governmental fund for which an appropriated annual budget is adopted. Budget-to-actual comparisons are presented for the Capital Improvement Projects and Building funds as required supplementary information (RSI).

## LOCAL ECONOMY

St. Pete Beach is located at the southern end of Pinellas County, just west of St. Petersburg and immediately south of Treasure Island. The City has a land area of approximately two and one quarter square miles and a year round resident population of 9,735. St. Pete Beach is frequently recognized as a top beach destination and received a Travelers' Choice award in 2019 from TripAdvisor as the fourth-ranked beach in the United States. The City's beaches, hotels, and historic resources attract tourists and visitors from all over the world. The City is heavily concentrated with resorts, hotels, and other accommodations to support the tourist population.

Florida voters approved an amendment to Save Our Homes legislation in January 2008, limiting property taxes by increasing property value exemptions and providing portability of exemption provisions. The City of St. Pete Beach managed the impact of property tax limitations by steadily increasing its millage rate, peaking in fiscal year ("FY") 2013 to coincide with a historically low property tax base. The City has since rebuilt from the economic recession and housing market collapse by gradually increasing staffing levels and services, with a millage rate of 3.15 in place since FY 2015. Since bottoming in FY 2012, property values have increased by an average annual rate of 5.6%.

Pinellas County voters approved the renewal of the Penny for Pinellas local option sales tax in November 2017. The "Penny" is a 1% sales tax levied by Pinellas County and applied to the first \$5,000 of a single purchase, not including groceries or medications. It generates approximately \$1,000,000 annually for the City of St. Pete Beach and will remain in place through December 2030. Funds are restricted for long-term capital infrastructure projects and public safety vehicles.

## LONG TERM FINANCIAL PLANNING

The City Charter requires the City Manager to prepare and submit to the City Commission a Capital Improvement Plan (CIP) every year. The CIP is a planning document for significant capital projects scheduled over a five-year planning period. Project proposal sheets describe the projects and illustrate whether expenditures are intended for acquisition, design, engineering, or construction. Funding sources are matched for each project and, when applicable, the associated operating costs of a project are identified.

Projects are not included unless they have the full support of the City Commission and have an identified funding source. In order to ensure that sufficient funds will be available, management begins the CIP process by calculating working capital projections and evaluating the impact of current spending on fund balance. When available funds are insufficient to support an identified project, new revenue must be generated or the project will be deferred to a later year. The most recent CIP was adopted for FY 2019 - FY 2023 with projects totaling nearly \$42 million. Current-year (FY 2019) projects are supported by the following sources:

- **Capital Improvement Fund:** Funding is derived primarily from two sources: Penny for Pinellas tax revenue and transfers in from the General Fund.
- **Enterprise Funds:** Each of the Wastewater, Reclaimed Water, and Stormwater Funds are established to recover their cost of operations, including associated capital improvements. Rates or fees must be managed at sufficient levels to fund projects financed by enterprise funds.
- **Debt Proceeds:** Debt financing is projected in the amount of \$2,000,000 to be issued via the Wastewater Fund and assigned to the sewer expansion project.

- **Interlocal Agreement:** The Gulf Blvd. electric undergrounding project includes funding derived from an agreement between Pinellas County and the Barrier Islands Government Council to fund improvements on or adjacent to Gulf Blvd. Funds are generated at the County level from the Penny for Pinellas local option sales tax and allocated to local communities in proportion to their Gulf Blvd. linear mileage.
- **Grants:** Grants are sought to aide in the funding of projects and are often used as a match for capital improvement projects. Grant-funded projects are pursued only if grant funding is secured.
- **State Appropriation:** The City secured \$1,000,000 through the State of Florida for sewer improvements. Funding is assigned to the sewer expansion project.

### MAJOR INITIATIVES

The City of St. Pete Beach borrowed over \$21,000,000 in FY 2015 to finance its capital improvement program. Funding was allocated to the following projects, many of which are complex in nature and involve other stakeholders such as the State of Florida, Southwest Florida Water Management District, Pinellas County, and Duke Energy:

- **Pass-a-Grille Roadway Construction, Phase I:** Complete reconstruction of Pass-a-Grille Way from Maritana Drive to 19<sup>th</sup> Avenue, including rehabilitation of traffic lanes, new sidewalks and bike lanes to greatly enhance multi-modal transportation, and utility undergrounding. Incorporates stormwater, wastewater, and reclaimed water improvements. This project was completed in FY 2018.
- **Pass-a-Grille Roadway Construction, Phase II:** Complete reconstruction of Pass-a-Grille Way from 1<sup>st</sup> Avenue to 19<sup>th</sup> Avenue, including rehabilitation of traffic lanes, new sidewalks and bike lanes to greatly enhance multi-modal transportation, and utility undergrounding. Incorporates stormwater, wastewater, and reclaimed water improvements. This project was in process as of September 30, 2018.
- **Blind Pass Road Reconstruction:** Complete reconstruction of Blind Pass Road from Gulf Blvd. to 75<sup>th</sup> Avenue, including rehabilitation of traffic lanes, new sidewalks and bike lanes to greatly enhance multi-modal transportation, and utility undergrounding. Incorporates stormwater, wastewater, and reclaimed water improvements. The construction contract for this project was awarded prior to fiscal year end; construction began in October 2018.
- **Wastewater Inflow and Infiltration Program:** Significant repairs are underway to rebuild the City's sanitary sewer infrastructure, including manhole rehabilitation collection system lining. Funds are programmed annually to address priority areas.
- **Wastewater Pump Station Reconstruction:** Wastewater pump station no. 3, located in Lazarillo Park near the corner of W. Debazan Avenue and Alhambra Street, was rebuilt in FY 2017 following recurring mechanical breakdowns and subsequent flow issues.
- **Sewer System Expansion:** Designed to restore capacity to the wastewater collection system. A new force main will connect to the existing main at 37<sup>th</sup> Avenue at Gulf Blvd. and run to pump station no. 2. The City is evaluating several alternatives to help finance this project.

## AWARDS

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, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the 22nd consecutive year the City of St. Pete Beach has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Management believes the current CAFR continues to meet the Certificate of Achievement Program's requirements. It will be submitted to the GFOA to determine its eligibility for another certificate. Recognition by GFOA, as evidenced by this award, is verification of the Finance Department's dedication to producing documents that effectively communicate the City's financial condition.

## ACKNOWLEDGMENTS

Preparation of the CAFR relies on the diligent and professional efforts of everyone in the Finance Division. The year-end closing process is demanding and time intensive, particularly for the Accounting Manager, Sheila Dalton. Ms. Dalton deserves special recognition for her outstanding contributions to the audit process and to this document. The City's independent auditors, James Moore & Co., P.L., also contributed invaluable to the process by testing data integrity and internal controls. Finally, thank you to the St. Pete Beach City Commission for the overall direction and support provided to management.

Respectfully Submitted,



Vincent M. Tenaglia, MPA, CPFO, CGFO  
Assistant City Manager/Finance Director

City of St. Pete Beach  
FY 2019 Budget  
**Organizational Chart**





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, 2017**

*Christopher P. Morill*

Executive Director/CEO

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, 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 (the City), as of and for the year ended September 30, 2018, 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*

The City's 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.

### *Auditors' 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, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

## **Other Matters**

### *Change in Accounting Principle*

As discussed in Note E. to the financial statements, in 2018, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of this standard have also been applied to the financial statements as of the year ended September 30, 2017. See Note I. for the effect of GASB 75 on beginning net position. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

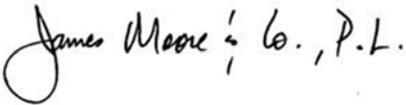
The combining and individual nonmajor fund financial statements, and schedule of revenues and expenditures – emergency medical services are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material 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 March 20, 2019, on our consideration of the City'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's internal control over financial reporting and compliance.

Daytona Beach, Florida  
March 20, 2019

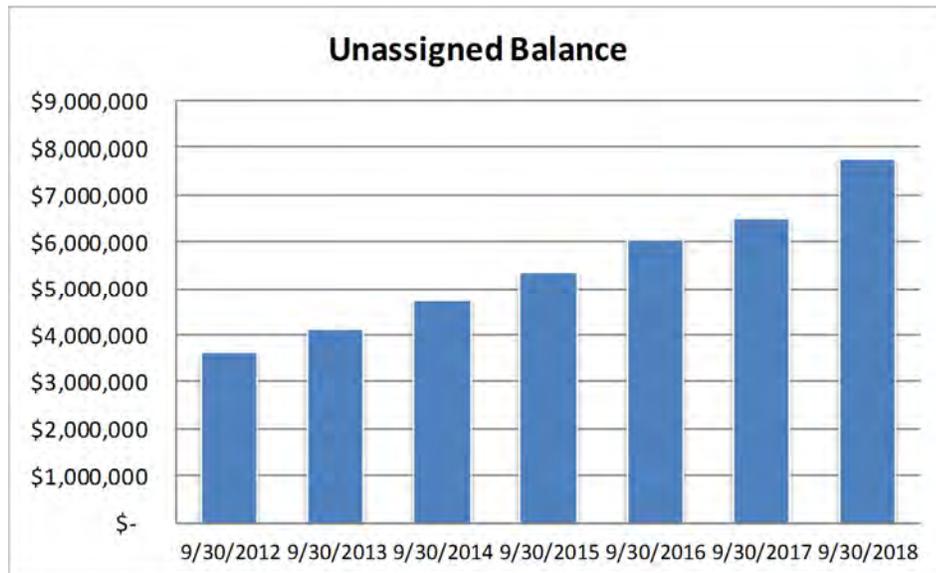


**CITY OF ST. PETE BEACH, FLORIDA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018 (UNAUDITED)**

Management’s discussion and analysis (MD&A) is designed to focus on significant financial issues and provide an overview of the City of St. Pete Beach’s financial activity for the fiscal year ended September 30, 2018. The MD&A is designed to focus on the current year’s activities, resulting changes, and currently known facts. It should be read in conjunction with the transmittal letter (beginning on page 4), basic financial statements (beginning on page 26), and notes to the financial statements (beginning on page 38).

**FINANCIAL HIGHLIGHTS**

- Total net position for the City of St. Pete Beach (the “City”) increased by \$8,698,750, as total assets and deferred outflows exceeded total liabilities and deferred inflows by \$57,456,886.
- Wastewater expenses increased 38.8% due to contractual issues associated with the City of St. Petersburg, which processes and treats wastewater received from St. Pete Beach and several other communities. Wholesale billing rates increased nearly 29%, while annual true-up billing, which compares assessed charges with the wastewater system’s actual operational requirements, resulted unfavorably. The City owed St. Petersburg \$138,425 as of September 30, 2018 – a net change of \$646,371 from the prior year, which reflected a reimbursement due of \$507,946.
- Prior year pension expense reflected recent amendments to the Firefighters’ Retirement System, which increased benefits and caused a spike in total pension liability. However, the costs associated with the benefit changes were mitigated by requiring greater employee contributions, which began this past year. Pension expense therefore reflected both the absence of any other benefit changes and higher employee contributions. Government-wide pension expense declined 71.6%, offsetting the wastewater cost increases.
- The City has reported negative unrestricted net position since implementation of GASB 68, which resulted in net pension liabilities being recorded on the financial statements. Due to the magnitude of change in total net position over the past year, unrestricted balance increased by \$1,570,893, from (\$11,411,159) to (\$9,840,266).
- General Fund unassigned balance, a key indicator of financial flexibility, continued to grow. The chart below illustrates unassigned balances over the last seven years:



**CITY OF ST. PETE BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018 (UNAUDITED)**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements provide insight into the City of St. Pete Beach's (the City's) ability to provide services and meet obligations, both now and in the future. Trends in assets, liabilities and net position illustrate the City's overall financial position, and can be evaluated to determine whether the City is better off or worse off as a result of its operations.

The financial statements include three components that should be considered together in order to gain a comprehensive understanding of the City's financial position: government-wide financial statements, fund financial statements, and notes to the financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements provide a broad overview of the City's finances, in a manner similar to the private sector. The statements can be found on pages 26-27 of this document, and include two different reports: the statement of net position and the statement of activities.

The **Statement of Net Position** presents information on *all* of the City's assets and liabilities as of September 30, 2018. The difference between assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources) is known in governmental accounting as net position. Analysis of net position requires evaluation of unrestricted and restricted net position as well as net investment in capital assets. The latter category represents the net assets being used by the City to provide goods and services to the community. As such, these assets are not readily available for spending without first being converted to financial resources. Restricted net assets represent those which are controlled by state statutes, enabling legislation, debt covenants, or other external requirements. The remaining balance is unrestricted net position, which represents the accumulated resources available to the City for meeting its future obligations.

The **Statement of Activities** illustrates *how* the City's net position changed as a result of its operations throughout the fiscal year ("FY"). This section categorizes City services by program and illustrates the extent to which various functions are subsidized by general tax revenues. Distinction is made between those operations which are expected to be supported by taxes (i.e., governmental activities) and those which are intended to recover their costs (i.e., business-type activities).

**Fund Financial Statements:**

In governmental accounting, a "fund" is a segregated group of related accounts used to ensure and demonstrate compliance with enabling legislation, legal requirements, or other financial administration goals and objectives. The City of St. Pete Beach reports three types of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements (e.g., public safety, public works, culture and recreation, etc.). However, unlike the government-wide financial statements, governmental fund financial statements focus on *financial* resources rather than *economic* resources. Financial resources represent those which may be used to meet near-term requirements. Economic resources, such as capital assets which cannot be quickly converted to finance near-term requirements, are excluded from governmental fund reporting. The narrower focus is intended to emphasize the use of spendable assets.

The long-term impact of the City's shorter-term financial activities can be analyzed by comparing governmental fund reporting to the government-wide statements. Both the governmental fund balance

**CITY OF ST. PETE BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018 (UNAUDITED)**

sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison.

A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the legally adopted budget. Budgetary comparison schedules are provided as required supplementary information (RSI) for the Capital Improvement Projects and Building funds. Governmental fund financial statements begin on page 28.

The City's **Proprietary Funds** include three enterprise funds: Wastewater, Reclaimed Water, and Stormwater. These funds report the same functions and use the same basis of accounting as the business-type activities presented in the government-wide financial statements. Proprietary fund statements are located on page 33.

**Fiduciary Funds** are those which are unavailable to support the City's operations and are held in a trustee or agency capacity. The City's fiduciary funds include three pension trusts, beginning on page 36: Police, Firefighters, and General Employees.

**Notes to the Financial Statements:**

Notes to the financial statements provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 38 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's net position as of September 30, 2018 increased 17.8% over the prior year – the net effect of several favorable budget outcomes and a rare expense totaling \$2,165,195, reported as a special item. The following circumstances contributed to the change in net position:

- ✚ Program expenses increased modestly at 3.5%, as major cost increases associated with the sewer system were offset by a decline in pension expense.**

Wastewater expenses increased by \$1,517,057 due to the contractual billing issues mentioned previously. The increase was offset by a \$1,589,775 decline in pension expense, primarily related to activities within the Firefighters' Retirement System as noted earlier. Meanwhile, several divisions reported year-over-year expenditure decreases, largely due to the absence of prior year non-recurring costs. The 3.5% increase was consistent with budgeted adjustments for staffing levels and wages.

- ✚ City operations were less dependent on general revenues (such as taxes), as program revenues increased 23.1%. Net program expenses declined 34.8%.**

Charges for service revenue increased by \$1,128,322 largely due to a sanitary sewer service rate adjustment. Wastewater fees increased 8.25%, generating \$685,566 in new revenue. Building permit revenue continued to perform favorably, increasing 26.4% and marking an unprecedented total for the City. Beach parking revenue grew modestly, as the City implemented a \$.50 fee increase in the fourth quarter, generating additional revenue of \$92,601.

Capital grants and contributions increased by \$1,934,167 due to stormwater grant revenue, which increased 207.3% based on capital project implementation schedules. Roadway reconstruction activity on Pass-a-Grille Way included grant-funded stormwater drainage system improvements.

**CITY OF ST. PETE BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Operating grants and contributions increased 27.1%, primarily related to FEMA reimbursement revenue. The City incurred expenses of \$470,726 responding to Hurricane Irma, which made landfall on September 10, 2017. Revenue included \$355,654 in associated reimbursements due from FEMA.

**✚ General revenues offset net program expenses by a wide margin, generating \$15,730,753 and increasing net position by \$10,514,422 prior to accounting for special items.**

General revenues increased 6.2%, led by property taxes and investment earnings. Property values increased nearly 7.5%, producing \$600,043 in new revenue as the City maintained its millage rate of 3.1500. Investment earnings increased 88.1%, as the Federal Reserve continued to raise benchmark interest rates while management's prioritization of treasury functions provided for more competitive rates of return.

**✚ The effect of special items limited the increase in net position to \$8,698,750.**

The City reached a settlement in the amount of \$349,523 relating to a malpractice lawsuit filed against an external legal firm. Meanwhile, the City was ordered to pay \$2,165,195 stemming from a 2009 lawsuit regarding beach property access. Special items are discussed further in Note J.

The tables to follow present the condensed Statement of Net Position and Statement of Activities for the current year as compared to the previous year.

STATEMENT OF NET POSITION	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 24,988,434	\$ 30,233,555	\$ 6,768,086	\$ 6,136,452	\$ 31,756,520	\$ 36,370,007
Capital assets, net	47,427,298	36,544,143	24,254,720	22,865,094	71,682,018	59,409,237
Total assets	<u>72,415,732</u>	<u>66,777,698</u>	<u>31,022,806</u>	<u>29,001,546</u>	<u>103,438,538</u>	<u>95,779,244</u>
Deferred outflows related to pensions	842,155	1,097,624	-	-	842,155	1,097,624
Deferred outflows related to OPEB	139,476	-	16,828	5,074	156,304	5,074
Total deferred outflows	<u>981,631</u>	<u>1,097,624</u>	<u>16,828</u>	<u>5,074</u>	<u>998,459</u>	<u>1,102,698</u>
Total assets and deferred outflows	<u>73,397,363</u>	<u>67,875,322</u>	<u>31,039,634</u>	<u>29,006,620</u>	<u>104,436,997</u>	<u>96,881,942</u>
Current and other liabilities	3,736,635	3,482,093	944,989	1,043,152	4,681,624	4,525,245
Long-term liabilities outstanding	31,509,472	31,942,282	9,742,415	10,209,830	41,251,887	42,152,112
Total liabilities	<u>35,246,107</u>	<u>35,424,375</u>	<u>10,687,404</u>	<u>11,252,982</u>	<u>45,933,511</u>	<u>46,677,357</u>
Deferred inflows related to pensions	929,319	863,767	670	-	929,989	863,767
Deferred inflows related to OPEB	104,057	-	12,554	-	116,611	-
Total deferred inflows	<u>1,033,376</u>	<u>863,767</u>	<u>13,224</u>	<u>-</u>	<u>1,046,600</u>	<u>863,767</u>
Total liabilities and deferred inflows	<u>36,279,483</u>	<u>36,288,142</u>	<u>10,700,628</u>	<u>11,252,982</u>	<u>46,980,111</u>	<u>47,541,124</u>
Net position:						
Invested in capital assets	38,579,444	32,831,443	18,051,782	17,577,589	56,631,226	50,409,032
Restricted	8,474,445	10,123,017	2,191,481	219,928	10,665,926	10,342,945
Unrestricted	(9,936,009)	(11,367,280)	95,743	(43,879)	(9,840,266)	(11,411,159)
Total net position	<u>\$ 37,117,880</u>	<u>\$ 31,587,180</u>	<u>\$ 20,339,006</u>	<u>\$ 17,753,638</u>	<u>\$ 57,456,886</u>	<u>\$ 49,340,818</u>

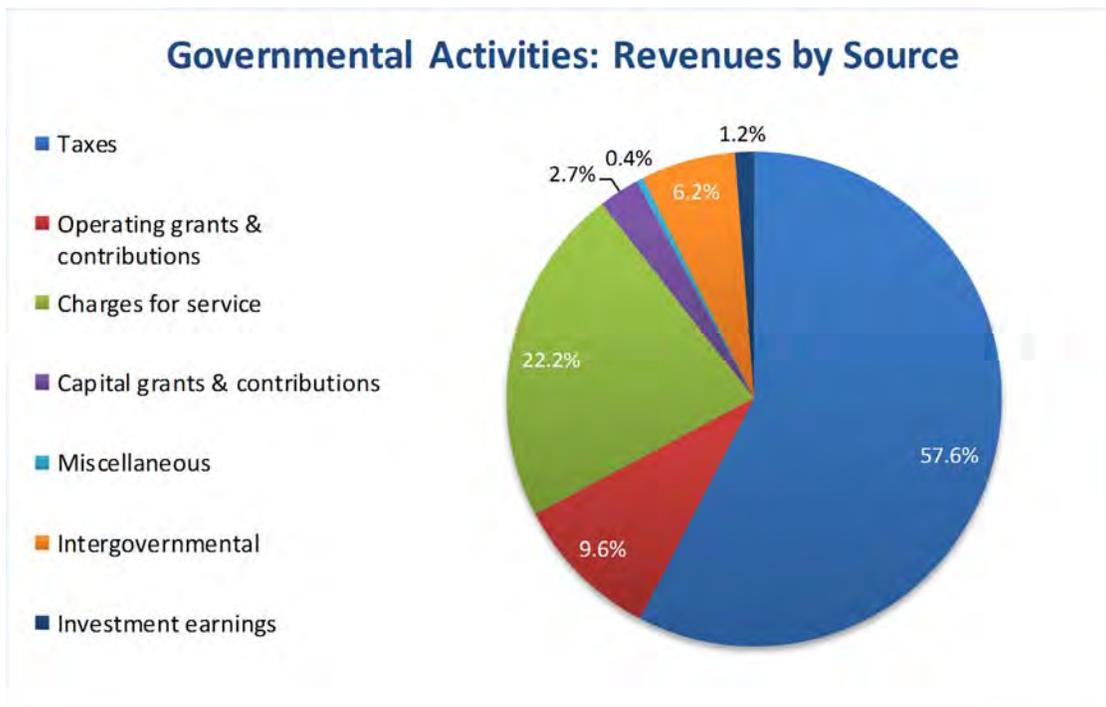
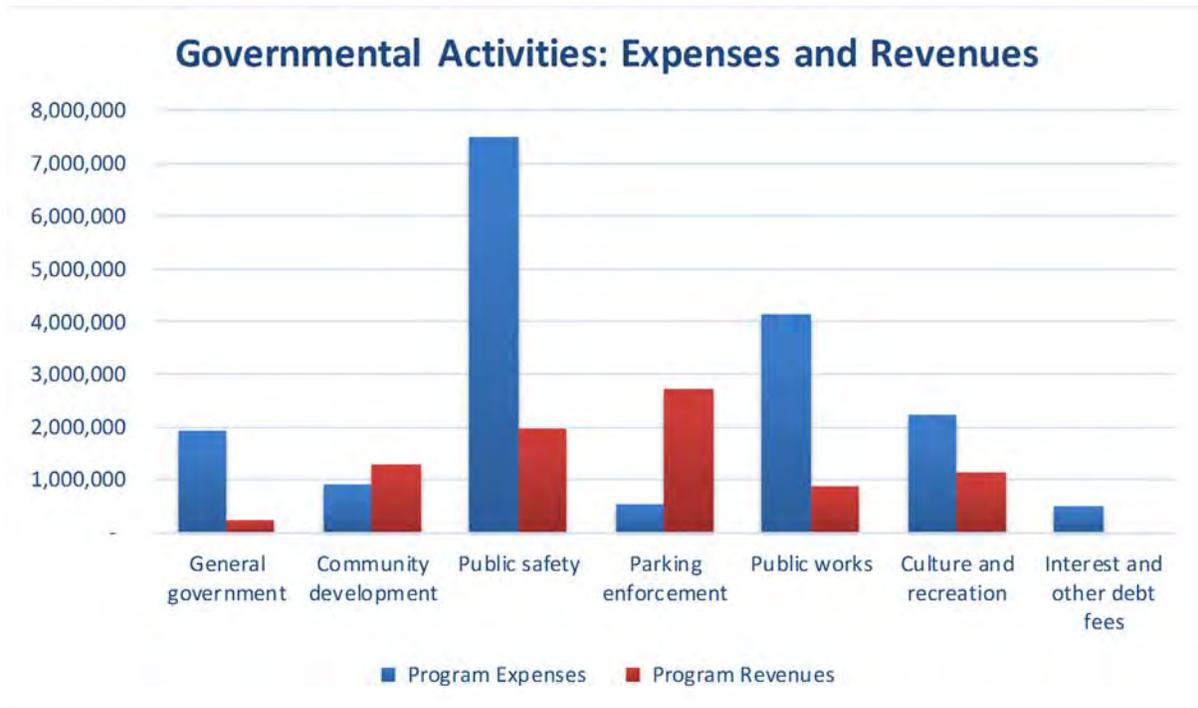
**CITY OF ST. PETE BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018 (UNAUDITED)**

STATEMENT OF ACTIVITIES	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 5,300,760	\$ 4,965,385	\$ 8,695,650	\$ 7,902,703	\$ 13,996,410	\$ 12,868,088
Operating grants & contributions	2,296,165	1,777,535	217,746	199,838	2,513,911	1,977,373
Capital grants & contributions	640,389	87,714	2,050,091	668,599	2,690,480	756,313
General revenues:					-	-
Property taxes	8,368,981	7,768,938	-	-	8,368,981	7,768,938
Sales taxes	1,661,937	1,591,169	-	-	1,661,937	1,591,169
Franchise and utility taxes	3,301,671	3,269,998	-	-	3,301,671	3,269,998
Other taxes	419,938	411,279	-	-	419,938	411,279
Intergovernmental revenues	1,471,523	1,467,061	-	-	1,471,523	1,467,061
Interest earnings	297,731	150,154	104,084	63,411	401,815	213,565
Miscellaneous	104,888	86,481	-	-	104,888	86,481
Total revenues	<u>23,863,983</u>	<u>21,575,714</u>	<u>11,067,571</u>	<u>8,834,551</u>	<u>34,931,554</u>	<u>30,410,265</u>
Expenses:						
General government	\$ 1,916,784	\$ 3,699,537	-	-	\$ 1,916,784	\$ 3,699,537
Community development	918,591	847,318	-	-	918,591	847,318
Public safety	7,493,658	7,133,967	-	-	7,493,658	7,133,967
Parking enforcement	521,270	502,539	-	-	521,270	502,539
Public works	4,138,155	3,609,883	-	-	4,138,155	3,609,883
Culture and recreation	2,213,821	2,089,068	-	-	2,213,821	2,089,068
Wastewater	-	-	5,430,492	3,913,435	5,430,492	3,913,435
Reclaimed water	-	-	755,705	841,137	755,705	841,137
Stormwater	-	-	519,746	451,741	519,746	451,741
Interest and other fees on long-term del	508,910	507,083	-	-	508,910	507,083
Total expenses	<u>17,711,189</u>	<u>18,389,395</u>	<u>6,705,943</u>	<u>5,206,313</u>	<u>24,417,132</u>	<u>23,595,708</u>
Increase (decrease) in net position before transfers and special items:	<u>6,152,794</u>	<u>3,186,319</u>	<u>4,361,628</u>	<u>3,628,238</u>	<u>10,514,422</u>	<u>6,814,557</u>
Transfers	1,710,479	5,436,541	(1,710,479)	(5,436,541)	-	-
Special item - legal settlement	349,523	-	-	-	349,523	-
Special item - legal judgment	(2,165,195)	-	-	-	(2,165,195)	-
Total transfers and special items	<u>(105,193)</u>	<u>5,436,541</u>	<u>(1,710,479)</u>	<u>(5,436,541)</u>	<u>(1,815,672)</u>	<u>-</u>
Increase (decrease) in net position:	<u>6,047,601</u>	<u>8,622,860</u>	<u>2,651,149</u>	<u>(1,808,303)</u>	<u>8,698,750</u>	<u>6,814,557</u>
Net position: October 1	31,587,180	22,964,320	17,753,638	19,561,941	49,340,818	42,526,261
Net position: October 1, as restated	31,070,279		17,687,857		48,758,136	
Net position: September 30	<u>\$ 37,117,880</u>	<u>\$ 31,587,180</u>	<u>\$ 20,339,006</u>	<u>\$ 17,753,638</u>	<u>\$ 57,456,886</u>	<u>\$ 49,340,818</u>

**Governmental Activities:**

Governmental activities increased the City's net position by \$6,047,601, due to many of the factors described previously – particularly lower general government pension expense and higher general revenues. Operating grants and contributions also reflected favorable results, as general government revenue increased by \$137,165 and public safety revenue increased by \$252,857. The library received an unanticipated donation in the amount of \$135,879 while the Fire Department received grant funding of \$136,574 for firefighting equipment. EMS contributions increased by \$116,283 based on the ALS First Responder agreement with Pinellas County. Both of the special items described earlier are reflected in governmental activities.

