

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



For the Fiscal Year Ended
September 30, 2017

Prepared by:
City of St. Pete Beach Finance Department

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**CITY OF ST. PETE BEACH, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2017**

Mayor:

Alan Johnson

City Commission:

District 1 – Terri Finnerty

District 2 – Domonick Falkenstein

District 3 – Ward Friszolowski

District 4 – Melinda Pletcher

City Officials:

City Manager – Wayne Saunders

City Clerk – Rebecca Haynes

City Attorney – Andrew Dickman

Administrative Services Director – Vincent Tenaglia

Fire Chief – Jim Kilpatrick

Community Development Director – Jennifer Bryla

Public Works Director – Michael Clarke

Recreation Director – Jennifer McMahon



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

March 23, 2018

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, 2017 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 citizens, City Commission, 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: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) 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 unqualified opinion that the City of St. Pete Beach's financial statements for the fiscal year ended September 30, 2017, 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 this report for each individual governmental fund for which an appropriated annual budget has been adopted.

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 9,739. St. Pete Beach is frequently recognized as a top beach destination and received a Travelers' Choice award in 2017 from TripAdvisor as the third-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. Property values have increased by an average of 5.6% annually since bottoming in FY 2012.

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 now 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 2018 - FY 2022 with projects totaling nearly \$29 million, 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 South project.

- **Interlocal Agreement:** The Gulf Blvd. Electric Undergrounding project includes funding derived from a specific 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 South 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 19th 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.
- **Pass-a-Grille Roadway Construction, Phase II:** Complete reconstruction of Pass-a-Grille Way from 1st Avenue to 19th 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.
- **Blind Pass Road Reconstruction:** Complete reconstruction of Blind Pass Road from Gulf Blvd. to 75th 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.
- **Wastewater Infiltration/Inflow 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 fiscal year 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 37th Avenue at Gulf Blvd. and run to pump station no. 2. The City is exploring public-private partnership opportunities to help finance this project.

With the exception of the Wastewater Pump Station Reconstruction project, which was completed in FY 2017, management will continue to prioritize these projects in FY 2018.

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, 2016. This was the 21st consecutive year that 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