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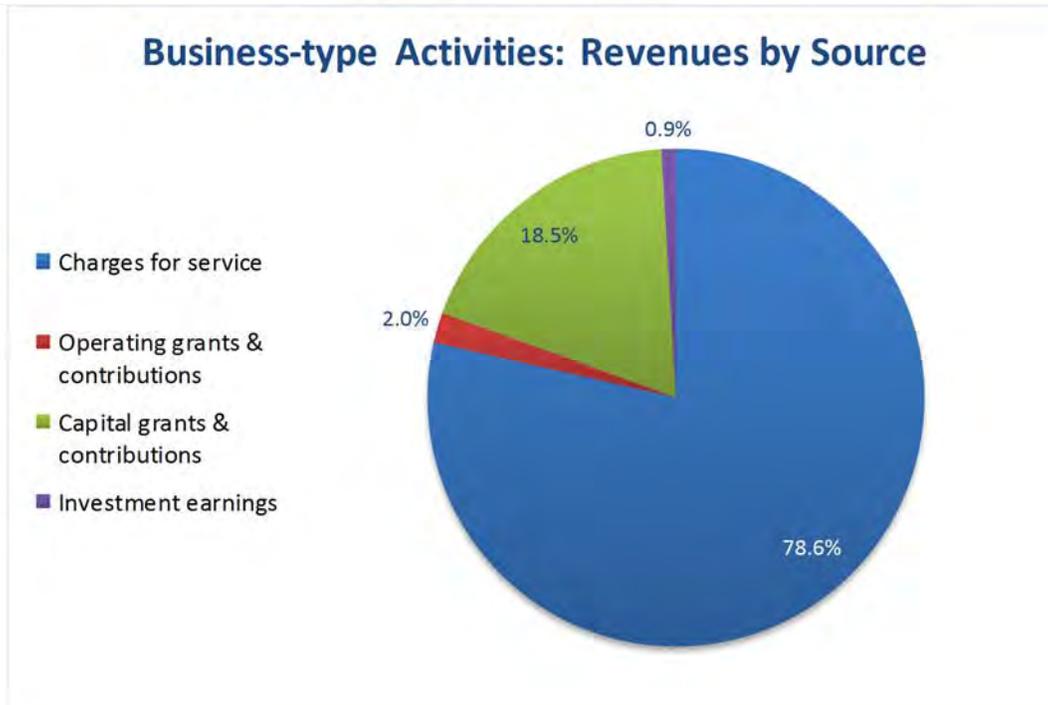
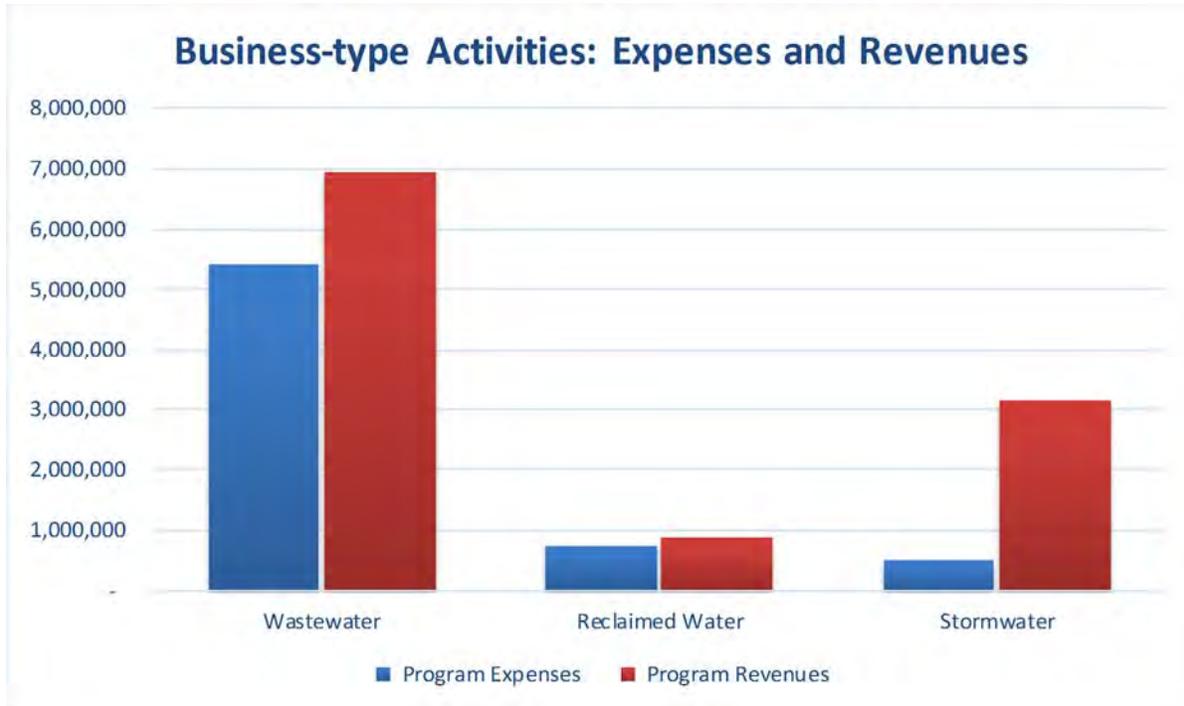


**Business-type Activities:**

Business-type activities increased the City's net position by \$2,651,149 led by stormwater activity, which reported a net revenue increase of \$1,413,399. The grant-funded stormwater improvements completed on Pass-a-Grille Way increased capital grants and contributions by \$1,382,912. Wastewater charges for

**CITY OF ST. PETE BEACH, FLORIDA  
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service increased 11.3% because of sewer fees, as cited previously. The City also increased its stormwater assessment, raising stormwater charges for service revenue 9.3%. Reclaimed water program expenses declined 10.2%, driven by lower repair and maintenance costs. Net position increased by \$2,651,149 compared to a decrease of (\$1,808,303) in the prior year, due to the impact of transfers. Transfers from business-type activities to governmental activities declined 68.5% based on the City's capital improvement program. The Pass-a-Grille Way improvements project was largely funded via transfers in the prior year, minimizing the need for additional transfers.



**CITY OF ST. PETE BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**FUND STATEMENT FINANCIAL ANALYSIS**

**Governmental Funds:**

Governmental Funds reported ending fund balances of \$21,858,067. Fund balance decreased 18.6%, primarily because of the legal judgment and the extent of capital expenditures reflected in governmental funds. The Capital Improvement Projects Fund included capital outlay of \$11,204,556, an increase of 83.4% based on the City's capital improvement program. The City expended \$10,153,550 on Pass-a-Grille Way roadway and infrastructure improvements.

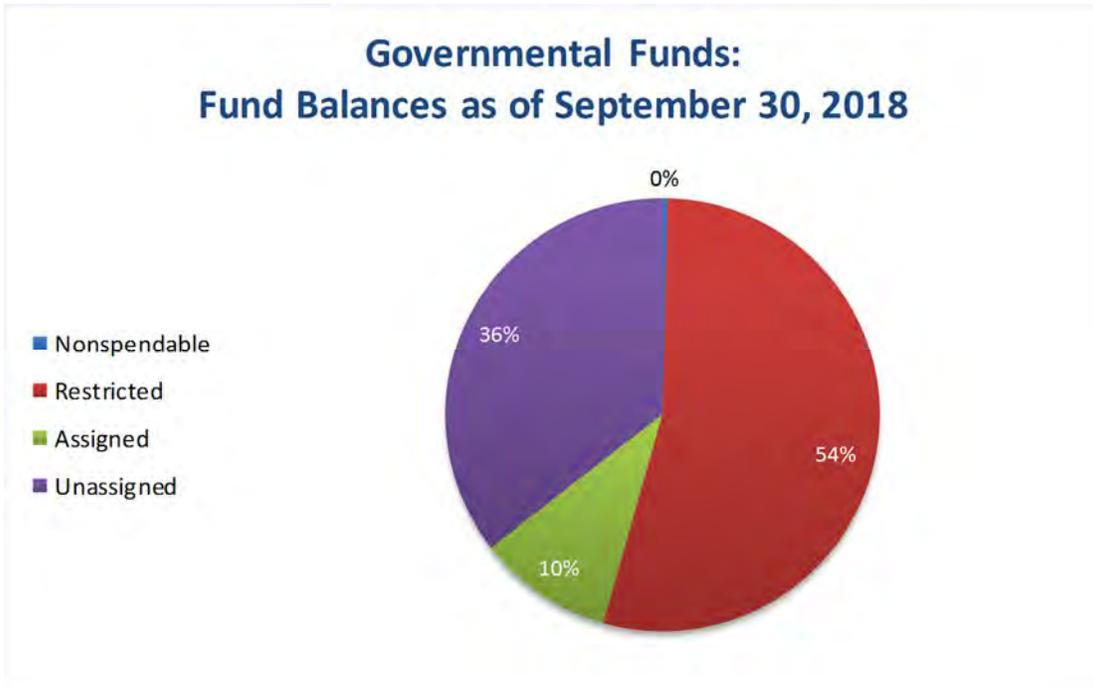
Governmental fund revenue grew by \$2,246,128 to offset current expenditure increases of \$1,383,602. All reported revenue sources experienced growth based on factors described earlier: property values, building permit activity, beach parking rates, investment performance, and unanticipated donations.

Current expenditure growth was primarily attributed to public works and public safety, which increased 17.3% and 9.3%, respectively. Public works expenditures reflected additional staffing levels in the parks maintenance division, which increased from 2.4 full-time equivalent positions to 6. Public safety costs increased following the addition of a full-time community policing officer via Pinellas County Sheriff's Office.

The treatment of governmental funds is perhaps the most unique aspect of governmental financial reporting. The difference between assets and liabilities in a governmental fund is known as fund balance. Fund balance is a commonly used measure of a government's available resources and liquidity. Designations are applied to various components of fund balance to describe the extent to which resources may be limited, as further described in Note A. The balances to follow reflect the limitations applicable to the City's governmental fund resources as of September 30, 2018.

- **Non-spendable** fund balance items include inventories, prepaid accounts, and other resources that are inherently not easily convertible into financial resources. The City's non-spendable fund balance was \$77,554.
- **Restricted** fund balance includes accounts and designations upon which restrictions have been externally imposed. The restricted balance total of \$11,816,591 reflects a 38.9% decrease from the prior year due to the extent of capital-related activity in the Capital Improvement Projects Fund. As the Fund's expenditures increased, assets and fund balances declined.
- **Assigned** fund balance represents management's intended use of specific resources. The City's assigned balance includes reserves for Fire Department capital projects, library purposes, vehicle replacement, compensated absences, future budget periods, and insurance stabilization. The total balance as of September 30, 2018 was \$2,198,154.
- **Unassigned** balance should be considered the City's least restricted resource available for appropriation. Due to St. Pete Beach's geographic position as a barrier island and potential exposure to hurricanes or other storm-related events, the City has prioritized unassigned balance in recent years. Unassigned balance increased 19.2% to \$7,765,768.

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**Proprietary Funds:**

Net position of the City's proprietary funds increased 15.0%, driven by additional revenue and less transfer activity, as described previously. Revenue increases were attributed to higher sanitary sewer service fees and an increased stormwater management assessment. Prior year net transfers out from the proprietary funds totaled \$5,436,541 corresponding to the City's capital improvement program, providing funding for major infrastructure improvement projects on Pass-a-Grille Way. Subsequent projects required less funding from proprietary funds, with transfers out totaling \$1,710,479 in FY 2018.

Both the Wastewater and Stormwater Funds reported negative unrestricted net position, with a disproportionate balance of each fund's net position being reflected in net investment in capital assets. The Stormwater Fund recovered from a negative total net position in the prior year, due to the magnitude of grant-funded capital improvements. The City accounted for the Pass-a-Grille Way infrastructure improvement project in the Capital Improvement Projects Fund via transfers from other individual funds. The drainage-related elements of the project were supported by Stormwater Fund transfers, which in turn were supported by external grants. The net effect of this funding method was to leave the Stormwater Fund with a significant interfund liability until completion of the project and subsequent reimbursement by the grant agency. Upon receipt of progress-payment reimbursements from the grant agency in FY 2018, cash was transferred from the Stormwater Fund to the Capital Improvement Projects Fund and the liability was reduced – increasing total net position from (\$1,099,726) to \$944,664.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund activity reflected the reallocation of building division revenues and expenditures into a new, standalone non-major governmental fund. Permits and fees therefore excluded building permit revenue, while the personnel and operating costs associated with the division were absent from Community Development expenditures. The new fund is expected to operate on a budget neutral basis, so the net effect on General Fund balances should be minimal.

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As with the governmental funds, and based on all the same factors except building permit activity, all reported revenue sources experienced growth: taxes (5.5%), intergovernmental revenues (9.7%), charges for service (13.2%), investment income (221.1%), and miscellaneous revenues (33.5%). Total revenue growth of \$1,005,135 was sufficient to offset expenditure increases of \$943,128.

Transfers out declined 37.7% based on the City's capital improvement program. As discussed on the previous page with regard to stormwater improvements, the City accounts for various infrastructure improvements in the Capital Improvement Projects Fund. To the extent general revenues are required to provide adequate funding, transfers are recorded from the General Fund to the Capital Improvement Projects Fund.

*Revisions from adopted to final budget:*

The final budget included revisions to revenue estimates totaling \$136,574, attributed to the receipt of an unanticipated grant for firefighting equipment. Final authorized expenditures included revisions of \$711,680, including encumbrances carried forward from FY 2017 totaling \$360,584, capital improvement related re-appropriations totaling \$207,332, and contributions of \$143,764 for the grant-funded firefighting equipment.

*Significant budgetary variances:*

**Revenue:**

- Investment income, intergovernmental, and miscellaneous: The City's past practice was to intentionally under-budget investment income to ensure there was no incentive to reach for yield; investment earnings therefore exceeded the budget by 519.7%. In the current environment of more favorable interest rates, management has since revised the approach to budgeting, noting the City's investment policy provides for standards of prudence. Intergovernmental and miscellaneous revenue also outperformed the budget based on unanticipated items described earlier: grant revenue and donations, respectively.

**Expenditures:**

- Information Technology Division: Final expenditures exceeded the budget by 2.1% (\$5,448) due to final accounting adjustments reclassifying computer equipment from capital outlay, which is reported separately, to operating supplies.
- City Planning Division: Planning expenditures reached just 45.0% of budgeted totals, primarily related to the inclusion of contingency funds for as-needed professional services. The FY 2019 budget was subsequently reduced by \$70,000 due to these funds not being utilized. The FY 2018 budget also included funds for several new staff positions which remained vacant throughout the year, but have since been filled.
- Fire Safety and EMS Divisions: Fire Department expenditures exceeded annual estimates due to the implementation of a new collective bargaining agreement and related pension changes. Required employer contribution rates exceeded the budgeted estimate.
- Public Works – Administration Division: Actual expenditures exceeded budgeted estimates by 1.4% (\$12,149) due to two positions being filled at higher rates of pay than the previous incumbents.
- Recreation Department: The City did not budget for reimbursable items, such as field trip expenditures, which are covered by separate charges. Although this netted to a financial gain, it left a variance of over \$20,000 from a budget perspective. Similarly, expenditures for contractual instructors exceeded the annual budget by over \$21,000 but provided net revenue of nearly \$3,000. Total Recreation expenditures exceeded the annual budget by 3.1%. Moving forward, management will incorporate reimbursable items into the budget adoption process.

**CITY OF ST. PETE BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018 (UNAUDITED)**

**CAPITAL ASSETS**

The City of St. Pete Beach has pursued a robust capital improvement program since issuing revenue bonds totaling \$21,000,000 in FY 2015. Net capital assets increased 20.7%, primarily relating to the Pass-a-Grille Way reconstruction project, the second phase of which remained in process as of September 30, 2018. The following standalone construction projects were completed in FY 2018:

- Pass-a-Grille Way improvements (phase one)
- Don Vista facility improvements
- Wastewater flow monitoring system
- Wastewater GIS integration system

Other projects are managed via annual funding installments. Management prioritizes specific project areas on a budgetary basis. The following programs were also completed in FY 2018:

- Street rehabilitation
- Seawall rehabilitation
- Wastewater inflow and infiltration rehabilitation
- Lift Station repair and replacement
- Stormwater drainage improvements
- Public facility security enhancements
- Public facility improvements
- ADA compliance

Note C includes more information on the City's capital assets and activity for FY 2018.

CAPITAL ASSETS, NET	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Land, land rights and improvements	\$ 3,905,294	\$ 3,905,294	\$ 310,117	\$ 310,117	\$ 4,215,411	\$ 4,215,411
Buildings and other improvements	10,960,088	11,090,969	102,297	106,680	11,062,385	11,197,649
Infrastructure	21,062,380	8,606,510	20,522,336	19,036,976	41,584,716	27,643,486
Furniture, machinery and equipment	1,957,301	1,627,933	498,361	377,589	2,455,662	2,005,522
Capital projects in process	9,542,235	11,313,437	2,821,609	3,033,732	12,363,844	14,347,169
Total	\$ 47,427,298	\$ 36,544,143	\$ 24,254,720	\$ 22,865,094	\$ 71,682,018	\$ 59,409,237

**DEBT ADMINISTRATION**

Note F includes a detailed listing of long-term liabilities. Following is a summary of the City's outstanding debt as of September 30, 2018 compared to the prior year.

CITY OF ST. PETE BEACH'S OUTSTANDING DEBT	Governmental activities		Business-type activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ 12,190,000	\$ 12,860,000	\$ 7,051,000	\$ 7,409,000	\$ 19,241,000	\$ 20,269,000
State revolving loans	-	-	1,681,824	1,875,315	\$ 1,681,824	\$ 1,875,315
Capital leases	-	78,171	219,702	289,173	\$ 219,702	\$ 367,344
Total	\$ 12,190,000	\$ 12,938,171	\$ 8,952,526	\$ 9,573,488	\$ 21,142,526	\$ 22,511,659

**CITY OF ST. PETE BEACH, FLORIDA  
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**Next Year's Budget and Rates**

St. Pete Beach property value growth led Pinellas County, increasing 11.6%. The City maintained its ad valorem tax rate of 3.1500 mills, which will generate over \$950,000 in new revenue. The City adopted its FY 2019 budget without appropriating unassigned balance. Stormwater fees increased for both of the City's assessment tiers, continuing the four-year phased in rate adjustment initiated in FY 2017. Tier 1 fees (assessed per parcel) increased 3% and Tier 2 fees (assessed per equivalent residential unit) increased 12.0%.

**Pending Economic Factors**

The City's wastewater collection system is surcharged and unable to accept new flows. The City adopted a moratorium resolution in FY 2016 restricting any development or redevelopment projects that would increase sanitary sewer flows. A planned public-private partnership was cancelled in December 2018, which would have financed a sanitary sewer expansion project and facilitated development and redevelopment activities by restoring capacity to the wastewater collection system. Management is currently evaluating all financial options to move forward with the project without the assistance of private funding. The working cost estimate for the project is \$12,000,000.

**Requests for information**

This financial report is designed to provide a general overview of the City of St. Pete Beach's financial position for all those interested in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant City Manager/Finance Director at 155 Corey Avenue, St. Pete Beach, Florida 33706.

## **BASIC FINANCIAL STATEMENTS**

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

**CITY OF ST. PETE BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 10,810,106	\$ 2,607,706	\$ 13,417,812
Investments	504,145	-	504,145
Receivables, net	1,253,831	1,563,063	2,816,894
Internal balances	4,403,895	(4,403,895)	-
Due from other governments	710,191	1,888,196	2,598,387
Inventories	487	56,648	57,135
Prepays	10,965	5,158	16,123
Other assets	760	-	760
Restricted assets:			
Equity in pooled cash	7,294,054	5,051,210	12,345,264
Capital assets:			
Non-depreciable capital assets	13,447,529	3,131,726	16,579,255
Other capital assets, net of depreciation	33,979,769	21,122,994	55,102,763
Total assets	<u>\$ 72,415,732</u>	<u>\$ 31,022,806</u>	<u>\$ 103,438,538</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	\$ 842,155	\$ -	\$ 842,155
Deferred outflows related to OPEB	139,476	16,828	156,304
Total deferred outflows	<u>\$ 981,631</u>	<u>\$ 16,828</u>	<u>\$ 998,459</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2,388,470	\$ 834,848	\$ 3,223,318
Customer deposits	108,896	-	108,896
Unearned revenue	79,258	-	79,258
Accrued interest payable	101,952	110,141	212,093
Due to fiduciary funds	553,743	-	553,743
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	260,000	568,518	828,518
Capital leases	-	71,319	71,319
Compensated absences	244,316	11,231	255,547
Due in more than one year:			
Bonds and notes payable	11,930,000	8,164,306	20,094,306
Capital leases	-	148,383	148,383
Compensated absences	285,225	5,156	290,381
Total OPEB liability	617,718	74,526	692,244
Net pension liability	18,676,529	698,976	19,375,505
Total liabilities	<u>\$ 35,246,107</u>	<u>\$ 10,687,404</u>	<u>\$ 45,933,511</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	\$ 929,319	\$ 670	\$ 929,989
Deferred inflows related to OPEB	104,057	12,554	116,611
Total deferred inflows	<u>\$ 1,033,376</u>	<u>\$ 13,224</u>	<u>\$ 1,046,600</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 38,579,444	\$ 18,051,782	\$ 56,631,226
Restricted for:			
Library	150,000	-	150,000
Legal settlements	1,518	-	1,518
Capital improvements	7,562,532	2,000,000	9,562,532
Debt service	212,238	191,481	403,719
Building department	329,898	-	329,898
Law enforcement	5,323	-	5,323
Transportation improvements	212,936	-	212,936
Unrestricted	(9,936,009)	95,743	(9,840,266)
Total net position	<u>\$ 37,117,880</u>	<u>\$ 20,339,006</u>	<u>\$ 57,456,886</u>

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

**CITY OF ST. PETE BEACH, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,916,784	\$ 80,184	\$ 148,240	\$ -	\$ (1,688,360)	\$ -	\$ (1,688,360)
Community development	918,591	1,304,247	-	-	385,656	-	385,656
Public safety	7,493,658	84,186	1,881,488	-	(5,527,984)	-	(5,527,984)
Parking enforcement	521,270	2,735,087	-	-	2,213,817	-	2,213,817
Public works	4,138,155	-	234,520	640,389	(3,263,246)	-	(3,263,246)
Culture and recreation	2,213,821	1,097,056	31,917	-	(1,084,848)	-	(1,084,848)
Interest on long-term debt	508,910	-	-	-	(508,910)	-	(508,910)
Total governmental activities	<u>17,711,189</u>	<u>5,300,760</u>	<u>2,296,165</u>	<u>640,389</u>	<u>(9,473,875)</u>	<u>-</u>	<u>(9,473,875)</u>
Business-type activities:							
Wastewater	5,430,492	6,733,254	211,839	-	-	1,514,601	1,514,601
Reclaimed water	755,705	863,271	-	-	-	107,566	107,566
Stormwater	519,746	1,099,125	5,907	2,050,091	-	2,635,377	2,635,377
Total business-type activities	<u>6,705,943</u>	<u>8,695,650</u>	<u>217,746</u>	<u>2,050,091</u>	<u>-</u>	<u>4,257,544</u>	<u>4,257,544</u>
Total primary government	<u>\$ 24,417,132</u>	<u>\$ 13,996,410</u>	<u>\$ 2,513,911</u>	<u>\$ 2,690,480</u>	<u>(9,473,875)</u>	<u>4,257,544</u>	<u>(5,216,331)</u>
General revenues:							
Property taxes					8,368,981	-	8,368,981
Sales taxes					1,661,937	-	1,661,937
Franchise and utility taxes					3,301,671	-	3,301,671
Other taxes					419,938	-	419,938
Other intergovernmental revenues					1,471,523	-	1,471,523
Investment earnings					297,731	104,084	401,815
Miscellaneous revenues					104,888	-	104,888
Transfers					1,710,479	(1,710,479)	-
Total general revenues and transfers					<u>17,337,148</u>	<u>(1,606,395)</u>	<u>15,730,753</u>
Change in net position, before special items					<u>7,863,273</u>	<u>2,651,149</u>	<u>10,514,422</u>
Special item - legal settlement					349,523	-	349,523
Special item - legal judgment					(2,165,195)	-	(2,165,195)
Change in net position					<u>6,047,601</u>	<u>2,651,149</u>	<u>8,698,750</u>
Net position - beginning of year, as restated					<u>31,070,279</u>	<u>17,687,857</u>	<u>48,758,136</u>
Net position - end of year					<u>\$ 37,117,880</u>	<u>\$ 20,339,006</u>	<u>\$ 57,456,886</u>

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

**CITY OF ST. PETE BEACH, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<u>General</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Equity in pooled cash	\$ 10,214,356	\$ 7,292,536	\$ 597,268	\$ 18,104,160
Investments	504,145	-	-	504,145
Receivables, net	326,538	965,773	-	1,292,311
Due from other governments	671,711	-	-	671,711
Due from other funds	-	418,994	-	418,994
Advances to other funds	65,342	4,048,639	-	4,113,981
Inventories	1,247	-	-	1,247
Prepaid items	10,622	-	343	10,965
<b>Total assets</b>	<u>\$ 11,793,961</u>	<u>\$ 12,725,942</u>	<u>\$ 597,611</u>	<u>\$ 25,117,514</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 859,413	\$ 1,479,946	\$ 49,111	\$ 2,388,470
Customer deposits	108,896	-	-	108,896
Unearned revenue	79,258	-	-	79,258
Due to other funds	553,743	129,080	-	682,823
<b>Total liabilities</b>	<u>1,601,310</u>	<u>1,609,026</u>	<u>49,111</u>	<u>3,259,447</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	1,247	-	-	1,247
Prepaid items	10,622	-	343	10,965
Advances to other funds	65,342	-	-	65,342
Restricted for:				
Library	150,000	-	-	150,000
Legal settlements	1,518	-	-	1,518
Capital improvement projects	-	10,904,678	-	10,904,678
Debt service	-	212,238	-	212,238
Building department	-	-	329,898	329,898
Law enforcement	-	-	5,323	5,323
Transportation improvements	-	-	212,936	212,936
Assigned to:				
Fire capital	124,594	-	-	124,594
Library	462,344	-	-	462,344
Vehicle replacement	837,775	-	-	837,775
Compensated absences	475,871	-	-	475,871
Subsequent year's budget	246,116	-	-	246,116
Insurance stabilization	51,454	-	-	51,454
Unassigned	7,765,768	-	-	7,765,768
<b>Total fund balances</b>	<u>10,192,651</u>	<u>11,116,916</u>	<u>548,500</u>	<u>21,858,067</u>
<b>Total liabilities and fund balances</b>	<u>\$ 11,793,961</u>	<u>\$ 12,725,942</u>	<u>\$ 597,611</u>	<u>\$ 25,117,514</u>

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

<b>Fund balances - total governmental funds</b>		\$ 21,858,067
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Total governmental capital assets	68,976,941	
Less: accumulated depreciation	<u>(21,549,643)</u>	47,427,298
<p>On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.</p>		
Net pension liability	(18,676,529)	
Deferred outflows related to pensions	842,155	
Deferred inflows related to pensions	<u>(929,319)</u>	(18,763,693)
<p>On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.</p>		
Total OPEB liability	(617,718)	
Deferred outflows related to OPEB	139,476	
Deferred inflows related to OPEB	<u>(104,057)</u>	(582,299)
<p>Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:</p>		
Bonds and notes payable	(12,190,000)	
Accrued interest payable	(101,952)	
Compensated absences	<u>(529,541)</u>	(12,821,493)
<b>Net position of governmental activities</b>		<u><u>\$ 37,117,880</u></u>

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 12,706,826	\$ 1,045,701	\$ -	\$ 13,752,527
Permits and fees	288,372	-	904,697	1,193,069
Intergovernmental	2,437,495	1,247,301	-	3,684,796
Charges for services	1,495,134	-	-	1,495,134
Charges for services - parking enforcement	2,735,087	-	-	2,735,087
Investment income	155,906	141,323	502	297,731
Miscellaneous	1,094,725	20,000	-	1,114,725
Total revenues	<u>20,913,545</u>	<u>2,454,325</u>	<u>905,199</u>	<u>24,273,069</u>
<b>Expenditures</b>				
Current:				
General government	1,717,230	-	-	1,717,230
Community development	401,357	-	589,227	990,584
Library	552,402	-	-	552,402
Parking enforcement	525,851	-	-	525,851
Public safety	7,634,470	-	-	7,634,470
Public works	3,333,091	-	-	3,333,091
Recreation	1,281,613	-	-	1,281,613
Capital outlay	666,345	11,204,556	-	11,870,901
Debt service:				
Principal retirement	-	748,171	-	748,171
Interest and fiscal charges	-	522,496	-	522,496
Total expenditures	<u>16,112,359</u>	<u>12,475,223</u>	<u>589,227</u>	<u>29,176,809</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,801,186</u>	<u>(10,020,898)</u>	<u>315,972</u>	<u>(4,903,740)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	4,505,054	14,500	4,519,554
Transfers out	(2,809,075)	-	-	(2,809,075)
Total other financing sources (uses)	<u>(2,809,075)</u>	<u>4,505,054</u>	<u>14,500</u>	<u>1,710,479</u>
<b>Special items</b>				
Legal settlement	349,523	-	-	349,523
Legal judgment	(2,165,195)	-	-	(2,165,195)
Total special items	<u>(1,815,672)</u>	<u>-</u>	<u>-</u>	<u>(1,815,672)</u>
<b>Net change in fund balances</b>	<u>176,439</u>	<u>(5,515,844)</u>	<u>330,472</u>	<u>(5,008,933)</u>
<b>Fund balances, beginning of year</b>	10,016,212	16,632,760	218,028	26,867,000
<b>Fund balances, end of year</b>	<u>\$ 10,192,651</u>	<u>\$ 11,116,916</u>	<u>\$ 548,500</u>	<u>\$ 21,858,067</u>

The accompanying notes to 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 OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (5,008,933)</b>
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	11,870,901
Depreciation expense	(1,537,553)
Contributed capital assets and adjustments	550,089
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(282)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	748,171
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(529,223)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in accrued interest on long-term debt	13,586
Change in compensated absences liability	(66,921)
Change in total OPEB liability	7,766
<b>Change in net position of governmental activities</b>	<b>\$ 6,047,601</b>

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,625,656	\$ 12,625,656	\$ 12,706,826	\$ 81,170
Permits and fees	291,800	291,800	288,372	(3,428)
Intergovernmental	2,110,281	2,246,855	2,437,495	190,640
Charges for services	4,175,904	4,175,904	4,230,221	54,317
Investment income	30,000	30,000	155,906	125,906
Miscellaneous	781,220	781,220	1,094,725	313,505
Total revenues	<u>20,014,861</u>	<u>20,151,435</u>	<u>20,913,545</u>	<u>762,110</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Elected Officials	70,366	70,366	57,437	12,929
City Clerk	232,837	232,837	229,465	3,372
City Manager	521,940	521,940	489,198	32,742
Legal	330,000	330,000	314,394	15,606
Information technology	259,402	259,402	264,850	(5,448)
Finance	371,161	371,161	361,886	9,275
Total general government	<u>1,785,706</u>	<u>1,785,706</u>	<u>1,717,230</u>	<u>68,476</u>
Community development:				
Planning	423,972	478,220	214,950	263,270
Code enforcement	212,267	212,267	186,407	25,860
Total community development	<u>636,239</u>	<u>690,487</u>	<u>401,357</u>	<u>289,130</u>
Library	<u>548,166</u>	<u>554,315</u>	<u>552,402</u>	<u>1,913</u>
Parking enforcement	<u>532,114</u>	<u>532,114</u>	<u>525,851</u>	<u>6,263</u>
Public safety:				
Law enforcement	3,070,080	3,303,528	3,030,358	273,170
Fire safety	2,687,576	2,689,776	2,831,209	(141,433)
EMS	1,766,035	1,766,035	1,772,903	(6,868)
Total public safety	<u>7,523,691</u>	<u>7,759,339</u>	<u>7,634,470</u>	<u>124,869</u>
Public works:				
Administration	868,874	891,910	904,059	(12,149)
Building maintenance	383,318	392,318	365,274	27,044
Beaches	351,321	351,321	306,604	44,717
Streets	841,300	856,910	822,381	34,529
Parks	1,018,949	1,029,014	934,773	94,241
Total public works	<u>3,463,762</u>	<u>3,521,473</u>	<u>3,333,091</u>	<u>188,382</u>
Recreation	1,234,248	1,243,464	1,281,613	(38,149)
Capital outlay	597,200	945,908	666,345	279,563
Total expenditures	<u>16,321,126</u>	<u>17,032,806</u>	<u>16,112,359</u>	<u>920,447</u>
Excess of revenues over expenditures	<u>3,693,735</u>	<u>3,118,629</u>	<u>4,801,186</u>	<u>1,682,557</u>
<b>Other financing sources (uses)</b>				
Transfers in	71,176	71,176	-	(71,176)
Transfers out	(2,404,500)	(2,809,075)	(2,809,075)	-
Total other financing sources (uses)	<u>(2,333,324)</u>	<u>(2,737,899)</u>	<u>(2,809,075)</u>	<u>(71,176)</u>
<b>Special item - legal settlement</b>	-	-	349,523	349,523
<b>Special item - legal judgment</b>	-	-	(2,165,195)	(2,165,195)
<b>Net change in fund balances</b>	<u>1,360,411</u>	<u>380,730</u>	<u>176,439</u>	<u>(204,291)</u>
<b>Fund balances, beginning of year</b>	10,016,212	10,016,212	10,016,212	-
<b>Fund balances, end of year</b>	<u>\$ 11,376,623</u>	<u>\$ 10,396,942</u>	<u>\$ 10,192,651</u>	<u>\$ (204,291)</u>

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Wastewater</b>	<b>Reclaimed Water</b>	<b>Stormwater</b>	<b>Total</b>
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 66,628	\$ 591,487	\$ 1,949,591	\$ 2,607,706
Accounts receivable, net	1,405,319	139,417	18,327	1,563,063
Due from other governments	115,227	-	1,772,969	1,888,196
Inventories	52,109	-	4,539	56,648
Prepaid items	4,886	272	-	5,158
Due from other funds	-	-	129,080	129,080
Restricted current assets				
Equity in pooled cash	537,401	-	212,577	749,978
Total current assets	<u>2,181,570</u>	<u>731,176</u>	<u>4,087,083</u>	<u>6,999,829</u>
Noncurrent assets:				
Restricted cash	3,653,952	-	647,280	4,301,232
Capital assets:				
Land	310,117	-	-	310,117
Building and improvements	129,409	-	-	129,409
Infrastructure	19,317,397	11,606,595	892,010	31,816,002
Machinery and equipment	867,217	92,678	74,907	1,034,802
Construction in progress	606,347	24,304	2,190,958	2,821,609
Accumulated depreciation	(5,897,815)	(5,854,407)	(104,997)	(11,857,219)
Total capital assets, net	<u>15,332,672</u>	<u>5,869,170</u>	<u>3,052,878</u>	<u>24,254,720</u>
Total noncurrent assets	<u>18,986,624</u>	<u>5,869,170</u>	<u>3,700,158</u>	<u>28,555,952</u>
Total assets	<u>\$ 21,168,194</u>	<u>\$ 6,600,346</u>	<u>\$ 7,787,241</u>	<u>\$ 35,555,781</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to OPEB	\$ 10,377	\$ 2,159	\$ 4,292	\$ 16,828
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 717,977	\$ 42,594	\$ 74,277	\$ 834,848
Due to other funds	418,994	-	-	418,994
Advances from other funds	-	65,342	4,048,639	4,113,981
Compensated absences	7,395	564	3,272	11,231
Payable from restricted assets:				
Current maturities on long-term debt	387,518	-	181,000	568,518
Current maturities on capital leases	71,319	-	-	71,319
Accrued interest payable	78,564	-	31,577	110,141
Total current liabilities	<u>1,681,767</u>	<u>108,500</u>	<u>4,338,765</u>	<u>6,129,032</u>
Noncurrent liabilities:				
Bonds and notes payable, net	5,776,306	-	2,388,000	8,164,306
Capital leases, net	148,383	-	-	148,383
Compensated absences	3,505	-	1,651	5,156
Total OPEB liability	45,956	9,563	19,007	74,526
Net pension liability	474,559	128,265	96,152	698,976
Total noncurrent liabilities	<u>6,448,709</u>	<u>137,828</u>	<u>2,504,810</u>	<u>9,091,347</u>
Total liabilities	<u>\$ 8,130,476</u>	<u>\$ 246,328</u>	<u>\$ 6,843,575</u>	<u>\$ 15,220,379</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	\$ 455	\$ 123	\$ 92	\$ 670
Deferred inflows related to OPEB	7,741	1,611	3,202	12,554
Total deferred inflows	<u>\$ 8,196</u>	<u>\$ 1,734</u>	<u>\$ 3,294</u>	<u>\$ 13,224</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 10,945,454	\$ 5,869,170	\$ 1,237,158	\$ 18,051,782
Restricted for capital improvements	2,000,000	-	-	2,000,000
Restricted for debt service	116,481	-	75,000	191,481
Unrestricted	(22,036)	485,273	(367,494)	95,743
Total net position	<u>\$ 13,039,899</u>	<u>\$ 6,354,443</u>	<u>\$ 944,664</u>	<u>20,339,006</u>

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Wastewater</b>	<b>Reclaimed Water</b>	<b>Stormwater</b>	
<b>Operating revenues</b>				
Charges for services	\$ 6,677,519	\$ 863,271	\$ 1,099,125	\$ 8,639,915
Other revenues	55,735	-	-	55,735
<b>Total operating revenues</b>	<b>6,733,254</b>	<b>863,271</b>	<b>1,099,125</b>	<b>8,695,650</b>
<b>Operating expenses</b>				
Personal services	538,814	96,190	240,890	875,894
Contractual and other services	4,045,037	420,206	177,072	4,642,315
Depreciation	607,640	239,309	24,253	871,202
<b>Total operating expenses</b>	<b>5,191,491</b>	<b>755,705</b>	<b>442,215</b>	<b>6,389,411</b>
<b>Operating income</b>	<b>1,541,763</b>	<b>107,566</b>	<b>656,910</b>	<b>2,306,239</b>
<b>Nonoperating revenues (expenses)</b>				
Interest earnings	70,116	7,468	26,500	104,084
Intergovernmental grants	211,839	-	5,907	217,746
Interest and amortization expense	(239,001)	-	(77,531)	(316,532)
<b>Total nonoperating revenues (expenses)</b>	<b>42,954</b>	<b>7,468</b>	<b>(45,124)</b>	<b>5,298</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,584,717</b>	<b>115,034</b>	<b>611,786</b>	<b>2,311,537</b>
Capital grants	-	-	2,050,091	2,050,091
Transfers out	(418,994)	(691,485)	(600,000)	(1,710,479)
<b>Change in net position</b>	<b>1,165,723</b>	<b>(576,451)</b>	<b>2,061,877</b>	<b>2,651,149</b>
<b>Net position, beginning of year, as restated</b>	<b>11,874,176</b>	<b>6,930,894</b>	<b>(1,117,213)</b>	<b>17,687,857</b>
<b>Net position, end of year</b>	<b>\$ 13,039,899</b>	<b>\$ 6,354,443</b>	<b>\$ 944,664</b>	<b>\$ 20,339,006</b>

The accompanying notes to 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, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Wastewater</b>	<b>Reclaimed Water</b>	<b>Stormwater</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 6,264,275	\$ 861,952	\$ 1,103,664	\$ 8,229,891
Cash paid to employees	(483,393)	(77,189)	(226,076)	(786,658)
Cash paid to suppliers	(4,136,595)	(452,771)	(154,221)	(4,743,587)
Net cash provided by operating activities	<u>1,644,287</u>	<u>331,992</u>	<u>723,367</u>	<u>2,699,646</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers to other funds	(418,994)	(691,485)	(600,000)	(1,710,479)
Intergovernmental grant proceeds	211,839	-	5,907	217,746
Interfund loans	265,039	(71,176)	(946,901)	(753,038)
Net cash provided by (used in) noncapital financing activities	<u>57,884</u>	<u>(762,661)</u>	<u>(1,540,994)</u>	<u>(2,245,771)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(1,899,846)	-	(360,982)	(2,260,828)
Capital grants	-	-	658,708	658,708
Principal payments of long-term debt	(444,962)	-	(176,000)	(620,962)
Interest paid	(243,174)	-	(79,695)	(322,869)
Net cash provided by (used in) capital and related financing activities	<u>(2,587,982)</u>	<u>-</u>	<u>42,031</u>	<u>(2,545,951)</u>
<b>Cash flows from investing activities</b>				
Interest received	70,116	7,468	26,500	104,084
Purchases of investments	760,947	-	-	760,947
Net cash provided by (used in) investing activities	<u>831,063</u>	<u>7,468</u>	<u>26,500</u>	<u>865,031</u>
<b>Net change in cash and cash equivalents</b>	<u>(54,748)</u>	<u>(423,201)</u>	<u>(749,096)</u>	<u>(1,227,045)</u>
<b>Cash and cash equivalents, beginning of year</b>	4,312,729	1,014,688	3,558,544	8,885,961
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,257,981</u>	<u>\$ 591,487</u>	<u>\$ 2,809,448</u>	<u>\$ 7,658,916</u>
<b>Cash and cash equivalents classified as:</b>				
Unrestricted	\$ 66,628	\$ 591,487	\$ 1,949,591	\$ 2,607,706
Restricted	4,191,353	-	859,857	5,051,210
Total cash and cash equivalents	<u>\$ 4,257,981</u>	<u>\$ 591,487</u>	<u>\$ 2,809,448</u>	<u>\$ 7,658,916</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 1,541,763	\$ 107,566	\$ 656,910	\$ 2,306,239
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	607,640	239,309	24,253	871,202
Changes in assets and liabilities:				
Accounts receivable	(353,752)	(1,319)	4,539	(350,532)
Due from other governments	(115,227)	-	-	(115,227)
Inventories	(560)	-	(3,728)	(4,288)
Prepaid items	(4,886)	(272)	-	(5,158)
Accounts payable and accrued liabilities	(86,112)	(32,293)	26,579	(91,826)
Compensated absences	(12,659)	564	1,142	(10,953)
Net pension liability	68,658	18,557	13,911	101,126
Total OPEB liability	(578)	(120)	(239)	(937)
Net cash provided by operating activities	<u>\$ 1,644,287</u>	<u>\$ 331,992</u>	<u>\$ 723,367</u>	<u>\$ 2,699,646</u>

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents with trustee	\$ 946,685
Total cash and cash equivalents	946,685
Receivables	
Due from general fund	553,743
Interest and dividends receivable	118,652
Total receivables	672,395
Investments, at fair value	
Government agency obligations	1,509,063
Asset-backed securities and collateralized obligations	154,529
Corporate bonds	2,123,430
Fixed-income mutual funds	7,883,234
Equities - common stock	2,851,603
Equities - mutual funds	20,748,341
Real estate funds	1,319,649
Total investments	36,589,849
Total assets	\$ 38,208,929
<b>LIABILITIES</b>	
Accounts payable	\$ 31,855
Total liabilities	\$ 31,855
<b>NET POSITION</b>	
Restricted for pensions	\$ 38,177,074

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 1,948,207
Plan members	279,898
State - insurance premium taxes	284,985
Total contributions	2,513,090
Investment earnings	
Net appreciation (depreciation) in fair value of investments	2,154,928
Interest and dividends	997,573
Total investment earnings	3,152,501
Less: investment expense	(147,354)
Net investment income (loss)	3,005,147
Total additions	5,518,237
<b>Deductions</b>	
Benefit payments and refunds	3,356,919
Administrative expenses	114,945
Total deductions	3,471,864
<b>Change in net position</b>	2,046,373
<b>Net position restricted for pensions, beginning of year</b>	36,130,701
<b>Net position restricted for pensions, end of year</b>	\$ 38,177,074

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Financial reporting entity**

The City of St. Pete Beach, Florida (the City) is a political subdivision of the State of Florida located in Pinellas County. The legislative branch of the City is composed of a five (5) member elected City Commission, which is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager.

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

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government: (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Management has determined there are no component units to be included within the reporting entity.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the City. Individual funds are not displayed, but the statements distinguish governmental activities, which normally are supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Net Position presents the financial position of the City's governmental and business-type activities at year-end. The effect of interfund activity such as internal balances has been eliminated from the government-wide financial statements.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE A – CONTINUED**

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

Fund financial statements are provided for major governmental funds and enterprise funds. Non-major funds are aggregated and reported in one column, while major funds are reported as separate columns in the fund financial statements. Fiduciary fund statements are provided to account for the City's pension trust funds.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Most state-based or intergovernmental sources, franchise fees, and utility service taxes are susceptible to accrual and are recognized as revenue in the current reporting period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. This approach differs from the manner in which the governmental activities of the City are presented in the government-wide financial statements. The governmental fund financial statements, therefore, include a reconciliation to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenditures vs. expenses. Under the modified accrual basis, property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes must be received within 60 days of year-end to be recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE A – CONTINUED**

**Governmental Funds**

The City reports two major governmental funds:

- General Fund – The City’s primary operating fund, used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.
- Capital Improvement Projects Fund – Used to account for intergovernmental revenue that is restricted for infrastructure improvements and public safety vehicle acquisitions. This fund often includes significant, non-recurring financing sources such as transfers, grants, and other cost sharing arrangements corresponding to specific capital projects.

Non-major funds include the Building Fund, Transportation Impact Fee Fund and Police Confiscation Fund, which are combined for the purposes of financial reporting. More information is available on the non-major funds in the supporting schedules of this document.

**Proprietary Funds**

The City reports three major proprietary funds, which are enterprise funds financed and operated in a manner similar to the private sector; the focus of these funds is cost recovery. Charges for service are designed to generate sufficient revenue to fund ongoing operations and capital improvements. Proprietary funds distinguish operating revenues and expenses from non-operating items; as a rule, those items which are inherently associated with the respective fund’s activity are reported as operating items, while non-recurring items or those associated with financing (e.g., interest or amortization) are reported as non-operating.

- Wastewater Fund: Accounts for activities related to the City’s sanitary sewer system. The City of St. Pete Beach owns and maintains the wastewater collection system infrastructure (i.e., manholes, sanitary sewer pipes, lift stations, etc.) and pays the City of St. Petersburg for sewage treatment and disposal. Operating revenues include charges for service, while operating expenses include the personnel, contractual, and depreciation expenses associated with ongoing operations. Non-operating items include interest earnings and interest expenses.
- Reclaimed Water Fund: Accounts for the City’s provision of reclaimed water service for irrigation purposes. Operating revenues include charges for service based on the City’s fee schedule, while operating expenses include personnel costs, contractual fees for Pinellas County to provide maintenance services, and depreciation expense associated with the reclaimed water infrastructure. Non-operating items include interest earnings and interest expenses.
- Stormwater Fund: Accounts for the management of the City’s stormwater drainage activities. The City adopted an assessment for stormwater service, which is included on residents’ property tax bills. Fees were designed to cover the cost of major capital improvements, with sequential rate increases built into the assessment. Operating revenues include the charges for service associated with the assessment, while operating expenses include the ongoing costs to maintain stormwater outfalls and drainage basins. Non-operating items include interest earnings and interest expenses.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE A – CONTINUED**

**Fiduciary Funds**

The City reports three fiduciary funds, which are pension trust funds that account for the resources held in trust on behalf of the City’s pension plan members (police officers, firefighters, and general employees). These funds are omitted from the government-wide financial statements due to the resources not being available for general government purposes.

**Budgetary Accounting**

Annual budgets are adopted by fund and department for the following funds: General, Building, Capital Improvement Projects, Wastewater, Reclaimed Water, and Stormwater. The City has no annually budgeted major special revenue funds; the only legally adopted major governmental funds are the General and Capital Improvement Projects funds. For the purpose of financial reporting, the Building Fund is reflected in non-major fund totals. Non-major funds also include the Transportation Impact Fee and Police Confiscation funds, which are not legally adopted. A budgetary comparison statement is presented in the basic financial statements for the General Fund. Budgetary comparison schedules are presented as required supplementary information (RSI) for the Capital Improvement Projects and Building funds.

The legal level of budgetary control is at the department level, since the City Manager may authorize the transfer of funds between line items within a department. By Ordinance, the City Commission may transfer unencumbered balances between departments or funds. The City Commission may also amend the adopted budget to provide supplemental appropriations or to revise budgetary estimates. Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders) outstanding at year end are reflected in assigned fund balance totals (i.e., “subsequent year’s budget”) and do not constitute expenditures or liabilities because the balances are re-appropriated and honored during the subsequent year.

**Balance Sheet / Statement of Net Position Disclosures**

**Definition of cash equivalents**

The City considers all highly liquid investments, and those with a maturity of three months or less when purchased, to be cash equivalents. As reported on the financial statements, “equity in pooled cash” includes bank deposits and balances in local government investment pools. Note B includes additional information regarding the City’s cash and investment balances.

**Valuation bases**

GASB Statement No. 72, Fair Value Measurement and Application, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using consistent definition and accepted valuation techniques. The City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles.

Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE A – CONTINUED**

- Level 2 inputs are not based on quotes but are observable for the asset in active markets at commonly quoted intervals. The City uses monthly and quarterly reports provided by asset managers and custodians to determine level 2 valuations.
- Level 3 inputs are unobservable and determined by assumptions or estimates.

In instances where inputs used to measure fair value fall into different levels in the above hierarchy, measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Investments that are measured at fair value using the net asset value per share (NAV) – or its equivalent – are not classified in the fair value hierarchy as a practical expedient.

As of September 30, 2018, the City of St. Pete Beach held a very conservative cash and investment portfolio comprised of money market investments and balances in intergovernmental investment pools. Money market investments are reported at cost, while the intergovernmental investment pools are considered “2a7-like” and therefore reported at NAV.

Investment assets held in the City’s Pension Trust Funds are recorded at fair value. Note B discloses the inputs used to determine fair value of the pension funds’ investments.

**Inventories and prepaid items**

The City records inventories at cost. Wastewater Fund inventory includes stock supplies and equipment warehoused at the City’s Public Works facility. It is valued at cost using the first-in/first-out (FIFO) method. The General Fund reports inventories for fuel located at the City’s fire stations, valued using the average cost basis. The cost of inventory supplies is recorded as an expenditure when inventory is consumed. Certain payments to vendors reflect costs applicable to future accounting periods (e.g., insurance premiums) and are recorded as prepaid items, using the consumption method, in both the government-wide and fund financial statements.

**Capital asset accounting policies**

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. 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. The estimated useful lives of the assets are as follows:

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE A – CONTINUED**

**Deferred Outflows and Inflows**

On the financial statements, deferred outflows are presented with assets and deferred inflows are presented with liabilities. Deferred outflows consist of transactions that consume resources but do not relate to the current accounting period; likewise, deferred inflows represent acquisitions of resources relating to a future period. Balances reported for the City of St. Pete Beach are related to pension and OPEB, and generally represent the difference between projections (e.g., anticipated earnings, assumed economic or demographic factors, etc.) and actual experience.

**Net Position/Fund Balance**

*Net Position:*

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components: net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any external bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.
- Restricted consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation. Total government-wide restricted balance as of September 30, 2018 was \$10,665,926.
- Unrestricted consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

*Fund Balance:*

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy, based primarily on the extent to which the City is bound to honor constraints placed upon available balances. Fund balance is reported in five classifications: non-spendable, restricted, committed, assigned, and unassigned.

*Non-spendable* includes amounts that cannot be spent because they are either not in spendable form (e.g., inventory) or are legally or contractually required to be maintained intact.

*Restricted* consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The City’s restricted balances primarily include unexpended debt proceeds and amounts set aside for pending lawsuits. Total governmental fund restricted balance as of September 30, 2018 was \$11,816,591.

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE A – CONTINUED**

*Committed* includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. Commitments may only be adopted, amended, and rescinded via Ordinance by the City Commission. No such action has been taken by the St. Pete Beach City Commission; no committed balances are reported.

*Assigned* includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed because they are supported by management’s intent rather than a formal action of City Commission. The City’s assignments include balances set aside for Fire Department capital projects, library purposes, vehicle replacement, compensated absences, future budget periods, and insurance stabilization. The City’s policy is to include such designations in the proposed budget upon approval by the City Manager.

*Unassigned* balance, if positive, can only be found in the General Fund. It represents the residual amount of fund balance not contained in the other classifications.

In the event of expenditures having been incurred when both restricted and unrestricted balances are available for spending, the City considers restricted balances to have been spent first. The City’s policy is to utilize funds in the following spending order:

<b>Governmental Funds</b>	<b>Enterprise Funds</b>
Restricted	Restricted
Committed	Unrestricted
Assigned	
Unassigned	

**Property tax policy**

Property taxes are levied on October 1 of each year, on property values assessed on January 1 of the same year, and are due and payable on March 31 of the following year. 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. Taxes paid in March are not subject to discount. Delinquent taxes on real property bear interest at 18% per year. All unpaid taxes are delinquent on April 1 following the year in which they are assessed. On or about May 31 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 to the certificate holder after a period of two years. Unsold certificates are held by Pinellas County.

**Compensated absence policy**

It is the City’s policy to permit employees to accumulate earned but unused paid time off (PTO) benefits. Vested or accumulated PTO is recorded as an expense and liability of the appropriate fund as the benefits accrue to employees. The enterprise funds report 100% of compensated absence liability in both the government-wide and the proprietary fund statements, because it is accrued when incurred. The General Fund reports 100% of the amount due in the government-wide statements because it is accrued when incurred, but only the amount the City estimates to be due and payable as of the balance sheet date is recorded as a liability in the governmental fund statements. The remaining amount is presented as assigned fund balance. The City estimates the current portion of compensated absences based on the prior year’s history.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE B. DETAILED NOTE DISCLOSURES**

**Assets:**

**Cash and Investments**

*City of St. Pete Beach:*

As of September 30, 2018, the City of St. Pete Beach held the following cash and investment balances:

	<u>Balance</u>	<u>Percentage</u>
Cash on hand	\$ 4,900	0.0%
Cash on deposit	6,880,499	26.2%
Cash equivalents:		
Florida Local Government Investment Trust	500,122	1.9%
Public Funds Savings Account	4,038,855	15.4%
Local Government Surplus Trust Fund	2,345,878	8.9%
Florida Surplus Asset Fund Trust	8,094,264	30.8%
Florida Cooperative Liquid Assets Securities System	2,339,393	8.9%
Florida Education Investment Trust Fund	1,559,165	5.9%
Investments:		
Certificates of deposit (CDs)	<u>504,145</u>	<u>1.9%</u>
Total	<u><u>\$26,267,221</u></u>	<u><u>100.0%</u></u>

The carrying amount of the City's operating cash deposits (excluding Pension Trust Funds) was \$6,880,499 and the bank balance was \$7,002,236. Operating cash deposits were covered by Federal Depository Insurance. Fair value reporting was not applicable to the City's accounts due to the balances being invested in money market instruments and "2a7-like" investment pools.

Reconciliation to Statement of Net Position:

	<u>Balance</u>
Equity in pooled cash and cash equivalents	\$13,417,812
Investments	504,145
Restricted assets:	
Equity in pooled cash	<u>12,345,264</u>
Total	<u><u>\$26,267,221</u></u>

The City's investment policy defines investment objectives, authorized investments, standards of prudence, maturity guidelines, liquidity requirements, and performance measures. The investment policy is designed to address several risk factors, including interest rate risk, credit risk, and custodial credit risk.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE B – CONTINUED**

Authorized investments:

- Investment pools organized pursuant to Section 163.01 and 218.415 of the Florida Statutes
- Local Government Surplus Trust Fund
- Florida Municipal Investment Trust Funds
- SEC registered money market funds with the highest credit quality from a nationally recognized rating agency
- Interest-bearing time deposits or savings accounts in qualified public depositories
- Direct obligations of the U.S. Treasury
- Certificates, notes, bonds, or bills of the United States or other obligations of the United States or its agencies
- Obligations of government-sponsored corporations (instrumentalities)
- Collateralized mortgage obligations
- Bankers' Acceptance guaranteed by banking institutions with ratings of "AA" on long-term debt
- Commercial Paper (A1/P1 rated)
- Non-negotiable certificates of deposit and bank investment contracts
- Taxable or tax-exempt government bonds, notes or other obligations of investment grade quality
- Repurchase agreements with primary dealers

Interest rate risk: Fixed income securities expose the City to the risk of prevailing interest rate changes. The City's investment policy controls for this risk by establishing a maximum maturity of five years.

Concentration risk: Concentration risk refers to the risk of loss resulting from over-exposure to a specific security or asset class. The City's investment policy addresses concentration risk by encouraging a continuous approach to investing in readily available funds such as local government investment pools.

Credit risk: Credit risk is the risk that a security or portfolio will lose value due to a real or perceived change in the ability of the issuer to fulfill its obligations. The selection of banking and investment institutions exposes the City to the possibility of default by external parties. To mitigate credit risk, the City holds all investments on deposit with qualified public depositories, which are required to pledge collateralized assets in the event of a bank failure. The City invests only in local government investment pools with the highest credit quality ratings. As of September 30, 2018, the City held assets in five local government investment pools. Credit ratings and weighted average maturities for each are listed below:

- Local Government Surplus Trust Fund: AAAM (Standard and Poor's)
  - Weighted average maturity at September 30, 2018: 35 days
- Florida Surplus Asset Fund Trust: AAAM (Standard and Poor's)
  - Weighted average maturity at September 30, 2018: 23 days
- Florida Education Investment Trust Fund: AAAM (Standard and Poor's)
  - Weighted average maturity at September 27, 2018: 38 days
- Florida Cooperative Liquid Assets Securities System: AAAM (Standard and Poor's)
  - Weighted average maturity at September 27, 2018: 49 days
- Florida Local Government Investment Trust Day-to-day Fund: AAAMmf (Fitch Ratings)
  - Weighted average maturity at September 30, 2018: 34 days

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE B – CONTINUED**

*Police Officers’ Retirement System (Police Pension):*

As of September 30, 2018, the Police Pension held the following cash and investment balances:

	<u>Fair Value</u>	<u>Percentage</u>	<u>Fair Value Level</u>
Cash and cash equivalents	\$ 218,639	2.0%	N/A
Equity mutual funds	6,437,019	57.8%	1
Fixed income mutual funds	<u>4,479,393</u>	40.2%	2
Total	<u>\$ 11,135,051</u>	100.0%	

The fair value of the Police Pension’s deposits and investments as of September 30, 2018 was \$11,135,051.

Interest rate risk: Interest rate risk is managed by laddering the fixed income portfolio so that securities mature on a recurring basis to allow for securities to be re-invested at higher prevailing rates, if applicable, or evaluated for other reinvestment options.

Concentration risk: The Board of Trustees of the Police Pension controls for concentration risk by managing an investment policy, which includes the following provisions:

- 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.
- Real Estate and Real Estate Investment Trusts shall not to exceed 15% of the total Police Pension assets.
- 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.

Credit risk: The Police Pension investment policy addresses credit risk by requiring that fixed income securities be investment grade, as measured by Standard & Poor’s or Moody’s, and requiring that equity securities be traded on a national exchange.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE B – CONTINUED**

*Firefighters' Retirement System (Fire Pension):*

As of September 30, 2018, the Firefighters' Pension held the following cash and investment balances:

	<u>Fair Value</u>	<u>Percentage</u>	<u>Fair Value Level</u>
Cash and cash equivalents	\$ 542,617	3.9%	N/A
Equity mutual funds	7,047,290	50.4%	1
Common stock	1,656,770	11.9%	1
Fixed income mutual funds	3,403,841	24.4%	2
Real estate investment fund	<u>1,319,649</u>	9.4%	1
Total	<u>\$ 13,970,167</u>	100.0%	

The fair value of the Firefighters' Pension's deposits and investments as of September 30, 2018 was \$13,970,167.

Interest rate risk: Interest rate risk is managed by laddering the fixed income portfolio so that securities mature on a recurring basis to allow for securities to be re-invested at higher prevailing rates, if applicable, or evaluated for other reinvestment options.

Concentration risk: The Board of Trustees of the Firefighters' Pension controls for concentration risk by managing an investment policy, which includes the following provisions:

- 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.
- Real Estate and Real Estate Investment Trusts shall not to exceed 15% of the total Firefighters' Pension assets.
- 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.

Credit risk: The Firefighters' Pension investment policy addresses credit risk by requiring that fixed income securities be investment grade, as measured by Standard & Poor's or Moody's, and requiring that equity securities be traded on a national exchange.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE B – CONTINUED**

*General Employees' Retirement System (General Pension):*

As of September 30, 2018, the General Pension held the following cash and investment balances:

	<u>Fair Value</u>	<u>Percentage</u>	<u>Fair Value Level</u>
Cash and cash equivalents	\$ 185,429	1.5%	N/A
Equity mutual funds	7,264,032	58.4%	1
Common stock	<u>1,194,833</u>	9.6%	1
Fixed income securities:			
U.S. government obligations	1,509,063	12.1%	1
Asset backed securities	154,529	1.2%	2
Corporate bonds	<u>2,123,430</u>	17.1%	2
Fixed income subtotal	<u>3,787,022</u>		
Total	<u><u>\$12,431,316</u></u>	100.0%	

The fair value of the General Pension's deposits and investments as of September 30, 2018 was \$12,431,316. Maturity schedules for the General Pension's fixed income securities are summarized below:

	<u>Maturities by Year</u>
2018	\$ 54,943
2019	999,296
2020	1,234,277
2021	961,961
2022	140,108
2023	77,662
Remaining - combined	<u>318,775</u>
Total	<u><u>\$ 3,787,022</u></u>

Interest rate risk: Interest rate risk is managed by laddering the fixed income portfolio so that securities mature on a recurring basis (as illustrated above) to allow for securities to be re-invested at higher prevailing rates, if applicable, or evaluated for other reinvestment options.

Concentration risk: The Board of Trustees of the General Pension controls for concentration risk by managing an investment policy, which includes the following provisions:

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE B – CONTINUED**

- 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.
- Real Estate and Real Estate Investment Trusts shall not to exceed 15% of the total General Pension assets.
- 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.

Credit risk: The General Pension investment policy addresses credit risk by requiring that fixed income securities be investment grade, as measured by Standard & Poor's or Moody's, and requiring that equity securities be traded on a national exchange.

**Receivable balances**

*Internal activity:*

The fund financial statements report an interfund balance of \$418,994 due from the Wastewater Fund to the Capital Improvement Projects Fund, which was a temporary arrangement to maintain positive equity in pooled cash, pending receipt of a significant receivable balance.

*Utility billing:*

Pinellas County serves as the utility billing agent for the City of St. Pete Beach's sewer fees, reclaimed water fees and water utility service taxes. Receivable balances from Pinellas County included:

- General Fund water utility service tax, included in "Receivables, net" on page 28: \$38,480
- Wastewater Fund service charges, included in "Accounts receivable, net" on page 33: \$949,462
- Reclaimed Water service charges, included in "Accounts receivable, net" on page 33: \$138,191

**Allowance for doubtful accounts**

Utility billing accruals include an allowance for doubtful accounts past 60 days delinquent. Allowances included:

- General Fund water utility service tax: \$2,123
- Wastewater Fund charges for service: \$54,302
- Reclaimed Water Fund charges for service: \$9,819

**Liabilities:**

**Payable balances**

The Wastewater Fund reported \$418,994 due to the Capital Improvement Projects Fund as described above. Other significant payables included the following, all of which were recorded in the Wastewater Fund and included in the "Accounts payable and accrued liabilities" total on page 33:

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE B – CONTINUED**

- City of St. Petersburg wastewater treatment billing: \$443,579
- Camera inspection equipment purchase: \$39,300
- Sewer inflow and infiltration rehabilitation work performed: \$86,688

**Construction commitments**

Governmental funds included the following encumbrances as of September 30, 2018, to be paid from restricted balances in the Capital Improvement Projects Fund:

- Pass-a-Grille Way roadway reconstruction, phase two: \$3,301,011
- Blind Pass Road roadway reconstruction: \$6,975,309

**Risk management**

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, and environmental matters. The City does not retain risk. Commercial insurance coverage is maintained in amounts management feels is adequate to protect and safeguard the assets of the City. To the extent such insurance has been purchased, all risk of loss has been transferred to the insurance underwriter.

The City maintains policies through Public Risk Management of Florida for the purposes of protecting against workers' compensation losses, real and personal property losses, automobile damage, and general liability including malpractice, errors and omissions. Separate policies are maintained for flood and medical insurances.

Public Risk Management of Florida is an intergovernmental pool that assumes the risk of loss for all participating members. Members are subject to additional premium assessments in the event the risk pool requires additional funding to satisfy all claims. The City of St. Pete beach has not been assessed any additional insurance premiums for the year ended September 30, 2018 nor is management aware of 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 any of the past three fiscal years.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE C. CAPITAL ASSETS**

	<u>Balance</u> <u>10/1/2017</u>	<u>Additions /</u> <u>Transfers in</u>	<u>Deletions /</u> <u>Transfers out</u>	<u>Balance</u> <u>9/30/2018</u>
<b>Governmental activities</b>				
Non-depreciable assets:				
Capital projects in process	\$ 11,313,437	\$ 11,841,636	\$ 13,612,838	\$ 9,542,235
Land, land rights and improvements	3,905,294	-	-	3,905,294
Depreciable assets:				
Buildings and other improvements	18,637,863	402,047	-	19,039,910
Furniture, machinery and equipment	4,753,708	739,444	20,543	5,472,609
Infrastructure	17,968,401	13,048,492	-	31,016,893
Total at historical cost	<u>\$ 56,578,703</u>	<u>\$ 26,031,619</u>	<u>\$ 13,633,381</u>	<u>\$ 68,976,941</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	\$ 7,546,894	\$ 534,855	\$ 1,927	\$ 8,079,822
Furniture, machinery and equipment	3,125,775	410,076	20,543	3,515,308
Infrastructure	9,361,891	592,622	-	9,954,513
Total accumulated depreciation	<u>\$ 20,034,560</u>	<u>\$ 1,537,553</u>	<u>\$ 22,470</u>	<u>\$ 21,549,643</u>
Total governmental capital assets, net	<u>\$ 36,544,143</u>	<u>\$ 24,494,066</u>	<u>\$ 13,610,911</u>	<u>\$ 47,427,298</u>
<b>Business-type activities</b>				
Non-depreciable assets:				
Capital projects in process	\$ 3,033,732	\$ 2,233,452	\$ 2,445,575	\$ 2,821,609
Land, land rights and improvements	310,117	-	-	310,117
Depreciable assets:				
Buildings and other improvements	129,409	-	-	129,409
Furniture, machinery and equipment	839,874	194,928	-	1,034,802
Infrastructure	29,537,979	2,278,023	-	31,816,002
Total at historical cost	<u>\$ 33,851,111</u>	<u>\$ 4,706,403</u>	<u>\$ 2,445,575</u>	<u>\$ 36,111,939</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	\$ 22,729	\$ 4,383	\$ -	\$ 27,112
Furniture, machinery and equipment	462,285	74,156	-	536,441
Infrastructure	10,501,003	792,663	-	11,293,666
Total accumulated depreciation	<u>\$ 10,986,017</u>	<u>\$ 871,202</u>	<u>\$ -</u>	<u>\$ 11,857,219</u>
Total business-type capital assets, net	<u>\$ 22,865,094</u>	<u>\$ 3,835,201</u>	<u>\$ 2,445,575</u>	<u>\$ 24,254,720</u>

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE C – CONTINUED**

Depreciation expense was charged as follows:

<b>Governmental activities:</b>	
General government	\$ 30,876
Community development	19,507
Recreation	348,006
Library	35,133
Parking enforcement	38,179
Public safety	220,617
Public works	<u>845,235</u>
	<u>\$ 1,537,553</u>
<b>Business-type activities:</b>	
Wastewater	607,640
Reclaimed Water	239,309
Stormwater	<u>24,253</u>
	<u>\$ 871,202</u>
 Total depreciation expense	 <u><u>\$ 2,408,755</u></u>

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

Donated capital assets (e.g., library books) are recorded at acquisition value. The City recorded \$24,349 in donated assets for the fiscal year ended September 30, 2018.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE D. PENSION**

**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 Police Pension is administered by a 5-member Board of Trustees comprised of two legal residents appointed by the City Commission, two members of the system elected by a majority of the membership, and the fifth member is elected by the other four members and is appointed by the Commission.

The Firefighters' Pension is administered by a 5-member Board of Trustees comprised of two legal residents appointed by the City Commission, two full-time firefighters who are elected by a majority of the members of the plan, and a fifth Trustee who is chosen by a majority of the other four members.

The General Pension is administered by a 5-member Board of Trustees comprised of two legal residents appointed by the City Commission, two elected employee members, and one public member nominated by the board and appointed by the City Commission.

**Significant Accounting Policies**

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

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

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

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

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

*Membership of the Plans:* Membership of each plan consisted of the following at October 1, 2018:

	Police Pension	Firefighters' Pension	General Pension
Inactive plan members or beneficiaries currently receiving benefits	28	24	75
Inactive plan members entitled to but not yet receiving benefits	6	4	51
Active plan members	0	34	16
<b>Total</b>	<b>34</b>	<b>62</b>	<b>142</b>

*Benefits Provided:*

**Police Pension**

- 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 Florida Retirement System.
- 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: members hired before 10-1-1981 will receive 3.2% of average final compensation for service to 10-1-1981 plus 4% of average final compensation for service from 10-1-1981 to 1-13-2013 and for members hired after 10-1-1981 will receive 3.2% of average final compensation for service up to 1-31-2013.
- For all Plan members that had not completed 10 years of credited service by January 31, 2013, the normal retirement date will 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.
- Early retirement is the earlier of age 50 and 10 years of credited service and 20 years of credited service regardless of age for frozen benefits. There is no early retirement for those that don't have frozen benefits, except that if a member had 10 years of credited service on January 31, 2013 then prior retirement criteria applies to both benefits. The amount is equal to the accrued benefit, reduced 3% per year.
- A member is 10% vested after 1 year of credited service plus 10% per year thereafter up to 100% after 10 years if they have frozen benefits and 100% after 10 years of credited service for all other participants. A member will receive the vested portion of their accrued benefit payable at the otherwise normal retirement date.
- Members are eligible for total and permanent disability benefits after 10 years of credited service (for non-service incurred) or from the date of hire (for service-incurred). The benefits are accrued to the date of disability but not less than 50% of average final compensation for service-incurred disability.
- Pre-retirement death benefits for vested individuals is equal to the value of accrued benefits payable on a monthly basis to the beneficiary for 10 years. For non-vested members, benefits include a refund of contributions without interest.
- Retirees receive a 3% per year cost of living adjustment (COLA) commencing 7 years after retirement (10 years after retirement if they retired prior to March 14, 2006) on any frozen benefits. There is no COLA for members without frozen benefits.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

- Plan members will not be able to enter the Deferred Retirement Option Program (DROP) effective February 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date. Participation is not to exceed 60 months and the member can elect a rate of return equal to 7.5% annual rate or actual net rate of investment return credited each fiscal quarter. The DROP balance as of September 30, 2017 was \$0.
- 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%.

**Firefighters' Pension**

- A freeze on all accrued benefits was implemented as of December 31, 2012 except for Plan members who have attained the earlier of age 55 or 25 years of credited service as of that date, regardless of age. Such members will accrue benefits on the frozen portion in accordance with the Plan provisions in effect prior to December 31, 2012, receiving 3.4% of their average final compensation times credited service.
- The normal retirement date for all Plan members that had not completed 10 years of credited service by January 1, 2013 such that the normal retirement date is the earlier of attaining age 55 or the completion of 30 years of credited service regardless of age. These members will receive 3.4% of their average final compensation times credited service.
- The maximum combined benefit is 100% of average final compensation. If a member's accrued benefit as of January 1, 2013 is greater than or equal to 75% of average final compensation, the benefit percentage may not be reduced.
- For members with frozen benefits, early retirement is the earlier of age 50 and 10 years of credited service or the completion of 20 years credited service, regardless of age. The benefit amount is the accrued benefit reduced by 3% for each year commencement of benefits precedes the normal retirement date. There is no early retirement for members without frozen benefits.
- A member becomes 100% vested after attaining 10 years of credited service and is 0% vested prior to attaining 10 years of credited service. The members will receive the vested portion of their accrued benefits payable at the otherwise normal retirement date. Pre-freeze members will continue to use the 10% per year vesting schedule.
- Members are eligible for total and permanent disability benefits after 10 years of credited service (for non-service incurred) or from the date of hire (for service-incurred). The benefits are accrued to the date of disability but not less than 42% of average final compensation for service-incurred disability.
- Pre-retirement death benefits for vested individuals is equal to the value of accrued benefits payable on a monthly basis to the beneficiary for 10 years. For non-vested members, member contributions are refunded.
- Retirees receive a 3% per year cost of living adjustment (COLA) commencing 7 years after retirement on any frozen benefits. There is no COLA for members without frozen benefits.
- Plan members will not be able to enter the Deferred Retirement Option Program (DROP) effective January 1, 2013 except for Plan members who have attained age 55 or 25 years of credited service as of that date. Participation is not to exceed 60 months and the member can elect a rate of return equal to 7.5% annual rate or the actual net rate of investment return credited each fiscal quarter. The DROP balance as of September 30, 2018 was \$0.
- Member contribution rates were increased from 3% to 11.9% effective September 30, 2017, except for Plan members who have attained age 55 or 25 years of credited service as of February 1, 2013, who will continue to make contributions at 10.3%.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE D – CONTINUED**

- Member contribution rates were increased from 11.9% to 12.1% effective September 30, 2018, except for Plan members who have attained age 55 or 25 years of credited service as of February 1, 2013, who will continue to make contributions at 10.3%.

**General Pension**

- 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, regardless of age. Such members will accrue benefits on the frozen portion in accordance with the Plan provisions in effect prior to September 30, 2012, receiving 2.25% of their average final compensation times credited service.
- The normal retirement date for members hired before October 1, 2002 is the earlier of age 55 or the completion of 25 years of credited service, regardless of age. For individuals hired after October 1, 2002, normal retirement is the earlier of age 60 with 10 years of credited service or the completion of 30 years credited service, regardless of age, and will receive 1.00% of average final compensation time-credited service earned on and after October 1, 2012.
- The maximum combined benefit is 75% of average final compensation.
- For members with frozen benefits, early retirement is age 50 and the completion of 10 years of credited service. The benefit amount is the accrued benefit reduced by 1/15th for each year that the commencement of payments precedes normal retirement. There is no early retirement for members without frozen benefits.
- A member becomes 10% vested after 1 year of credited service for frozen benefits and is 100% vested after attaining 10 years of credited service. Members without frozen benefits are 0% vested prior to attaining 10 years of credited service. A member will receive the vested portion of their accrued benefit payable at the otherwise normal retirement date or on a reduced basis beginning at early retirement.
- Members are eligible for total and permanent disability after 10 years of credited service. The benefit is accrued to the date of disability.
- Pre-retirement death benefits are equal to the value of the accrued benefit payable on a monthly basis to the designated beneficiary for 10 years.
- Retirees receive a 3% per year cost of living adjustment (COLA) on any frozen benefits after completing 10 years of retirement. There is no COLA for members without frozen benefits.
- Plan members will not be able to enter the Deferred Retirement Option Program (DROP) effective October 1, 2012 except for Plan members who have attained age 55 or 25 years of credited service as of that date. Participation is not to exceed 60 months and the member can elect a rate of return equal to 7.5% annual rate or the actual net rate of investment return credited each fiscal quarter. The DROP balance as of September 30, 2018 was \$95,334.
- 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%.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

*Net Pension Liability:*

During the year ended September 30, 2015, the City adopted GASB 68 *Accounting and Financial Reporting for Pensions*. This required the City to record its net pension liability on the basic financial statements. The net pension liability is measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

The City's pension liability recorded in the September 30, 2018 financial statements was measured as of September 30, 2018.

*Actuarial Assumptions:* The total pension liability was determined using the following actuarial assumptions:

	Police Pension	Firefighters' Pension	General Pension
Projected salary increases	N/A	4.0 - 5.5% per year corresponding to years of credited service	5% per year
Inflation rate	2.5%	2.5%	2.3%
Discount rate	7%	7.60%	7.50%
Investment rate of return	7%	7.60%	7.50%
Mortality rate	RP 2000 Combined Healthy Mortality Table,  Disabled Lives Set Forward 2 Years (female) Set Back 4 years (male)	RP 2000 Combined Healthy Mortality Table,  Disabled Lives Set Forward 2 Years (female) Set Back 4 years (male)	Sex Distinct RP 2000 Combined Healthy Mortality Table,  Disabled Lives Set Forward 2 Years (female) Set Back 4 years (male)

**CITY OF ST. PETE BEACH, FLORIDA  
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**NOTE D – CONTINUED**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the Plans' adopted target asset allocation policy as of September 30, 2018 are summarized in the following table:

Asset Class	Police Pension Target Allocation	Police Pension Expected Return	Firefighters' Pension Target Allocation	Firefighters' Pension Expected Return	General Pension Target Allocation	General Pension Expected Return
Domestic Equity	45%	7.5%	50%	7.5%	48%	6.97%
International Equity	10%	8.5%	10%	8.5%	6%	6.2%
Global Fixed Income	5%	3.5%	5%	3.5%	-	-
Broad Market Fixed Income	40%	2.5%	25%	2.5%	-	-
Fixed Income	-	-	-	-	40%	2.45%
Real Estate Funds	-	-	10%	4.5%	6%	5.78%

None of the plans held investments in any one organization that represents 5% or more of the Plans' fiduciary net position.

The annual money-weighted rate of return on Plan investments, net of investment expense for the year ended September 30, 2018 was:

- Police Pension: 7.24%
- Firefighters' Pension: 10.06%
- General Pension: 7.70%

The discount rate used to measure the total pension liability was 7% for the Police Pension, 7.60% for the Firefighters' Pension and 7.50% for the General Pension. The projection of cash flows used to determine the discount rate assumed that plan member (employee) contributions will be made at the current contribution rate and that plan sponsor (employer) contributions will be made at rates equal to the difference between actuarially determined contribution rates and the plan member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

*Net Pension Liability:*

	Police Pension	Firefighters' Pension	General Pension
Total pension liability	\$ 18,315,518	\$ 21,885,496	\$ 17,351,565
Plan fiduciary net position	(11,693,699)	(13,984,600)	(12,498,775)
Net pension liability	6,621,819	7,900,896	4,852,790
 Net position as a percentage of total pension liability	63.85%	63.90%	72.03%

*Change in Net Pension Liability:* The change in the net pension liability for each pension plan for the year ended September 30, 2018 is as follows, with various differences noted in the ending plan fiduciary net position per the actuarial valuation versus the financial statements due to timing differences resulting from the accrual of income and expense items.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a-b)
<b><u>Police Pension</u></b>			
Beginning balance	\$ 17,686,112	\$ 11,545,616	\$ 6,140,496
Changes for the year:			
Interest	1,194,357	-	1,194,357
Difference between expected & actual experience	682,795	-	682,795
Contributions - employer	-	553,743	(553,743)
Contributions - State	-	97,990	(97,990)
Net investment income	-	790,622	(790,622)
Benefit payments	(1,247,746)	(1,247,746)	-
Administrative expense	-	(46,526)	46,526
Net changes	<u>629,406</u>	<u>148,083</u>	<u>481,323</u>
Ending balance	<u>\$ 18,315,518</u>	<u>\$ 11,693,699</u>	<u>\$ 6,621,819</u>
<b><u>Firefighters' Pension</u></b>			
Beginning balance	\$ 20,629,293	\$ 12,516,976	\$ 8,112,317
Changes for the year:			
Service cost	463,655	-	463,655
Interest	1,576,276	-	1,576,276
Change in excess State money	-	-	-
Difference between expected & actual experience	19,624	-	19,624
Changes of assumptions	129,145	-	129,145
Changes of benefit terms	-	-	-
Contributions - State	-	186,995	(186,995)
Contributions - employer	-	737,476	(737,476)
Contributions - employees	-	252,277	(252,277)
Contributions - Buy Back	43,564	43,564	-
Net investment income (loss)	-	1,257,530	(1,257,530)
Benefit payments	(976,061)	(976,061)	-
Administrative expense	-	(34,157)	34,157
Net changes	<u>1,256,203</u>	<u>1,467,624</u>	<u>(211,421)</u>
Ending balance	<u>\$ 21,885,496</u>	<u>\$ 13,984,600</u>	<u>\$ 7,900,896</u>
<b><u>General Pension</u></b>			
Beginning balance	\$ 16,887,217	\$ 12,068,109	\$ 4,819,108
Changes for the year:			
Service cost	48,627	-	48,627
Interest	1,252,251	-	1,252,251
Difference between expected & actual experience	46,018	-	46,018
Change of assumptions	250,564	-	250,564
Contributions - employer	-	656,988	(656,988)
Contributions - employees	-	27,621	(27,621)
Net investment income	-	913,431	(913,431)
Benefit payments	(1,133,112)	(1,133,112)	-
Administrative expense	-	(34,262)	34,262
Net changes	<u>464,348</u>	<u>430,666</u>	<u>33,682</u>
Ending balance	<u>\$ 17,351,565</u>	<u>\$ 12,498,775</u>	<u>\$ 4,852,790</u>

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

Sensitivity of the net pension liability to changes in the discount rate:

<b>Police Pension</b>	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net Pension Liability	\$8,794,379	\$6,621,819	\$4,820,209

<b>Firefighters' Pension</b>	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net Pension Liability	\$10,783,182	\$7,900,896	\$5,337,680

<b>General Pension</b>	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$6,713,440	\$4,852,790	\$3,294,943

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:*

For the year ended September 30, 2018, the City recognized pension expense in the following amounts:

- Police Pension: \$1,145,216
- Firefighters' Pension: \$982,497
- General Pension: \$735,828

The City has reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions in the Statement of Net Position as of September 30, 2018 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Police Pension</b>		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 141,861
<b>Firefighters' Pension</b>		
Net difference between projected and actual earnings on pension plan investments	-	222,437
Differences between expected and actual experience	16,355	561,041
Change of assumptions	825,800	-
<b>General Pension</b>		
Net difference between projected and actual earnings on pension plan investments	-	4,650
	<u>\$ 842,155</u>	<u>\$ 929,989</u>

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to the pension funds will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	<u>Police</u>	<u>Firefighters'</u>	<u>General</u>
2019	\$ 63,450	\$ 140,623	\$ 106,295
2020	(125,079)	(43,565)	(75,144)
2021	(79,248)	(15,574)	(34,064)
2022	(984)	(47,602)	(1,737)
2023	-	24,795	-

*Financial Statements:* The financial statements for each of the pension funds as of and for the year ended September 30, 2018 are as follows:

**Statement of Fiduciary Net Position**  
**September 30, 2018**

	<u>Police</u>	<u>Fire</u>	<u>General</u>
<b>ASSETS</b>			
Cash and cash equivalents with trustee	\$ 218,639	\$ 542,617	\$ 185,429
Receivables			
Due from general fund	553,743	-	-
Interest and dividends receivable	4,905	46,288	67,459
Total receivables	<u>558,648</u>	<u>46,288</u>	<u>67,459</u>
Investments, at fair value:			
Government agency obligations	-	-	1,509,063
Asset-backed securities & collateralized obligations	-	-	154,529
Corporate bonds	-	-	2,123,430
Foreign stocks and bonds	-	-	-
Fixed income mutual funds	4,479,393	3,403,841	-
Equities - common stock	-	1,656,770	1,194,833
Equities - mutual funds	6,437,019	7,047,290	7,264,032
Real estate funds	-	1,319,649	-
Total investments	<u>10,916,412</u>	<u>13,427,550</u>	<u>12,245,887</u>
Total assets	<u>11,693,699</u>	<u>14,016,455</u>	<u>12,498,775</u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ -</u>	<u>\$ 31,855</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Restricted for pensions	<u>\$ 11,693,699</u>	<u>\$ 13,984,600</u>	<u>\$ 12,498,775</u>

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

**Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2018**

	<u>Police</u>	<u>Fire</u>	<u>General</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 553,743	\$ 737,476	\$ 656,988
Plan members	-	252,277	27,621
State-insurance premium taxes	<u>97,990</u>	<u>186,995</u>	<u>-</u>
Total contributions	<u>651,733</u>	<u>1,176,748</u>	<u>684,609</u>
Investment earnings			
Net appreciation (depreciation) - fair value of investments	500,136	978,480	676,312
Interest and dividends	<u>325,820</u>	<u>388,467</u>	<u>283,286</u>
Total investment earnings	<u>825,956</u>	<u>1,366,947</u>	<u>959,598</u>
Less: investment expense	<u>(35,334)</u>	<u>(65,853)</u>	<u>(46,167)</u>
Net investment income (loss)	<u>790,622</u>	<u>1,301,094</u>	<u>913,431</u>
Total additions	<u>1,442,355</u>	<u>2,477,842</u>	<u>1,598,040</u>
<b>Deductions</b>			
Benefit payments and refunds	1,247,746	976,061	1,133,112
Administrative expenses	<u>46,526</u>	<u>34,157</u>	<u>34,262</u>
Total deductions	<u>1,294,272</u>	<u>1,010,218</u>	<u>1,167,374</u>
<b>Change in net position</b>	148,083	1,467,624	430,666
<b>Net position restricted for pensions, beginning of year</b>	<u>11,545,616</u>	<u>12,516,976</u>	<u>12,068,109</u>
<b>Net position restricted for pensions, end of year</b>	<u>\$ 11,693,699</u>	<u>\$ 13,984,600</u>	<u>\$ 12,498,775</u>

**Defined Contribution Plans**

**Money Purchase Retirement Plan**

*Plan Description:* The City implemented a defined contribution - money purchase - retirement plan (the “DC 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. The DC Plan provides retirement benefits to plan members and beneficiaries. All DC Plan provisions, including benefits, eligibility and vesting, are established by the City Commission and can only be amended with Commission approval.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE D – CONTINUED**

*Funding Policy:* Pursuant to the DC Plan agreement, the City contributes 15% of eligible wages pertaining to the city manager, 12% of eligible wages pertaining to department directors, and 10% of eligible wages for all other personnel that elect to participate. The City’s total contribution for the year ended September 30, 2018 was \$205,793.

**Hybrid Money Purchase Retirement Plan**

*Plan Description:* The City implemented an additional defined contribution - money purchase - retirement plan (the “Hybrid Plan”) effective October 1, 2012. Eligible participants consist of non-managerial general employees that elect to participate in the Hybrid Plan. Participants that elect to participate are still required to participate in the General Employees’ Retirement System.

*Funding Policy:* The City makes a matching contribution to the Hybrid 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. The City’s total contribution for the year ended September 30, 2018 was \$12,971.

Both the DC Plan and Hybrid Plan are administered by ICMA Retirement Corporation. ICMA Retirement Corporation issues financial statements and reports as well as required supplementary information. 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.

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE E. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Other Post-Employment Benefits Plan**

*Plan Description:* The City provides a defined benefit post-employment health care, dental, and life insurance plan (the “OPEB Plan”), whereby retired employees are able to purchase medical, dental, and life insurance benefits through the City’s insurance providers. The OPEB Plan is administered by the City as a single-employer plan.

Effective October 1, 2017, the City implemented GASB Statement No. 75, Accounting and Reporting for Post-Employment Benefits Other Than Pensions, for certain post-employment healthcare benefits provided by the City.

*Benefits Provided:* Retired employees, including their eligible dependents, that are eligible to participate in the OPEB Plan are required to pay 100% of their respective health care, dental, and life insurance premiums. Because retirees pay the same premium as active employees rather than age-adjusted premiums, the City’s cost to provide benefits is higher than it otherwise would be without retirees on the plan. This impact to the City is referred to as an “implicit rate subsidy” and the incremental increase in health care, dental, and life insurance premiums is reflected in the City’s OPEB liability.

The OPEB Plan is unfunded and there is no separate trust through which benefits for retirees are funded. No assets are accumulated for the OPEB Plan and all approved benefits are paid from general assets when due. The OPEB Plan does not issue separate, standalone audited financial statements.

*Plan Membership:* At October 1, 2017, the date of the latest actuarial valuation, plan participation consisted of the following:

Active employees:	84
Inactive employees entitled to, but not yet receiving, benefits:	0
Inactive employees:	<u>8</u>
Total:	<u><u>92</u></u>

*Total OPEB Liability:* The City’s total OPEB liability of \$692,244 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs:* The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation:	3.00%
Salary increases:	4.00%
Discount rate:	3.64%
Healthcare cost trend rate:	6.90%
Retirees' share of benefit-related costs:	100.00%

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE E – CONTINUED**

The discount rate was based the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2018.

Mortality rates were based on the RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2016 using Scale AA to the RP-2014 Combined Annuitant Mortality Table for males and females.

Changes in the OPEB liability for the fiscal year ended September 30, 2018, were as follows:

	Total OPEB Liability
Balance at September 30, 2017, restated <sup>1</sup>	\$ 661,254
Changes for year:	
Service Cost	38,317
Interest	20,934
Differences between expected and actual experience	124,279
Changes of assumptions	16,812
Benefit payment - implicit rate subsidy	(72,733)
Other changes	(96,619)
Net changes	30,990
Balance at September 30, 2018	\$ 692,244

Note:

1) See Note I referring to prior period adjustments

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the City calculated using the discount rate of 3.64%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.64%) or 1% higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	\$ 731,440	\$ 692,244	\$ 656,178

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE E – CONTINUED**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:*

The following presents the total OPEB liability of the City as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.9%) or 1% higher (7.9%) than the current healthcare cost trend rates (6.9%):

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Total OPEB Liability	\$ 650,554	\$ 692,244	\$ 738,761

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:*

For the year ended September 30, 2018, the City recognized OPEB expense of \$64,029. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB expense from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,925	\$ -
Changes of assumptions	45,379	116,611
Total	\$ 156,304	\$ 116,611

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	Outflows	Inflows
2019	\$ 18,816	\$ 14,038
2020	18,816	14,038
2021	18,816	14,038
2022	18,816	14,038
2023	18,816	14,038
2024	18,816	14,038
2025	18,816	14,038
2026	18,816	14,038
2027	5,776	4,307

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE F. LONG-TERM LIABILITIES**

Long-term debt activity for the fiscal year ended September 30, 2018 was as follows:

	Balance 9/30/2017	Increases	Decreases	Balance 9/30/2018	Due Within One year
<b>Governmental Activities</b>					
Revenue Bonds, Series 2006	\$ 420,000	\$ -	\$ 420,000	\$ -	\$ -
Capital Improvement Revenue Bonds, Series 2015	12,440,000	-	250,000	12,190,000	260,000
Capital leases	78,171	-	78,171	-	-
Accumulated unused compensated absences	<u>462,620</u>	<u>278,620</u>	<u>211,699</u>	<u>529,541</u>	<u>244,316</u>
	<u>\$ 13,400,791</u>	<u>\$ 278,620</u>	<u>\$ 959,870</u>	<u>\$ 12,719,541</u>	<u>\$ 504,316</u>
<b>Business-Type Activities</b>					
State Revolving Loan (2003)	\$ 105,724	\$ -	\$ 16,469	\$ 89,255	\$ 16,845
State Revolving Loan (2005)	1,769,591	-	177,022	1,592,569	181,673
Wastewater Revenue Bond, Series 2015	4,664,000	-	182,000	4,482,000	189,000
Stormwater Revenue Bond, Series 2015	2,745,000	-	176,000	2,569,000	181,000
Capital leases	289,173	-	69,471	219,702	71,319
Accumulated unused compensated absences	<u>27,340</u>	<u>2,096</u>	<u>13,049</u>	<u>16,387</u>	<u>11,231</u>
	<u>\$ 9,600,828</u>	<u>\$ 2,096</u>	<u>\$ 634,011</u>	<u>\$ 8,968,913</u>	<u>\$ 651,068</u>
<b>Total</b>	<u>\$ 23,001,619</u>	<u>\$ 280,716</u>	<u>\$ 1,593,881</u>	<u>\$ 21,688,454</u>	<u>\$ 1,155,384</u>

Long-term debt for the governmental activities is comprised of the following as of September 30, 2018:

<u>Capital Improvement Revenue Bonds, Series 2015:</u> Revenue bonds in the amount of \$13,000,000 were issued for the principal purpose of acquiring, constructing and equipping various capital improvements within the City. The outstanding bonds mature in various amounts annually, ranging from \$245,000 to \$720,000, through May 1, 2045. Interest on the outstanding bonds accrues at rates ranging from 2% to 5% and is payable semi-annually on May 1 and November 1. The bond principal and interest is secured by and payable from the Local Government Half-cent Sales Tax, the Guaranteed Entitlement Revenues portion of the State of Florida Revenue Sharing Trust Fund, Franchise Fees and Utility Service Tax revenues.	12,190,000
<u>Accumulated unused compensated absences:</u> Represents the vested portion of accumulated vacation and sick pay benefits due to employees. These liabilities are liquidated by the General Fund.	<u>529,541</u>
<b>Total Governmental Activities Long-Term Debt</b>	<u>\$12,719,541</u>

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE F – CONTINUED**

Long-term debt for the business-type activities is comprised of the following as of September 30, 2018:

<p><u>State Revolving Loan (2003)</u>: The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on November 5, 2001, whereby DEP agreed to finance a sanitary sewer and reclaimed water relocation – reconstruction project. The final amended agreement provided for a total amount of available loan proceeds of \$492,549. The total amount drawn on the loan, including capitalized interest and excluding service fees, was \$287,004. The loan is to be repaid in semi-annual installments of \$9,725, including interest at 3.05%, through September 15, 2023. The first payment was due March 15, 2004. The loan is secured by a lien on pledged revenues from the wastewater system after payment of operation and maintenance expenses.</p>	\$ 89,255
<p><u>State Revolving Loan (2005)</u>: The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on May 14, 2004, whereby DEP agreed to finance a new master lift station. The final amended agreement provided for a total amount of available loan proceeds of \$3,630,146. The total amount drawn on the loan, excluding capitalized interest and service fees, was \$3,515,929. The remaining balance of the loan is to be repaid in semi-annual installments of \$111,053, including interest at 2.60%, through September 15, 2026. The first payment was due March 15, 2007. The loan is secured by a lien on pledged revenues from the wastewater system after payment of operation and maintenance expenses.</p>	1,592,569
<p><u>Wastewater Utility System Revenue Bond, Series 2015</u>: A revenue bond in the amount of \$5,000,000 was issued for the principal purpose of financing costs of the acquisition, construction and equipping of various capital improvements to the City’s wastewater utility system. The bond matures in various amounts annually, ranging from \$162,000 to \$355,000, through May 1, 2035. Interest on the outstanding bond accrues at a rate of 4.02% and is payable semi-annually on May 1 and November 1. The bond principal and interest is secured by and payable from the net revenues, including connection fees, of the Wastewater Utility System.</p>	4,482,000
<p><u>Stormwater Improvement Assessment Bond, Series 2015</u>: An assessment bond in the amount of \$3,000,000 was issued for the principal purpose of financing costs of the acquisition, construction and equipping of various stormwater improvements. The bond matures semi-annually on May 1 and November 1, in various amounts ranging from \$84,000 to \$126,000, through May 1, 2030. Interest on the outstanding bond accrues at a rate of 2.95% and is payable semi-annually on May 1 and November 1. The bond principal and interest are secured by and payable from the annual assessments levied on the real property benefited by the City’s Stormwater Utility System, and if necessary, other available non- Ad valorem revenues.</p>	2,569,000

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE F – CONTINUED**

Capital leases (2016): The City currently leases a vacuum truck under a lease- purchase agreement that expires in February, 2021. The lease terms require the City to pay any taxes, insurance and maintenance expenses related to the vacuum truck. As of September 30, 2018, the present value of future minimum lease payments was: 219,702

Accumulated unused compensated absences: Represents the vested portion of accumulated vacation and sick pay benefits due employees. 16,387

Total Business-Type Activities Long Term Debt \$8,968,913

The annual requirements to amortize the long-term debt for governmental activities bonds payables as of September 30, 2018, are as follows:

	Principal	Interest	Total
2019	260,000	489,369	749,369
2020	265,000	481,569	746,569
2021	275,000	470,969	745,969
2022	290,000	459,969	749,969
2023	305,000	386,969	691,969
2024-2028	1,740,000	2,006,450	3,746,450
2029-2033	2,075,000	1,647,731	3,722,731
2034-2038	2,515,000	1,209,081	3,724,081
2039-2043	3,055,000	694,906	3,749,906
2044-2045	1,410,000	87,863	1,497,863
	<u>\$ 12,190,000</u>	<u>\$ 7,934,876</u>	<u>\$ 20,124,876</u>

The annual requirements to amortize the notes and bonds payable for business-type activities as of September 30, 2018, are as follows:

	Principal	Interest	Total
2019	568,518	277,455	845,973
2020	586,807	261,569	848,376
2021	605,240	245,164	850,404
2022	626,102	228,708	854,810
2023	645,261	211,680	856,941
2024-2028	2,994,896	778,791	3,773,687
2029-2033	2,010,000	345,975	2,355,975
2034-2035	696,000	42,250	738,250
	<u>\$ 8,732,824</u>	<u>\$ 2,391,592</u>	<u>\$ 11,124,416</u>

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE F – CONTINUED**

Capital Leases	Total
2019	77,165
2020	77,165
2021	77,165
	\$ 231,495
Less: interest	(11,793)
Present value of lease liability	\$ 219,702

The business-type activities capital lease was reported in the asset totals for furniture, machinery, and equipment. Following is an analysis of the leased property under capital lease:

	Cost	Accumulated Depreciation	Book Value
Business-type activities:			
Sewer Vac Truck	\$ 356,843	\$ 92,184	\$ 264,659

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE G. INTERFUND TRANSACTIONS**

The City makes routine transfers between its funds in the course of the fiscal year, typically for construction projects as specified in the City's capital improvement program. Transfers are reported as other financing sources (uses) in the Governmental Funds and as transfers in (out) in the Proprietary Funds. Interfund transfers included:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,809,075
Building Fund	14,500	\$ -
Capital Improvement Projects Fund	4,505,054	-
Wastewater Fund	-	418,994
Reclaimed Water Fund	-	691,485
Stormwater Fund	-	600,000
	<u>\$ 4,519,554</u>	<u>\$ 4,519,554</u>

Interfund receivables and payables as of September 30, 2018, are comprised of the following balances and advances:

*Interfund balances:*

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 553,743
Capital Improvement Projects Fund	418,994	129,080
Wastewater Fund	-	418,994
Stormwater Fund	129,080	-
Fiduciary Funds	553,743	-
	<u>\$ 1,101,817</u>	<u>\$ 1,101,817</u>

The \$553,743 liability balance reported on the government-wide Statement of Net Position refers to the City's annual contribution from the General Fund to the Police Pension, which was paid shortly after fiscal year end. The \$418,994 balance between the Capital Improvement Projects Fund and Wastewater Fund includes the temporary cash transfer described in Note B. The Capital Improvement Projects Fund owed \$129,080 to the Stormwater Fund for contributions to the Pass-a-Grille Way improvements project.

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE G – CONTINUED**

*Advances:*

	Advances To Other Funds	Advances From Other Funds
General Fund	65,342	-
Capital Improvement Projects Fund	4,048,639	-
Reclaimed Water Fund	-	65,342
Stormwater	-	4,048,639
	\$ 4,113,981	\$ 4,113,981

The General Fund previously advanced funds to the Reclaimed Water Fund for the purpose of funding capital improvements. The advance will be repaid by future revenues of the Reclaimed Water Fund with a final payment date of September 30, 2019. The \$4,048,639 Stormwater Fund liability refers to an advance arrangement with the Capital Improvement Projects Fund relating to the Pass-a-Grille Way improvement project. Budgetary transfers were recorded from the Stormwater Fund for drainage-related aspects of the infrastructure improvements, leaving an outstanding balance outstanding until completion of the project, at which time cash will be transferred and the liability will be eliminated.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE H. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

*1. Governmental Accounting Standards Board Statement no 75*

The City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The scope of this statement addresses accounting and financial reporting OPEB that is provided to state and local governmental employees. The statement establishes standards for recognizing and measuring the liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures.

*2. Governmental Accounting Standards Board Statement no 89*

The City early adopted the provisions of GASB Statement No 89, Interest Cost in Construction. The scope of this statement addresses the interest cost incurred before the end of a construction period. The Statement requires that interest cost be recognized as an expense during the period in which it is incurred using the economic resources measurement focus.

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE I. PRIOR PERIOD ADJUSTMENTS**

*1. Change in Accounting Principle*

Net position as of October 1, 2017, has been restated as follows for the implementation of GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

*2. Prior Period Correction*

The City identified seven retirees who were previously omitted from OPEB calculations that have a retirement date prior to October 1, 2016, and thus should be included in the OPEB valuation. In addition, the City changed the assumption rate used for retirement elections to reflect a higher percentage of employees (20%) choosing to stay on the City's insurance plans at retirement.

	Government-wide Statement of Net Position	
	Governmental Activities	Business-type Activities
Net position at September 30, 2017, as previously reported	\$ 31,587,180	\$ 17,753,638
Prior period adjustment - implementation of GASB 75	1,186	-
Prior period adjustment - correction to include additional retirees and higher election rate	(518,087)	(65,781)
Net position at October 1, 2017, as restated	\$ 31,070,279	\$ 17,687,857

**CITY OF ST. PETE BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE J. SPECIAL ITEMS**

*1. Legal settlement*

The City filed a malpractice lawsuit against its former legal firm in October 2016 regarding the Florida Sunshine Law. The City reached a settlement in the amount of \$349,523 as reported in the General Fund.

*2. Legal judgment*

The City was ordered to pay \$2,165,195 stemming from a 2009 lawsuit regarding beach property access. Funds had been held in a court-ordered restricted account since FY 2016 and were reported as restricted fund balance as of September 30, 2016 and September 30, 2017.

**CITY OF ST. PETE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE K. RECENT ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

- (a) GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB 83 are effective for periods beginning after June 15, 2018.
- (b) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- (c) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.
- (d) GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.
- (e) GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.

**CITY OF ST. PETE BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
SEPTEMBER 30, 2018  
(UNAUDITED)**

Fiscal Year Ending September 30,	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 38,317
Interest	20,934
Difference between actual and expected experience	124,279
Assumption changes	16,812
Benefit payments - implicit rate subsidy	(72,733)
Other changes	(96,619)
Net change in total OPEB liability	<u>30,990</u>
Total OPEB liability - beginning	661,254
Total OPEB liability - ending (a)	<u><u>\$ 692,244</u></u>
 Covered payroll	 \$ 4,282,059
 Total OPEB liability as a percentage of covered payroll	 16.17%

Notes to Schedule:

Valuation Date 10/1/2017

*Changes of assumptions.* Changes of assumptions and other changes reflect the effects of changes in the

2018	3.64%
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\*\* 10 years of data will be presented as it becomes available

**CITY OF ST. PETE BEACH, FLORIDA  
POLICE OFFICERS' RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
SEPTEMBER 30, 2018  
(UNAUDITED)**

Fiscal Year Ending September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ -	\$ -	\$ -	\$ 15,380	\$ 45,240
Interest	1,194,357	1,179,519	1,102,568	1,101,556	1,099,695
Difference between actual and expected experience	682,795	267,414	239,884	255,813	-
Assumption changes	-	-	1,161,657	-	-
Benefit payments including refunds of contributions	(1,247,746)	(1,222,178)	(1,587,440)	(1,098,393)	(1,078,586)
Net change in total pension liability	629,406	224,755	916,669	274,356	66,349
Total pension liability - beginning	17,686,112	17,461,357	16,544,688	16,270,332	16,203,983
Total pension liability - ending (a)	<u>\$ 18,315,518</u>	<u>\$ 17,686,112</u>	<u>\$ 17,461,357</u>	<u>\$ 16,544,688</u>	<u>\$ 16,270,332</u>
Total Fiduciary Net Position					
Contributions - employer	\$ 553,743	\$ 472,080	\$ 494,855	\$ 444,748	\$ 577,960
Contributions - state	97,990	93,815	86,942	87,677	88,047
Contributions - employee	-	-	-	274	3,857
Net investment income	790,622	1,143,369	972,743	(133,318)	1,052,775
Benefit payments, including refunds of contributions	(1,247,746)	(1,222,178)	(1,587,440)	(1,098,393)	(1,078,586)
Administrative expense	(46,526)	(26,288)	(15,598)	(24,655)	(32,171)
Net change in plan fiduciary net position	148,083	460,798	(48,498)	(723,667)	611,882
Plan fiduciary net position - beginning	11,545,616	11,084,818	11,133,316	11,856,983	11,245,101
Plan fiduciary net position - ending (b)	<u>\$ 11,693,699</u>	<u>\$ 11,545,616</u>	<u>\$ 11,084,818</u>	<u>\$ 11,133,316</u>	<u>\$ 11,856,983</u>
Net pension liability - ending (a) - (b)	<u>\$ 6,621,819</u>	<u>\$ 6,140,496</u>	<u>\$ 6,376,539</u>	<u>\$ 5,411,372</u>	<u>\$ 4,413,349</u>
Plan fiduciary net position as a percentage of the total pension liability	63.85%	65.28%	63.48%	67.29%	72.87%
Covered payroll*	N/A	N/A	N/A	\$ 9,453	\$ 124,414
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	57,245.02%	3,547.31%

**NOTES:**

\* The plan was closed during 2015; therefore, there is no covered payroll in subsequent years.

\*\* 10 years of data will be presented as it becomes available

**CITY OF ST. PETE BEACH, FLORIDA  
FIREFIGHTERS' RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
SEPTEMBER 30, 2018  
(UNAUDITED)**

Fiscal Year Ending September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 463,655	\$ 421,007	\$ 245,298	\$ 230,254	\$ 238,163
Interest	1,576,276	1,516,026	1,245,496	1,212,870	1,189,290
Change in excess State money	-	(251,482)	-	-	-
Changes of benefit terms	-	2,483,070	-	-	-
Difference between actual and expected experience	19,624	(251,797)	(786,356)	103,860	-
Assumption changes	129,145	167,748	1,212,697	-	-
Contributions - buy back	43,564	-	-	-	-
Benefit payments including refunds of contributions	(976,061)	(982,669)	(933,688)	(1,348,403)	(882,183)
Net change in total pension liability	1,256,203	3,101,903	983,447	198,581	545,270
Total pension liability - beginning	20,629,293	17,527,390	16,543,943	16,345,362	15,800,092
Total pension liability - ending (a)	<u>\$ 21,885,496</u>	<u>\$ 20,629,293</u>	<u>\$ 17,527,390</u>	<u>\$ 16,543,943</u>	<u>\$ 16,345,362</u>
Total Fiduciary Net Position					
Contributions - employer	\$ 737,476	\$ 675,894	\$ 690,612	\$ 413,656	\$ 632,678
Contributions - state	186,995	176,996	178,044	392,128	39,565
Contributions - employee	252,277	61,764	59,223	50,369	45,249
Contributions - buy back	43,564	-	-	-	-
Net investment income	1,257,530	1,080,346	962,019	(72,360)	999,549
Benefit payments, including refunds of contributions	(976,061)	(982,669)	(933,688)	(1,348,403)	(882,183)
Administrative expense	(34,157)	(50,943)	(21,656)	(19,804)	(16,250)
Net change in plan fiduciary net position	1,467,624	961,388	934,554	(584,414)	818,608
Plan fiduciary net position - beginning	12,516,976	11,555,588	10,621,034	11,205,448	10,386,840
Plan fiduciary net position - ending (b)	<u>\$ 13,984,600</u>	<u>\$ 12,516,976</u>	<u>\$ 11,555,588</u>	<u>\$ 10,621,034</u>	<u>\$ 11,205,448</u>
Net pension liability - ending (a) - (b)	<u>\$ 7,900,896</u>	<u>\$ 8,112,317</u>	<u>\$ 5,971,802</u>	<u>\$ 5,922,909</u>	<u>\$ 5,139,914</u>
Plan fiduciary net position as a percentage of the total pension liability	63.90%	60.68%	65.93%	64.20%	68.55%
Covered payroll	\$ 2,190,372	\$ 1,938,036	\$ 1,787,358	\$ 1,572,198	\$ 1,371,924
Net pension liability as a percentage of covered payroll	360.71%	418.58%	334.11%	376.73%	374.65%

**NOTES:**

For measurement date 09/30/2017, the following changes were made based on the 2017-16 Ordinance:

- 1.) The Normal Retirement Date for Members not eligible for Normal Retirement and who had less than 10 years of Credited Service on December 31, 2012 is changed to the earliest of A) Age 55 with 10 years of Credited Service, B) Age 52 with 25 years of Credited Service, or C) 30 years of Credited Service regardless of age.
- 2.) The benefit multiplier is increased to 3.4% per year of Credited Service, retroactive to January 1, 2013.
- 3.) The definition of Compensation is changed for Salary earned after January 1, 2013 to include total W-2 earnings, including up to 300 hours of overtime, but not including any lump sum payments of accrued sick or annual leave.
- 4.) The maximum benefit is increased from 75% of Average Final Compensation to 100%.
- 5.) Early retirement provisions are established for service on and after January 1, 2013, with eligibility at age 50 with 10 years of Credited Service and with an early retirement reduction of 3% per year prior to age 55.
- 6.) A 3.0% annual cost-of-living adjustment is added for service on and after January 1, 2013. It is commencing on the first October 1st following 7 complete years of receiving
- 7.) The member contribution rate has been increased to help fund some of these benefit improvements listed.

\*\* 10 years of data will be presented as it becomes available.

**CITY OF ST. PETE BEACH, FLORIDA  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
SEPTEMBER 30, 2018  
(UNAUDITED)**

Fiscal Year Ending September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 48,627	\$ 55,922	\$ 63,167	\$ 67,894	\$ 79,454
Interest	1,252,251	1,274,501	1,248,359	1,244,204	1,235,212
Difference between actual and expected experience	46,018	(511,151)	(570,758)	(2,077)	-
Assumption changes	250,564	-	989,394	-	-
Benefit payments including refunds of contributions	(1,133,112)	(1,072,544)	(1,268,722)	(1,234,650)	(1,139,505)
Net change in total pension liability	464,348	(253,272)	461,440	75,371	175,161
Total pension liability - beginning	16,887,217	17,140,489	16,679,049	16,603,678	16,428,517
Total pension liability - ending (a)	<u>\$ 17,351,565</u>	<u>\$ 16,887,217</u>	<u>\$ 17,140,489</u>	<u>\$ 16,679,049</u>	<u>\$ 16,603,678</u>
Total Fiduciary Net Position					
Contributions - employer	\$ 656,988	\$ 503,935	\$ 563,121	\$ 585,936	\$ 557,646
Contributions - employee	27,621	24,813	25,913	29,971	30,176
Net investment income	913,431	1,028,577	1,052,550	(6,633)	1,203,892
Benefit payments, including refunds of contributions	(1,133,112)	(1,072,544)	(1,268,722)	(1,234,650)	(1,139,505)
Administrative expense	(34,262)	(42,257)	(36,156)	(30,510)	(25,430)
Net change in plan fiduciary net position	430,666	442,524	336,706	(655,886)	626,779
Plan fiduciary net position - beginning	12,068,109	11,625,585	11,288,879	11,944,765	11,317,986
Plan fiduciary net position - ending (b)	<u>\$ 12,498,775</u>	<u>\$ 12,068,109</u>	<u>\$ 11,625,585</u>	<u>\$ 11,288,879</u>	<u>\$ 11,944,765</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,852,790</u>	<u>\$ 4,819,108</u>	<u>\$ 5,514,904</u>	<u>\$ 5,390,170</u>	<u>\$ 4,658,913</u>
Plan fiduciary net position as a percentage of the total pension liability	72.03%	71.46%	67.83%	67.68%	71.94%
Covered payroll	\$ 799,160	\$ 700,400	\$ 738,138	\$ 1,017,523	\$ 761,318
Net pension liability as a percentage of covered payroll	607.24%	688.05%	747.14%	529.73%	611.95%

**NOTES:**

*Changes of assumptions:*

For measurement date 9/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate return from 7.65% to 7.50%

For measurement date 9/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant

The investment rate return was lowered from 7.75% to 7.65% per year compounded annually, net of investment related expenses

\*\* 10 years of data will be presented as it becomes available

**CITY OF ST. PETE BEACH, FLORIDA  
POLICE OFFICERS' RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2018  
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll*	Contributions as Percentage of Employee Payroll
2018	\$ 651,733	\$ 651,733	\$ -	N/A	N/A
2017	564,940	565,895	(955)	N/A	N/A
2016	581,797	581,797	-	N/A	N/A
2015	530,921	532,425	(1,504)	9,453	5632.34%
2014	666,007	666,007	-	124,414	535.32%

Notes to Schedule:

Valuation Date: 10/1/2016

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Pay, Closed.
Mortality:	<i>Healthy Lives:</i> Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB. <i>Disabled Lives:</i> Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.
Interest Rate	7.00% per year, compounded annually, net of investment-related expenses.
Retirement Age:	N/A
Salary Increases:	N/A
Payroll Growth:	None.
Cost-of-Living Adjustmetn:	3% per year following completion of 7 years of retirement on old benefit
Asset Valuation Method:	Each year, the Actuarial Value of Assets is brought forward using the historical 4-year geometric average market value return. Over time, this may produce an insignificant bias above or below Market Value of Assets.

\* The plan was closed during 2015; therefore, there is no covered payroll in subsequent years.

\*\* 10 years of data will be presented as it becomes available

**CITY OF ST. PETE BEACH, FLORIDA  
FIREFIGHTERS' RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2018  
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2018	\$ 922,147	\$ 924,471	\$ (2,324)	\$ 2,190,372	42.21%
2017	769,400	852,890	(83,490)	1,938,036	44.01%
2016	868,656	868,656	-	1,787,358	48.60%
2015	740,688	804,784	(64,096)	1,572,198	51.19%
2014	672,243	672,243	-	1,371,924	49.00%

Notes to Schedule:

Valuation Date: 10/1/2016

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal  
Amortization Method: Level Percentage of Pay, Closed.  
Remaining Amortization Period: 30 Years (as of 10/01/2016).  
Mortality: RP-2000 Combined Healthy (sex distinct), based on study of over 650 public safety funds. Disability mortality is set forward five years.  
*Healthy Lives:*  
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.  
Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB  
*Disabled Lives:*  
Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.  
Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.  
Interest Rate: 7.70% per year, compounded annually, net of investment-related expenses.  
Retirement Age: For members eligible for normal retirement on 1/1/2013 or hired before: Earlier of age 56 or 26 years of service.  
For all others: earlier of age 60 with 10 years of services or 30 years of service.  
Early Retirement: For members eligible for normal retirement on 1/1/2013, immediate subsidized benefit at rate of 5% per year.  
For all others: None.  
Salary Increases: 4.0% to 5.5% depending on years of service  
Payroll Growth: Up to 1.38% per year  
Cost-of-Living Adjustment: 3% per year following completion of 7 years of retirement on old benefit. None after January 1, 2013.  
Asset Valuation Method: Each year, the Actuarial Value of Assets is brought forward using the historical 4-year geometric average market value return. Over time, this may produce an insignificant bias above or below Market Value of Assets.  
Termination Rates: See table below. Based on actuarial experience study issued October 20, 2008.  
Disability Rates: See table below. Based on actuarial experience study issued October 20, 2008.  
Other Information: Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	17.20%	0.03%
30	15.00%	0.04%
40	8.20%	0.07%
50	1.70%	0.18%

\*\* 10 years of data will be presented as it becomes available

**CITY OF ST. PETE BEACH, FLORIDA  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2018  
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2018	\$ 638,879	\$ 656,988	\$ (18,109)	\$ 799,160	82.21%
2017	464,066	503,935	(39,869)	700,400	71.95%
2016	563,121	563,121	-	738,138	76.29%
2015	585,936	585,936	-	1,017,523	57.58%
2014	548,356	557,646	(9,290)	761,318	73.25%

Notes to Schedule:

Valuation Date: 10/1/2016

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal  
Amortization Method: Level Percentage of Pay, Closed.  
Remaining Amortization Period: 30 Years (as of 10/01/2016).  
Mortality: *Healthy Lives*  
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.  
Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.  
*Disabled Lives*  
Female: 100% RP2000 Disabled Female set forward two years.  
Male: 100% RP2000 Disabled Male set back four years.  
Interest Rate: 7.65% per year, compounded annually, net of investment-related expenses.  
Retirement Age: Earlier of 1) age 60 with 10 years of service or 2) 30 years of service (earlier of 55 or 25 years if hired before 10/1/2012). No early retirement.  
Early Retirement: None.  
Salary Increases: 5.0% per year until assumed retirement  
Payroll Growth: None.  
Cost-of-Living Adjustment: 3% per year following completion of 10 years of retirement on old benefit  
Asset Valuation Method: Each year, the Actuarial Value of Assets is brought forward using the historical 4-year geometric average market value return. Over time, this may produce an insignificant bias above or below Market Value of Assets.  
Termination Rates: See table below.  
Disability Rates: See table below.  
Other Information: Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	28.4%	0.051%
30	24.8%	0.058%
40	13.5%	0.121%
50	2.8%	0.429%

\*\* 10 years of data will be presented as it becomes available

**CITY OF ST. PETE BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN**  
**SEPTEMBER 30, 2018**  
**(UNAUDITED)**

<b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b>			
<b>Fiscal Year</b>	<b>Police Pension</b>	<b>Fire Pension</b>	<b>General Pension</b>
2018	7.24%	10.06%	7.70%
2017	10.75%	9.48%	9.05%
2016	9.22%	9.25%	9.72%
2015	-1.17%	-0.66%	-0.06%
2014	9.67%	9.74%	10.84%

\*\* 10 years of data will be presented as it becomes available

## **SUPPORTING SCHEDULES**

Financial schedules are presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation in conformity with generally accepted accounting principles.

**CITY OF ST. PETE BEACH, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<u>Transportation Impact Fee</u>	<u>Building</u>	<u>Police Confiscation</u>	
<b>ASSETS</b>				
Equity in pooled cash	\$ 212,936	\$ 379,009	\$ 5,323	\$ 597,268
Prepaid items	-	343	-	343
<b>Total assets</b>	<u>\$ 212,936</u>	<u>\$ 379,352</u>	<u>\$ 5,323</u>	<u>\$ 597,611</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ 49,111	\$ -	\$ 49,111
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	-	343	-	343
Restricted for:				
Building department	-	329,898	-	329,898
Law enforcement	-	-	5,323	5,323
Transportation improvements	212,936	-	-	212,936
Total fund balances	<u>212,936</u>	<u>330,241</u>	<u>5,323</u>	<u>548,500</u>
<b>Total liabilities and fund balances</b>	<u>\$ 212,936</u>	<u>\$ 379,352</u>	<u>\$ 5,323</u>	<u>\$ 597,611</u>

See accompanying notes to financial statements.

**CITY OF ST. PETE BEACH, FLORIDA  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<u>Transportation Impact Fee</u>	<u>Building</u>	<u>Police Confiscation</u>	
<b>REVENUES</b>				
Permits and fees	\$ -	\$ 904,697	\$ -	\$ 904,697
Investment income	225	271	6	502
Total revenues	<u>225</u>	<u>904,968</u>	<u>6</u>	<u>905,199</u>
<b>EXPENDITURES</b>				
Current:				
Community development	-	589,227	-	589,227
Excess (deficiency) of revenues over expenditures	<u>225</u>	<u>315,741</u>	<u>6</u>	<u>315,972</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	14,500	-	14,500
<b>Net change in fund balances</b>	<u>225</u>	<u>330,241</u>	<u>6</u>	<u>330,472</u>
<b>Fund balances, beginning of year</b>	212,711	-	5,317	218,028
<b>Fund balances, end of year</b>	<u><u>\$ 212,936</u></u>	<u><u>\$ 330,241</u></u>	<u><u>\$ 5,323</u></u>	<u><u>\$ 548,500</u></u>

See accompanying notes to financial statements.

**CITY OF ST. PETE BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUILDING**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>REVENUES</b>				
Permits and fees	\$ -	\$ 702,500	\$ 904,697	\$ 202,197
Investment income	-	-	271	271
Total revenues	<u>-</u>	<u>702,500</u>	<u>904,968</u>	<u>202,468</u>
<b>EXPENDITURES</b>				
Current:				
Community development:				
Building	674,775	697,900	589,227	108,673
Capital outlay	19,100	19,100	-	19,100
Total expenditures	<u>693,875</u>	<u>717,000</u>	<u>589,227</u>	<u>127,773</u>
Excess (deficiency) of revenues over expenditures	<u>(693,875)</u>	<u>(14,500)</u>	<u>315,741</u>	<u>330,241</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	14,500	14,500	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>14,500</u>	<u>14,500</u>	<u>-</u>
Net change in fund balances	<u>(693,875)</u>	<u>-</u>	<u>330,241</u>	<u>330,241</u>
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (693,875)</u>	<u>\$ -</u>	<u>\$ 330,241</u>	<u>\$ 330,241</u>

See accompanying notes to financial statements.

**CITY OF ST. PETE BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CAPITAL IMPROVEMENT PROJECTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes	\$ 982,500	\$ 982,500	\$ 1,045,701	\$ 63,201
Intergovernmental	4,670,000	9,757,531	1,247,301	(8,510,230)
Investment income	20,000	75,205	141,323	66,118
Miscellaneous	-	-	20,000	20,000
Total revenues	<u>5,672,500</u>	<u>10,815,236</u>	<u>2,454,325</u>	<u>(8,360,911)</u>
<b>EXPENDITURES</b>				
Capital outlay	6,428,000	32,534,390	11,204,556	21,329,834
Debt service:				
Principal retirement	748,171	748,171	748,171	-
Interest and fiscal charges	520,767	520,767	522,496	(1,729)
Total expenditures	<u>7,696,938</u>	<u>33,803,328</u>	<u>12,475,223</u>	<u>21,328,105</u>
Excess (deficiency) of revenues over expenditures	<u>(2,024,438)</u>	<u>(22,988,092)</u>	<u>(10,020,898)</u>	<u>12,967,194</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,390,000	4,505,054	4,505,054	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>2,390,000</u>	<u>4,505,054</u>	<u>4,505,054</u>	<u>-</u>
Net change in fund balances	<u>365,562</u>	<u>(18,483,038)</u>	<u>(5,515,844)</u>	<u>12,967,194</u>
Fund balances, beginning of year	16,632,760	16,632,760	16,632,760	-
Fund balances, end of year	<u><u>\$ 16,998,322</u></u>	<u><u>\$ (1,850,278)</u></u>	<u><u>\$ 11,116,916</u></u>	<u><u>\$ 12,967,194</u></u>

See accompanying notes to financial statements.

**CITY OF ST. PETE BEACH, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**EMERGENCY MEDICAL SERVICES (EMS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>REVENUES</b>	
EMS operating reimbursement	\$ 1,744,914
EMS capital reimbursement	37,500
Total revenues	<u>1,782,414</u>
<b>EXPENDITURES</b>	
Current:	
Salaries, wages, and employees benefits	1,692,022
Contract services	8,284
Insurance	9,037
Repairs and maintenance	19,712
Uniforms	6,859
Fuel	5,332
Other	1,657
Capital outlay	93,731
Total expenditures	<u>1,836,634</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(54,220)</u>

See accompanying notes to financial statements.

## Statistical Section

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

### Contents

#### **Financial Trends (Schedules 1-5)**

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

#### **Revenue Capacity (Schedules 6-9)**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

#### **Debt Capacity (Schedules 10-12)**

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

#### **Demographic and Economic Information (Schedules 13-14)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.

#### **Operating Information (Schedules 15-17)**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 1 - Net Position by Component**  
**Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 23,194,806	\$ 23,703,266	\$ 24,778,730	\$ 25,813,130	\$ 25,885,225	\$ 26,275,283	\$ 26,222,880	\$ 26,880,493	\$ 32,831,443	\$ 38,579,444
Restricted	380,065	382,107	369,866	387,549	388,582	414,080	683,376	3,005,075	10,123,017	8,474,445
Unrestricted	3,556,029	3,764,169	3,601,370	4,158,240	6,818,460	7,900,552	(5,189,099)	(6,921,248)	(11,367,280)	(9,936,009)
Total governmental activities net position	<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>	<u>34,589,915</u>	<u>21,717,157</u>	<u>22,964,320</u>	<u>31,587,180</u>	<u>37,117,880</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 7,416,175	\$ 7,966,862	\$ 8,584,028	\$ 9,504,196	\$ 10,617,326	\$ 13,045,091	\$ 14,956,744	\$ 17,279,462	\$ 17,577,589	\$ 18,051,782
Restricted	3,149,490	2,761,992	2,360,200	1,869,900	1,373,720	875,172	260,195	172,025	219,928	2,191,481
Unrestricted	(1,004,406)	(263,623)	1,090,718	1,936,117	2,866,840	2,589,632	2,105,940	2,110,454	(43,879)	95,743
Total business-type activities net position	<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>	<u>16,509,895</u>	<u>17,322,879</u>	<u>19,561,941</u>	<u>17,753,638</u>	<u>20,339,006</u>
<b>Total primary government</b>										
Net investment in capital assets	\$ 30,610,981	\$ 31,670,128	\$ 33,362,758	\$ 35,317,326	\$ 36,502,551	\$ 39,320,374	\$ 41,179,624	\$ 44,159,955	\$ 50,409,032	\$ 56,631,226
Restricted	3,529,555	3,144,099	2,730,066	2,257,449	1,762,302	1,289,252	943,571	3,177,100	10,342,945	10,665,926
Unrestricted	2,551,623	3,500,546	4,692,088	6,094,357	9,685,300	10,490,184	(3,083,159)	(4,810,794)	(11,411,159)	(9,840,266)
Total primary government net position	<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>	<u>51,099,810</u>	<u>39,040,036</u>	<u>42,526,261</u>	<u>49,340,818</u>	<u>57,456,886</u>

Note:

The City implemented GASB 68 in FY 2015, resulting in the City's net pension liability being recorded in the financial statements.

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 2 - Changes in Net Position**  
**Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,223,320	\$ 2,306,345	\$ 1,975,312	\$ 2,238,921	\$ 1,772,659	\$ 1,653,433	\$ 1,818,174	\$ 1,871,615	\$ 3,699,537	\$ 1,916,784
Community development	620,111	593,337	581,888	576,218	607,796	664,648	839,776	914,014	847,318	918,591
Public safety	7,204,325	7,149,824	6,932,045	7,167,047	6,241,767	6,468,442	7,053,404	10,956,336	7,133,967	7,493,658
Parking enforcement	-	-	267,877	318,855	359,881	337,912	383,112	535,970	502,539	521,270
Public works	3,999,036	3,872,799	3,962,149	2,761,043	3,091,481	3,713,816	3,641,112	3,161,814	3,609,883	4,138,155
Culture and recreation	613,869	552,497	571,243	1,930,246	1,941,723	2,008,092	2,254,188	2,339,008	2,089,068	2,213,821
Interest and fees on long term-debt	483,111	255,846	203,379	147,049	123,922	109,061	227,514	471,029	507,083	508,910
Total governmental activities expenses	<u>15,143,772</u>	<u>14,730,648</u>	<u>14,493,893</u>	<u>15,139,379</u>	<u>14,139,229</u>	<u>14,955,404</u>	<u>16,217,280</u>	<u>20,249,786</u>	<u>18,389,395</u>	<u>17,711,189</u>
Business-type activities:										
Wastewater	\$ 3,385,327	\$ 3,467,822	\$ 3,052,904	\$ 3,756,305	\$ 3,691,949	\$ 3,893,752	\$ 4,222,963	\$ 5,000,215	\$ 3,913,435	\$ 5,430,492
Reclaimed water	776,244	778,626	819,844	884,287	772,697	709,244	761,196	831,244	841,137	755,705
Stormwater	-	110,227	152,728	259,057	332,920	243,292	320,452	391,015	451,741	519,746
Total business-type activities expenses	<u>4,161,571</u>	<u>4,356,675</u>	<u>4,025,476</u>	<u>4,899,649</u>	<u>4,797,566</u>	<u>4,846,288</u>	<u>5,304,611</u>	<u>6,222,474</u>	<u>5,206,313</u>	<u>6,705,943</u>
Total primary government expenses	<u>19,305,343</u>	<u>19,087,323</u>	<u>18,519,369</u>	<u>20,039,028</u>	<u>18,936,795</u>	<u>19,801,692</u>	<u>21,521,891</u>	<u>26,472,260</u>	<u>23,595,708</u>	<u>24,417,132</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for service										
General government	\$ 425,373	\$ 439,404	\$ 450,656	\$ 473,458	\$ 469,324	\$ 482,675	\$ 503,155	\$ 79,421	\$ 115,188	\$ 80,184
Community development	359,829	399,355	363,853	450,065	470,650	587,335	643,007	802,469	1,087,019	1,304,247
Public safety	1,147,821	141,741	169,361	143,527	41,819	147,864	24,649	53,518	75,117	84,186
Parking enforcement	-	928,834	1,143,883	1,404,482	1,444,844	1,555,258	1,744,353	2,164,405	2,642,486	2,735,087
Public works	399,399	431,290	536,404	-	-	-	-	-	-	-
Culture and recreation	30,182	27,427	25,048	599,680	765,787	751,239	856,764	1,055,449	1,045,575	1,097,056
Operating grants and contributions	1,581,096	1,414,213	1,411,742	1,541,530	1,800,650	1,544,867	1,650,010	3,369,796	1,777,535	2,296,165
Capital grants and contributions	264,062	371,068	316,946	1,143,600	353,008	6,309	2,810	919,891	87,714	640,389
Total governmental activities program revenues	<u>4,207,762</u>	<u>4,153,332</u>	<u>4,417,893</u>	<u>5,756,342</u>	<u>5,346,082</u>	<u>5,075,547</u>	<u>5,424,748</u>	<u>8,444,949</u>	<u>6,830,634</u>	<u>8,237,314</u>
Business-type activities:										
Charges for service										
Wastewater	\$ 3,753,190	\$ 4,556,755	\$ 4,605,011	\$ 4,741,773	\$ 4,680,651	\$ 5,051,892	\$ 5,219,730	\$ 5,806,838	\$ 6,047,688	\$ 6,733,254
Reclaimed water	548,899	603,741	699,152	797,045	800,471	864,886	869,447	866,099	849,628	863,271
Stormwater	-	-	264,594	610,966	637,350	636,163	644,968	862,478	1,005,387	1,099,125
Operating grants and contributions	-	-	-	3,176	118,280	-	-	-	199,838	217,746
Capital grants and contributions	-	-	-	-	-	24,450	-	1,043,852	668,599	2,050,091
Total business-type activities program revenues	<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>6,577,391</u>	<u>6,734,145</u>	<u>8,579,267</u>	<u>8,771,140</u>	<u>10,963,487</u>
Total primary government program revenues	<u>8,509,851</u>	<u>9,313,828</u>	<u>9,986,650</u>	<u>11,909,302</u>	<u>11,582,834</u>	<u>11,652,938</u>	<u>12,158,893</u>	<u>17,024,216</u>	<u>15,601,774</u>	<u>19,200,801</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (10,936,010)	\$ (10,577,316)	\$ (10,076,000)	\$ (9,383,037)	\$ (8,793,147)	\$ (9,879,857)	\$ (10,792,532)	\$ (11,804,837)	\$ (11,558,761)	\$ (9,473,875)
Business-type activities	140,518	803,821	1,543,281	1,253,311	1,439,186	1,731,103	1,429,534	2,356,793	3,564,827	4,257,544
Total primary government net expense	<u>(10,795,492)</u>	<u>(9,773,495)</u>	<u>(8,532,719)</u>	<u>(8,129,726)</u>	<u>(7,353,961)</u>	<u>(8,148,754)</u>	<u>(9,362,998)</u>	<u>(9,448,044)</u>	<u>(7,993,934)</u>	<u>(5,216,331)</u>

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 2 - Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 6,057,622	\$ 5,655,614	\$ 5,659,947	\$ 5,641,473	\$ 6,474,606	\$ 5,694,314	\$ 6,783,032	\$ 7,235,035	\$ 7,768,938	\$ 8,368,981
Sales taxes	1,293,473	1,286,423	1,204,287	1,253,134	1,317,798	1,398,239	1,490,896	1,605,830	1,591,169	1,661,937
Franchise fees and utility taxes	3,281,895	3,529,910	3,323,335	3,209,993	3,187,616	3,386,877	3,373,281	3,312,619	3,269,998	3,301,671
Other taxes	406,426	436,731	416,127	461,571	456,578	470,427	456,808	362,120	411,279	419,938
Intergovernmental revenue	262,715	263,617	264,996	265,814	267,052	269,354	272,972	273,574	1,467,061	1,471,523
Investment earnings	56,045	6,892	2,491	13,413	9,700	9,320	17,210	66,585	150,154	297,731
Miscellaneous	105,148	116,770	105,241	146,592	93,367	68,078	108,059	49,193	86,481	104,888
Transfers	-	-	-	-	(75,418)	80,896	57,909	147,044	5,436,541	1,710,479
Special items										
Change in assumptions - OPEB	-	-	-	-	556,716	-	-	-	-	-
Transfer of operations	-	-	-	-	(747,433)	-	-	-	-	-
Legal settlement	-	-	-	-	-	-	(652,137)	-	-	349,523
Legal judgment	-	-	-	-	-	-	-	-	-	(2,165,195)
Total governmental activities	<u>11,463,324</u>	<u>11,295,957</u>	<u>10,976,424</u>	<u>10,991,990</u>	<u>11,540,582</u>	<u>11,377,505</u>	<u>11,908,030</u>	<u>13,052,000</u>	<u>20,181,621</u>	<u>15,521,476</u>
Business-type activities:										
Investment income	99,377	100,152	26,434	9,616	4,584	2,132	1,827	29,313	63,411	104,084
Miscellaneous	-	-	-	12,340	(7,866)	(330)	-	-	-	-
Transfers	-	-	-	-	75,418	(80,896)	(57,909)	(147,044)	(5,436,541)	(1,710,479)
Special item - change in assumptions - OPEB	-	-	-	-	36,351	-	-	-	-	-
Total business-type activities	<u>99,377</u>	<u>100,152</u>	<u>26,434</u>	<u>21,956</u>	<u>108,487</u>	<u>(79,094)</u>	<u>(56,082)</u>	<u>(117,731)</u>	<u>(5,373,130)</u>	<u>(1,606,395)</u>
Total primary government	<u>\$ 11,562,701</u>	<u>\$ 11,396,109</u>	<u>\$ 11,002,858</u>	<u>\$ 11,013,946</u>	<u>\$ 11,649,069</u>	<u>\$ 11,298,411</u>	<u>\$ 11,851,948</u>	<u>\$ 12,934,269</u>	<u>\$ 14,808,491</u>	<u>\$ 13,915,081</u>
<b>Total change in net position</b>										
Governmental activities	\$ 527,314	\$ 718,641	\$ 900,424	\$ 1,608,953	\$ 2,747,435	\$ 1,497,648	\$ 1,115,498	\$ 1,247,163	\$ 8,622,860	\$ 6,047,601
Business-type activities	239,895	903,973	1,569,715	1,275,267	1,547,673	1,652,009	1,373,452	2,239,062	(1,808,303)	2,651,149
Total primary government	<u>\$ 767,209</u>	<u>\$ 1,622,614</u>	<u>\$ 2,470,139</u>	<u>\$ 2,884,220</u>	<u>\$ 4,295,108</u>	<u>\$ 3,149,657</u>	<u>\$ 2,488,950</u>	<u>\$ 3,486,225</u>	<u>\$ 6,814,557</u>	<u>\$ 8,698,750</u>

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 3 - Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Nonspendable	\$ -	\$ 1,134,260	\$ 920,961	\$ 352,325	\$ 284,467	\$ 211,956	\$ 211,818	\$ 208,978	\$ 142,170	\$ 77,211
Restricted	-	198,063	198,063	198,063	198,063	198,063	198,063	2,477,505	2,497,700	151,518
Committed	-	-	-	-	-	-	431,487	-	-	-
Assigned	-	668,445	565,656	543,695	412,809	483,073	611,860	1,041,737	863,452	2,198,154
Unassigned	-	2,337,289	3,229,855	3,617,274	4,124,482	4,800,833	5,348,413	6,052,922	6,512,890	7,765,768
Reserved	1,567,842	-	-	-	-	-	-	-	-	-
Unreserved	<u>2,401,267</u>	-	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<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>	<u>5,693,925</u>	<u>6,801,641</u>	<u>9,781,142</u>	<u>10,016,212</u>	<u>10,192,651</u>
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343
Restricted	-	184,044	171,803	189,484	190,519	216,017	12,885,834	12,193,093	16,850,788	11,665,073
Committed	-	-	-	-	-	-	494,378	-	-	-
Assigned	-	475,479	-	561,608	1,372,620	2,093,244	2,448,141	-	-	-
Unassigned	-	-	(198,166)	-	-	-	-	-	-	-
Reserved	3,397,217	-	-	-	-	-	-	-	-	-
Unreserved:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	<u>564,051</u>	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>3,961,268</u>	<u>659,523</u>	<u>(26,363)</u>	<u>751,092</u>	<u>1,563,139</u>	<u>2,309,261</u>	<u>15,828,353</u>	<u>12,193,093</u>	<u>16,850,788</u>	<u>11,665,416</u>

Notes:

The City implemented GASB Statement 54 in 2011; fiscal year 2010 data reflects this change.

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 4 - Change in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Revenues by source:</b>										
Taxes	\$ 10,986,799	\$ 10,863,617	\$ 10,557,994	\$ 10,523,622	\$ 11,388,888	\$ 10,908,517	\$ 12,052,487	\$ 12,557,697	\$ 13,041,384	\$ 13,752,527
Permits and fees	455,394	494,634	459,849	516,512	540,699	640,300	713,346	804,309	1,040,026	1,193,069
Intergovernmental revenue	2,041,971	2,000,002	2,004,938	2,979,397	2,468,421	1,857,820	1,977,321	2,905,990	3,238,459	3,684,796
Charges for services	709,051	730,248	802,527	904,449	946,713	920,826	1,040,881	1,049,013	1,094,108	1,495,134
Charges for services - parking enforcement	863,715	782,221	966,229	1,231,065	1,265,834	1,372,165	1,551,733	1,911,633	2,642,486	2,735,087
Investment income	155,422	6,892	2,491	13,413	9,700	9,320	17,210	31,396	150,154	297,731
Miscellaneous	368,668	532,309	570,104	544,739	506,876	694,489	561,817	2,476,911	820,324	1,114,725
Total revenues	<u>15,581,020</u>	<u>15,409,923</u>	<u>15,364,132</u>	<u>16,713,197</u>	<u>17,127,131</u>	<u>16,403,437</u>	<u>17,914,795</u>	<u>21,736,949</u>	<u>22,026,941</u>	<u>24,273,069</u>
<b>Expenditures by function:</b>										
General government	\$ 2,015,314	\$ 2,099,784	\$ 1,786,770	\$ 2,082,197	\$ 1,729,444	\$ 1,651,768	\$ 1,660,190	\$ 2,167,169	\$ 1,766,713	\$ 1,717,230
Community development	610,481	581,496	567,536	565,632	595,161	664,048	792,883	913,254	832,421	990,584
Library	587,953	530,304	529,431	517,505	547,258	569,904	617,829	581,115	498,324	552,402
Public safety	6,749,074	6,738,104	6,628,405	6,884,686	6,985,526	6,154,403	6,272,784	6,680,246	6,983,096	7,634,470
Public works	3,138,324	3,026,346	3,064,189	2,324,891	2,408,160	2,798,998	2,790,557	2,739,822	2,840,780	3,333,091
Recreation	-	-	-	903,841	1,045,861	1,074,734	1,139,551	1,122,687	1,221,966	1,281,613
Parking enforcement	-	-	267,877	318,540	336,416	316,752	344,108	554,380	508,339	525,851
Capital outlay	624,530	1,492,704	1,281,739	1,671,800	1,478,124	1,688,167	1,691,375	6,645,674	6,649,357	11,870,901
Debt service:										
Principal	813,322	1,340,375	1,169,185	760,000	495,000	422,010	437,930	774,637	721,383	748,171
Interest and fiscal charges	261,648	245,623	194,704	144,126	121,397	106,855	241,985	360,768	548,338	522,496
Total expenditures	<u>14,800,646</u>	<u>16,054,736</u>	<u>15,489,836</u>	<u>16,173,218</u>	<u>15,742,347</u>	<u>15,447,639</u>	<u>15,989,192</u>	<u>22,539,752</u>	<u>22,570,717</u>	<u>29,176,809</u>
Excess (deficit) revenue over expenditures	780,374	(644,813)	(125,704)	539,979	1,384,784	955,798	1,925,603	(802,803)	(543,776)	(4,903,740)
<b>Other financing sources (uses)</b>										
Capital lease obligation incurred	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,132	\$ -	\$ -	\$ -	\$ -
Bond proceeds	-	-	-	-	-	-	13,048,318	-	-	-
Loan proceeds	269,843	875,000	-	-	-	-	-	-	-	-
Sale of surplus capital assets	31,746	52,231	16,296	34,298	19,056	4,400	23,615	-	-	-
Transfers in	400,000	475,000	492,000	925,000	1,384,400	1,905,896	1,961,909	2,122,044	11,946,377	4,519,554
Transfers out	(400,000)	(475,000)	(492,000)	(925,000)	(1,325,000)	(1,825,000)	(1,904,000)	(1,975,000)	(6,509,836)	(2,809,075)
Special item - transfer of operations	-	-	-	-	(342,729)	-	(428,637)	-	-	-
Special item - legal settlement	-	-	-	-	-	-	-	-	-	349,523
Special item - legal judgment	-	-	-	-	-	-	-	-	-	(2,165,195)
Total other financing sources (uses)	<u>301,589</u>	<u>927,231</u>	<u>16,296</u>	<u>34,298</u>	<u>(264,273)</u>	<u>464,428</u>	<u>12,701,205</u>	<u>147,044</u>	<u>5,436,541</u>	<u>(105,193)</u>
Total net change in fund balances	<u>1,081,963</u>	<u>282,418</u>	<u>(109,408)</u>	<u>574,277</u>	<u>1,120,511</u>	<u>1,420,226</u>	<u>14,626,808</u>	<u>(655,759)</u>	<u>4,892,765</u>	<u>(5,008,933)</u>
Debt service as a percentage of non-capital expenditures	7.6%	10.9%	9.6%	6.2%	4.3%	3.8%	4.8%	7.1%	8.0%	7.3%

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 5 - Tax Revenues of Governmental Activities by Source**  
**Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property Tax	\$ 6,057,622	\$ 5,655,614	\$ 5,659,946	\$ 5,641,473	\$ 6,474,606	\$ 5,694,314	\$ 6,783,032	\$ 7,235,035	\$ 7,768,938	\$ 8,368,981
Utility Service Tax	2,057,562	2,238,042	2,124,927	2,052,136	2,082,201	2,211,732	2,167,637	2,181,759	2,161,813	2,148,226
Franchise Fees	1,224,333	1,291,867	1,198,408	1,157,857	1,105,415	1,175,145	1,205,644	1,130,860	1,108,185	1,153,445
Local Option Sales Tax	808,949	805,652	719,060	761,136	804,221	858,293	923,839	971,639	997,929	1,045,701
Half Cent Sales Tax	484,524	480,771	485,227	491,998	513,577	539,946	567,057	634,191	593,240	616,236
Casualty & Fire Insurance Premium Tax	224,860	252,317	244,087	292,403	277,654	297,977	269,876	264,986	270,811	284,985
County Gas Tax	<u>128,949</u>	<u>139,354</u>	<u>126,339</u>	<u>126,619</u>	<u>131,214</u>	<u>131,110</u>	<u>135,402</u>	<u>139,227</u>	<u>140,468</u>	<u>134,953</u>
Total	<u>\$ 10,986,799</u>	<u>\$ 10,863,617</u>	<u>\$ 10,557,994</u>	<u>\$ 10,523,622</u>	<u>\$ 11,388,888</u>	<u>\$ 10,908,517</u>	<u>\$ 12,052,487</u>	<u>\$ 12,557,697</u>	<u>\$ 13,041,384</u>	<u>\$ 13,752,527</u>

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 6 - Estimated Actual Value, Assessed Value, and Taxable Value of Property**  
**Last Ten Fiscal Years**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Tax roll	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Estimated actual value <sup>1</sup>	\$ 3,366,417,355	\$ 2,906,636,285	\$ 2,635,664,540	\$ 2,407,528,267	\$ 2,387,324,798	\$ 2,521,062,913	\$ 2,793,552,852	3,055,048,740	3,293,642,819	3,628,185,639
Assessed values:										
Residential property	2,659,360,098	1,974,627,856	1,866,594,851	1,745,788,800	1,785,350,119	1,793,883,055	1,920,699,855	2,050,677,526	2,193,984,291	2,336,668,474
Commercial property	471,161,500	445,160,499	400,024,065	365,880,150	383,501,063	393,536,407	397,961,637	432,117,910	471,088,007	513,243,211
Government property	59,540,600	31,375,098	26,970,547	24,841,805	25,393,771	25,463,444	29,848,399	31,260,231	35,932,573	36,792,796
Institutional property	25,236,900	20,933,239	18,534,123	17,039,690	19,389,257	19,456,265	20,159,599	21,380,662	22,784,996	23,233,393
Other real property	8,771,400	9,952,577	8,148,597	7,252,963	7,773,482	7,713,624	7,857,808	8,121,842	8,395,964	8,954,513
Personal property	53,478,550	55,337,521	53,226,254	57,842,179	57,629,771	61,230,630	63,539,771	70,313,910	70,207,385	69,072,139
Total assessed value	<u>3,277,549,048</u>	<u>2,537,386,790</u>	<u>2,373,498,437</u>	<u>2,218,645,587</u>	<u>2,279,037,463</u>	<u>2,301,283,425</u>	<u>2,440,067,069</u>	<u>2,613,872,081</u>	<u>2,802,393,216</u>	<u>2,987,964,526</u>
Less: property tax exemptions	(805,857,299)	(261,028,318)	(252,537,396)	(237,892,158)	(294,774,137)	(237,841,071)	(240,837,037)	(242,859,589)	(250,217,383)	(252,405,116)
Total taxable value	<u>2,471,691,749</u>	<u>2,276,358,472</u>	<u>2,120,961,041</u>	<u>1,980,753,429</u>	<u>1,984,263,326</u>	<u>2,063,442,354</u>	<u>2,199,230,032</u>	<u>2,371,012,492</u>	<u>2,552,175,833</u>	<u>2,735,559,410</u>
Total direct tax rate <sup>2</sup>	2.4425	2.5588	2.7514	2.9464	3.3697	2.8569	3.1500	3.1500	3.1500	3.1500
Assessed value as a percentage of actual value	97.4%	87.3%	90.1%	92.2%	95.5%	91.3%	87.3%	85.6%	85.1%	82.4%
Taxable value as a percentage of actual value	73.4%	78.3%	80.5%	82.3%	83.1%	81.8%	78.7%	77.6%	77.5%	75.4%

**Note:**  
(1) Estimated actual value is the "just value" of properties per Chapter 193.011, Florida Statutes, without exemptions.  
(2) Total direct tax rate is the millage rate per \$1,000 of taxable value.

**Source:**  
Pinellas County Property Appraiser

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 7 - Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	City of St. Pete Beach			Pinellas County			Pinellas County School Board			Emerg. Medical Services	Pinellas Planning Council	Juvenile Welfare Board	Southwest Florida	Pinellas	Total
	Operating Millage	Debt Millage	Total City	Operating Millage	Health Department	Total County	State Operating	Local Operating	Total School				Water Management District	Anclote River Basin	
2009	2.3764	0.0661	2.4425	4.8108	0.0622	4.8730	5.1720	2.8890	8.0610	0.5832	0.0170	0.7915	0.3866	0.3600	17.5148
2010	2.4834	0.0754	2.5588	4.8108	0.0622	4.8730	5.3480	2.9980	8.3460	0.5832	0.0125	0.7915	0.3866	0.3200	17.8716
2011	2.6718	0.0796	2.7514	4.8108	0.0622	4.8730	5.3420	2.9980	8.3400	0.5832	0.0125	0.7915	0.3770	0.2600	17.9886
2012	2.8569	0.0895	2.9464	4.8108	0.0622	4.8730	5.6370	2.7480	8.3850	0.8506	0.0125	0.8337	0.3928	0.0000	18.2940
2013	3.2819	0.0878	3.3697	5.0105	0.0622	5.0727	5.5540	2.7480	8.3020	0.9158	0.0125	0.8981	0.3928	0.0000	18.9636
2014	2.8569	0.0000	2.8569	5.2755	0.0622	5.3377	5.3120	2.7480	8.0600	0.9158	0.0160	0.8981	0.3818	0.0000	18.4663
2015	3.1500	0.0000	3.1500	5.2755	0.0622	5.3377	5.0930	2.7480	7.8410	0.9158	0.0160	0.8981	0.3658	0.0000	18.5244
2016	3.1500	0.0000	3.1500	5.2755	0.0622	5.3377	5.0930	2.7480	7.8410	0.9158	0.0160	0.8981	0.3488	0.0000	18.5074
2017	3.1500	0.0000	3.1500	5.2755	0.0622	5.3377	4.5700	2.7480	7.3180	0.9158	0.0150	0.8981	0.3317	0.0000	17.9663
2018	3.1500	0.0000	3.1500	5.2755	0.0835	5.3590	4.2610	2.7480	7.0090	0.9158	0.0150	0.8981	0.3131	0.0000	17.6600

Note:

All millage rates are applicable per \$1,000 of assessed property value.

Source:

Pinellas County Tax Collector

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 8 - Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Taxpayer	2018			2009		
	Taxable Value	Rank	Percentage of Total Assessed Property Value	Taxable Value	Rank	Percentage of Total Assessed Property Value
HHR St. Pete Beach, LLC	\$ 55,035,226	1	2.01%			
Vacation Trust Inc.	31,436,859	2	1.15%			
GPIF Sirata, LLC	29,435,331	3	1.08%			
RIA - Sandpiper Inc.	23,900,000	4	0.87%	18,200,000	5	
CRP 6300 Gulf, LLC	22,819,769	5	0.83%			
BRE Mariner Dolphin Village, LLC	16,870,500	6	0.62%			
Grand Plaza Resorts Inc.	15,992,045	7	0.58%	11,400,000	7	
RIA - Tradewinds, Inc.	15,972,168	8	0.58%	10,500,000	8	
HHR Beach House, LLC	13,750,000	9	0.50%			
Dolphin Holdings LTD	12,980,000	10	0.47%	10,000,000	9	
Don CeSar Resort Hotel				48,818,700	1	
Nicklaus, H Gregg				27,050,000	2	
Dolphin Village Partners, LLC				20,450,000	3	
RIA Breckenridge, Inc.				18,500,000	4	
St. Pete Partners, LLC				12,436,800	6	
Alden Enterprises, Inc.				9,800,000	10	
Total taxable value of ten largest taxpayers	<u>238,191,898</u>		8.71%	<u>187,155,500</u>		7.57%
Total taxable value of other taxpayers	<u>2,497,367,512</u>		91.29%	<u>2,284,536,249</u>		92.43%
Total taxable value of all taxpayers	<u><u>2,735,559,410</u></u>		100%	<u><u>2,471,691,749</u></u>		100%

Source:

Pinellas County Property Appraiser's Office

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 9 - Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Tax Roll</b>	<b>Taxable Value</b>	<b>Tax Rate in Mills</b>	<b>Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
					<b>Amount</b>	<b>Percentage of Levy</b>	
2009	2008	\$ 2,471,691,749	2.4425	\$ 6,037,107	\$ 6,057,622	100.3%	\$ 232,253
2010	2009	2,276,358,472	2.5588	5,824,746	5,655,614	97.1%	188,396
2011	2010	2,120,961,041	2.7514	5,835,612	5,659,946	97.0%	140,809
2012	2011	1,980,753,429	2.9464	5,836,092	5,641,473	96.7%	149,008
2013	2012	1,984,263,326	3.3697	6,686,372	6,474,606	96.8%	133,935
2014	2013	2,063,442,354	2.8569	5,895,048	5,694,314	96.6%	143,385
2015	2014	2,199,230,032	3.1500	6,927,575	6,783,032	97.9%	188,569
2016	2015	2,371,012,492	3.1500	7,468,689	7,235,035	96.9%	148,544
2017	2016	2,552,175,833	3.1500	8,039,354	7,768,938	96.6%	179,641
2018	2017	2,735,559,410	3.1500	8,617,012	8,368,981	97.1%	10

**Note:**

Fiscal year 2018 collections in subsequent years are reported through February 2019.

**Source:**

Pinellas County Property Appraiser

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 10 - Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities:</b>										
General Obligation (G.O.) Bonds, 1993	600,000	460,000	315,000	160,000	-	-	-	-	-	-
Revenue Bond, Series 2001 & 2006	3,990,000	3,435,000	2,855,000	2,250,000	1,915,000	1,570,000	1,205,000	820,000	420,000	-
Capital Improvement Revenue Bonds, Series 2015	-	-	-	-	-	-	13,000,000	12,685,000	12,440,000	12,190,000
Capital leases payable	214,561	444,186	-	-	-	302,121	229,191	154,554	78,171	-
<b>Total governmental activities</b>	<b>\$ 4,804,561</b>	<b>\$ 4,339,186</b>	<b>\$ 3,170,000</b>	<b>\$ 2,410,000</b>	<b>\$ 1,915,000</b>	<b>\$ 1,872,121</b>	<b>\$ 14,434,191</b>	<b>\$ 13,659,554</b>	<b>\$ 12,938,171</b>	<b>\$ 12,190,000</b>
<b>Business-type activities:</b>										
State Revolving Loan, 1992	3,176,220	2,691,948	2,190,474	1,671,186	1,133,436	576,600	-	-	-	-
Wastewater Revenue Bonds, Series 2003 & 2005	3,303,360	3,127,315	2,946,587	2,771,313	2,601,769	2,427,708	2,249,010	2,065,552	1,875,315	1,681,824
Wastewater Revenue Bond, Series 2015	-	-	-	-	-	-	5,000,000	4,838,000	4,664,000	4,482,000
Stormwater Revenue Bond, Series 2015	-	-	-	-	-	-	3,000,000	2,916,000	2,745,000	2,569,000
Capital leases payable	93,955	64,128	32,837	-	-	-	-	356,843	289,173	219,702
<b>Total business-type activities</b>	<b>\$ 6,573,535</b>	<b>\$ 5,883,391</b>	<b>\$ 5,169,898</b>	<b>\$ 4,442,499</b>	<b>\$ 3,735,205</b>	<b>\$ 3,004,308</b>	<b>\$ 10,249,010</b>	<b>\$ 10,176,395</b>	<b>\$ 9,573,488</b>	<b>\$ 8,952,526</b>
<b>Total primary government outstanding debt</b>	<b>\$ 11,378,096</b>	<b>\$ 10,222,577</b>	<b>\$ 8,339,898</b>	<b>\$ 6,852,499</b>	<b>\$ 5,650,205</b>	<b>\$ 4,876,429</b>	<b>\$ 24,683,201</b>	<b>\$ 23,835,949</b>	<b>\$ 22,511,659</b>	<b>\$ 21,142,526</b>
Total outstanding debt as percent of personal income	2.3%	2.1%	1.9%	1.7%	1.3%	1.1%	5.4%	4.8%	4.2%	3.9%
Total outstanding debt per capita	\$ 1,124	\$ 1,020	\$ 829	\$ 736	\$ 604	\$ 515	\$ 2,633	\$ 2,522	\$ 2,311	\$ 2,172
General bonded debt as percent of property tax value	0.02%	0.02%	0.01%	0.01%	N/A	N/A	N/A	N/A	N/A	N/A
General bonded debt per capita	\$ 59	\$ 46	\$ 31	\$ 17	N/A	N/A	N/A	N/A	N/A	N/A

Note:

The City of St. Pete Beach is not subject to any legal limitations on the issuance of debt.

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 11 - Direct and Overlapping Governmental Activities Debt**  
**September 30, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of St. Pete Beach</u>	<u>Amount Applicable to City of St. Pete Beach</u>
<b>City of St. Pete Beach</b>			
Total direct debt	\$ 12,190,000	100%	\$ 12,190,000
<b>Pinellas County Government:</b>			
Governmental Activities Notes	9,578,209	3.7%	356,471
Capital Leases	499,386	3.7%	18,586
<b>Pinellas County School Board:</b>			
General Obligation Debt	1,665,960	3.4%	56,664
Certificates of Participation	65,254,022	3.4%	2,219,467
Capital Leases	5,611,628	3.4%	190,867
Total overlapping debt	<u>82,609,205</u>		<u>2,842,054</u>
Total direct and overlapping debt			<u>\$ 15,032,054</u>
Total direct and overlapping debt as a percentage of personal income			2.7%
Total direct and overlapping debt per capita			\$ 1,544

Note:

The applicable share of overlapping debt is calculated based on the ratio of the City of St. Pete Beach property tax value (\$ 2,735,559,410) to Pinellas County (\$73,503,171,055) and Pinellas County School Board (\$80,427,539,396) respective property tax values.

Sources:

Pinellas County Property Appraiser  
Pinellas County Finance Department  
Pinellas County School Board

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 12 - Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Obligation (G.O.) Bonds, 1993</b>										
Pledged revenue - property taxes	\$ 6,057,622	\$ 5,655,614	\$ 5,659,947	\$ 5,641,473	\$ 6,474,606	-	-	-	-	-
Total debt service requirement	168,325	171,500	169,150	171,357	168,400	-	-	-	-	-
Coverage ratio	35.99	32.98	33.46	32.92	38.45	-	-	-	-	-
<b>State Revolving Loan, 1992</b>										
Gross pledged revenue - reclaimed water fees	\$ 525,084	\$ 591,590	\$ 683,605	\$ 781,555	\$ 775,886	\$ 842,702	\$ 846,638	-	-	-
Net available revenue (gross revenue less operating expenses; plus sale of other assets)	500,385	659,379	681,910	698,798	787,196	897,992	829,543	-	-	-
Total debt service requirement	597,101	597,101	597,101	597,101	597,101	597,101	581,763	-	-	-
Coverage ratio	0.84	1.10	1.14	1.17	1.32	1.50	1.43	-	-	-
<b>Revenue Bonds, Series 2001 &amp; 2006</b>										
Pledged revenue - Infrastructure Sales Tax (1)	\$ 808,949	\$ 805,652	\$ 719,060	\$ 761,136	\$ 804,221	\$ 858,293	\$ 923,839	\$ 971,639	\$ 997,929	-
Total debt service requirement	734,475	735,450	729,980	727,729	444,150	440,750	443,500	445,250	441,000	-
Coverage ratio	1.10	1.10	0.99	1.05	1.81	1.95	2.08	2.18	2.26	-
<b>Capital Improvement Revenue Bonds, Series 2015</b>										
Pledged revenue (2)	-	-	-	-	-	-	-	\$ 4,146,045	\$ 4,001,311	\$ 4,117,142
Total debt service requirement	-	-	-	-	-	-	-	749,681	746,769	746,869
Coverage ratio	-	-	-	-	-	-	-	5.53	5.36	5.51
<b>Wastewater Revenue Bonds, Series 2003 &amp; 2005</b>										
Gross pledged revenue - sewer service fees	\$ 3,719,270	\$ 4,541,287	\$ 4,596,119	\$ 4,737,866	\$ 4,679,616	\$ 5,048,037	\$ 5,218,696	\$ 5,806,807	\$ 6,047,553	\$ 6,677,519
Net available revenue (gross revenue less operating expenses and parity debt service requirements)	488,660	1,354,039	1,820,463	1,270,655	1,309,323	1,524,879	1,573,624	669,411	1,976,733	1,116,852
Total debt service requirement	262,078	262,077	261,898	251,627	241,555	241,283	241,555	241,356	241,555	241,556
Coverage ratio	1.86	5.17	6.95	5.05	5.42	6.32	6.51	2.77	8.18	4.62
<b>Wastewater Revenue Bonds, Series 2015</b>										
Gross pledged revenue - sewer service fees	-	-	-	-	-	-	-	\$ 5,806,807	\$ 6,047,553	\$ 6,677,519
Net available revenue (gross revenue less operating expenses)	-	-	-	-	-	-	-	1,037,899	2,289,065	1,486,028
Total debt service requirement	-	-	-	-	-	-	-	368,488	369,493	369,176
Coverage ratio	-	-	-	-	-	-	-	2.82	6.20	4.03
<b>Stormwater Revenue Bonds, Series 2015</b>										
Gross pledged revenue - Stormwater assessment	-	-	-	-	-	-	-	\$ 862,478	\$ 1,005,287	\$ 1,099,125
Net available revenue (gross revenue less operating expenses)	-	-	-	-	-	-	-	525,021	575,164	656,910
Total debt service requirement	-	-	-	-	-	-	-	167,338	255,768	255,694
Coverage ratio	-	-	-	-	-	-	-	3.14	2.25	2.57

**Notes:**

- (1) Revenue bonds are supported by non-ad valorem revenue, but the Series 2001 & 2006 debt covenants did not specify a required funding source. The City chose to utilize Infrastructure Sales Tax ("Penny for Pinellas") proceeds.
- (2) Pledged revenue includes: Half Cent Sales Tax, utility service franchise fees, utility service taxes, and the guaranteed entitlement portion of the Florida Municipal Revenue Sharing Program.

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 13 - Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment (1)</b>	<b>Unemployment Rate (2)</b>
2009	10,121	\$ 491,050,678	\$ 48,518	56.4	103,302	11.1%
2010	10,026	493,880,760	49,260	56.8	102,672	12.1%
2011	10,063	449,393,454	44,658	56.8	104,001	10.8%
2012	9,307	397,883,557	42,751	56.8	101,818	7.2%
2013	9,357	435,587,064	46,552	57.5	101,337	5.7%
2014	9,471	451,037,433	47,623	55.9	104,104	5.6%
2015	9,373	460,036,213	49,081	56.1	103,779	4.0%
2016	9,452	493,073,032	52,166	58.6	103,779	4.1%
2017	9,739	539,238,691	55,369	59.4	102,181	3.2%
2018	9,735	548,294,670	56,322	59.7	102,181	2.9%

Sources:

Pinellas County Economic Development

Pinellas County Schools

U.S. Department of Labor, Bureau of Labor Statistics

Notes:

(1) School enrollment is reported for the total Pinellas County School District rather than St. Pete Beach.

(2) Unemployment rate is reported for St. Petersburg rather than St. Pete Beach.

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 14 - Principal Employers**  
**Current Year and Nine Years Ago**

<b>Employer</b>	<b>2018</b>			<b>2009</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage Total City Employment</b>
Tradewinds Island Resorts	800	1	10.2%	650	1	13.1%
The Don Cesar Beach Resort	500	2	6.4%	550	2	11.0%
Grand Plaza Hotel & Resort	500	2	6.4%	160	4	3.2%
Sirata Beach Resort	300	4	3.8%	300	3	6.0%
Publix Supermarket	200	5	2.6%	140	5	2.8%
City of St. Pete Beach	127	6	1.6%	127	6	2.6%
Beachcomber Beach Resort	90	7	1.2%	85	8	1.7%
Dolphin Beach Resort	85	8	1.1%	83	9	1.7%
Postcard Inn	85	8	1.1%			
Hotel Zamora	65	10	0.8%			
Tradewinds Sandpiper				99	7	2.0%
Sweet Bay Supermarket				60	10	1.2%
Total employment of ten largest employers	<u>2,752</u>		35.2%	<u>2,254</u>		45.3%
Total employment of other employers	<u>5,069</u>		64.8%	<u>2,726</u>		54.7%
Total employment of all employers	<u><u>7,821</u></u>		100.0%	<u><u>4,980</u></u>		100.0%

Source:

Pinellas County Economic Development

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 15 - Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General government										
City Manager	3.00	3.00	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.00
City Clerk	3.50	3.63	3.13	3.13	3.13	2.88	2.88	2.63	2.75	2.75
Community Development	7.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	11.00	12.40
Finance	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.20	3.00	3.63
Library	7.00	6.00	6.50	6.50	6.50	7.43	7.15	7.15	7.15	7.15
Parking Enforcement		0.00	2.00	2.00	2.00	2.00	2.20	3.00	3.35	3.35
Information Technology	3.00	2.80	1.80	1.80	1.80	1.00	1.00	2.00	2.00	2.00
Public Safety										
Law Enforcement (1)	37.00	36.00	33.00	33.00	33.00	0.00	0.00	0.00	0.00	0.00
Fire/EMS	30.00	29.75	29.75	29.75	29.75	29.75	32.00	32.00	35.00	35.00
Public Works	33.15	31.94	30.14	28.94	18.33	17.00	18.00	19.00	22.19	25.80
Culture and Recreation										
Recreation (2)	0.00	0.00	0.00	0.00	11.36	13.83	13.83	15.14	15.34	15.59
<b>Total (3)</b>	<b><u>126.65</u></b>	<b><u>122.11</u></b>	<b><u>118.81</u></b>	<b><u>117.61</u></b>	<b><u>118.86</u></b>	<b><u>87.88</u></b>	<b><u>91.05</u></b>	<b><u>94.12</u></b>	<b><u>104.78</u></b>	<b><u>110.67</u></b>

Source:

City of St. Pete Beach Adopted Budget

Notes:

(1) Law enforcement services were outsourced to the Pinellas County Sheriff's Office effective FY 2014.

(2) Recreation was reported under Public Works prior to FY 2013.

(3) Full-time equivalent totals will not agree to City employment reported on Schedule 15 due to vacancies and variances associated with elected officials and part-time employees.

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 16 - Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Public Safety</b>										
Law enforcement calls for service	19,672	16,038	11,790	12,891	23,469	7,023	6,324	6,962	6,218	5,816
Felony arrests	190	145	102	103	141	147	159	206	219	116
Traffic citations	2,760	2,118	2,081	1,085	3,235	1,629	2,986	2,799	3,903	2,769
Parking violations	3,559	3,778	3,314	2,520	3,190	2,612	2,904	5,039	4,093	4,293
Fire structure responses	95	97	93	116	41	59	288	386	455	645
EMS medical calls	2,033	1,946	1,844	1,793	1,910	1,880	1,831	2,267	2,707	2,380
EMS auto crash responses	143	118	128	120	41	120	114	182	89	137
EMS water rescues	38	38	35	36	18	30	15	65	81	52
<b>Public Works</b>										
Street resurfacing (miles)	-	-	0.30	1.18	-	0.95	1.20	-	4.23	2.42
<b>Culture and Recreation</b>										
Summer camp registrations	170	166	143	191	138	328	398	216	156	142
Recreation classes offered	119	65	28	37	49	53	59	39	42	45
Recreation program participants	2,608	3,009	4,202	38,217	46,890	58,390	62,000	68,778	89,551	112,655
Facility rentals booked	329	283	226	361	318	250	321	290	212	205
Library materials borrowed	160,874	138,946	173,937	172,082	153,213	154,360	165,548	157,044	147,211	149,988
Library reference questions	1,172	6,539	9,276	14,745	15,706	15,685	17,620	22,414	27,724	20,623
<b>Wastewater</b>										
Average daily sewer flow (mgd)	2.61	2.59	2.49	3.00	2.63	2.95	2.78	2.99	2.87	2.61
Miles of sewer lines	42	42	42	42	42	42	42	42	42	42
<b>Reclaimed Water</b>										
New connections	8	3	19	14	-	-	24	1	12	2
Average daily consumption (mgd)	1.80	2.80	2.60	2.40	2.10	1.60	1.90	2.20	3.02	2.89

Source:

Internal City departments

**CITY OF ST. PETE BEACH, FLORIDA**  
**Schedule 17 - Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Public Safety										
Police Stations	1	1	1	1	1	1	0	0	0	0
Fire Stations	2	2	2	2	2	2	2	2	2	2
Libraries										
Main	1	1	1	1	1	1	1	1	1	1
Transportation										
Streets (miles)	45.73	45.73	45.73	45.73	45.73	45.73	45.73	45.73	45.73	45.73
Recreation										
Parks (acres)	34.7	35.45	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5
Beaches (acres)	39.8	39.8	39.8	39.8	39.8	39.8	40	40	40	40
Playgrounds	7	7	7	5	5	5	5	5	5	5
Picnic areas	6	6	6	6	6	6	6	6	6	6
Fishing piers	2	2	2	2	2	2	2	2	2	2
Fishing areas	5	5	5	5	5	5	5	5	5	5
Boat ramps	2	2	2	2	2	2	2	2	2	2
Tennis courts	9	9	9	9	9	9	9	9	9	9
Baseball fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	3	3	3	3	3	3	3	3	3	3
Wastewater										
Sanitary sewers (miles)	37	37	37	37	37	37	37	37	37	37
Pump stations	17	17	17	17	17	17	17	17	17	17
Average daily flow (mgd)	2.6	2.6	2.49	3	2.63	2.95	2.78	2.99	2.87	2.61
Reclaimed water										
Reclaimed lines (miles)	40	40	40	40	40	40	40	40	40	40
Number of new connections	8	3	19	14	0	0	24	1	12	2

Source:

Various City Departments

**INDEPENDENT AUDITORS' 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***

To the Honorable Mayor, 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 the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2019.

***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 audit 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

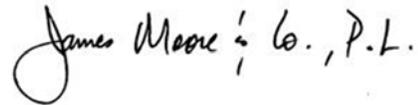
### ***Compliance and Other Matters***

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*.

We noted certain matters that we reported to the City Commission and management of the City in a separate letter dated March 20, 2019.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
March 20, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

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

**Report on the Financial Statements**

We have audited the basic financial statements of City of St. Pete Beach, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 20, 2019.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standard*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 20, 2019, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No comments remain uncorrected from the second preceding audit. Corrective actions have been taken to address all findings and recommendations made in the preceding annual financial audit report, except as noted below:

**2017-001 Pension Administration and Documentation**—Corrective action not taken. See repeat comment 2018-001.

121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, 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 legal authority for the primary government and component units of the reporting entity is disclosed in Note 1 of the basic financial statements.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendation:

**2018-001 Pension Administration and Documentation (Repeat Comment)**—Since the inception of the Plans, there have been transitions of both Actuary and internal employees tasked with managing the Plans. At the time of the transitions, many of the personnel files may not have been transferred to the new actuary or backed up in formats which are less susceptible to damage. As a result, some of the personnel files for the samples selected for distribution testing could not be provided. Even though these employees are no longer active, the Plan is required to maintain personnel files for them. The lack of these documents could lead to various plan matters (eligibility, participation, allocation, contribution amount, etc.) being unsupported in the future. We also noted one instance where an employee hired in fiscal year 2017 was not submitted as part of fiscal year 2017's census report to the actuary, and one employee whose data of birth was incorrectly reported in 2017. While these employees were properly included in 2018, such future discrepancies could impact future contribution requirements when being evaluated by the actuary. Regarding these items, we recommend steps be taken to attempt to locate all misplaced personnel files and store them in one central location, and for the City to incorporate an internal review for completeness of census data prior to submission to the actuary to ensure all plan participants are properly considered in the actuarial valuation.

## **Additional Matters**

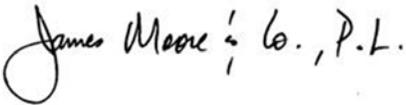
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **City of St. Pete Beach, Florida's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying management's response as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Commission, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
March 20, 2019

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

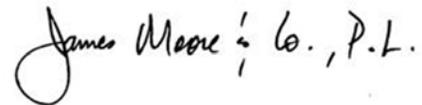
To the Honorable Mayor, City Commission, and City Manager,  
City of St. Pete Beach, Florida:

We have examined the City of St. Pete Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the aforementioned requirements for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the County's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of St. Pete Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Daytona Beach, Florida  
March 20, 2019



James Moore & Co., P.L.

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Telephone: 850-386-6184

Website: [www.jmco.com](http://www.jmco.com) | Email: [info@jmco.com](mailto:info@jmco.com) | Member of AGN International with offices in principal cities worldwide

AUDITEE'S RESPONSE TO:  
Independent Auditors' Management Letter  
March 20, 2019

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The Independent Auditors' Management Letter of the Comprehensive Annual Financial Report provides comments and recommendations for improved financial management accounting procedures. The following is Management's response. The Auditors' comment numbers and descriptions are included as reference.

**2018-001 Pension Administration and Documentation**

The City recently implemented changes to the organizational structure that can be expected to help address this issue, with the Assistant City Manager now directly supervising all finance, personnel, and payroll functions. Management will evaluate all reasonable options to improve personnel file recordkeeping as it relates to pension administration.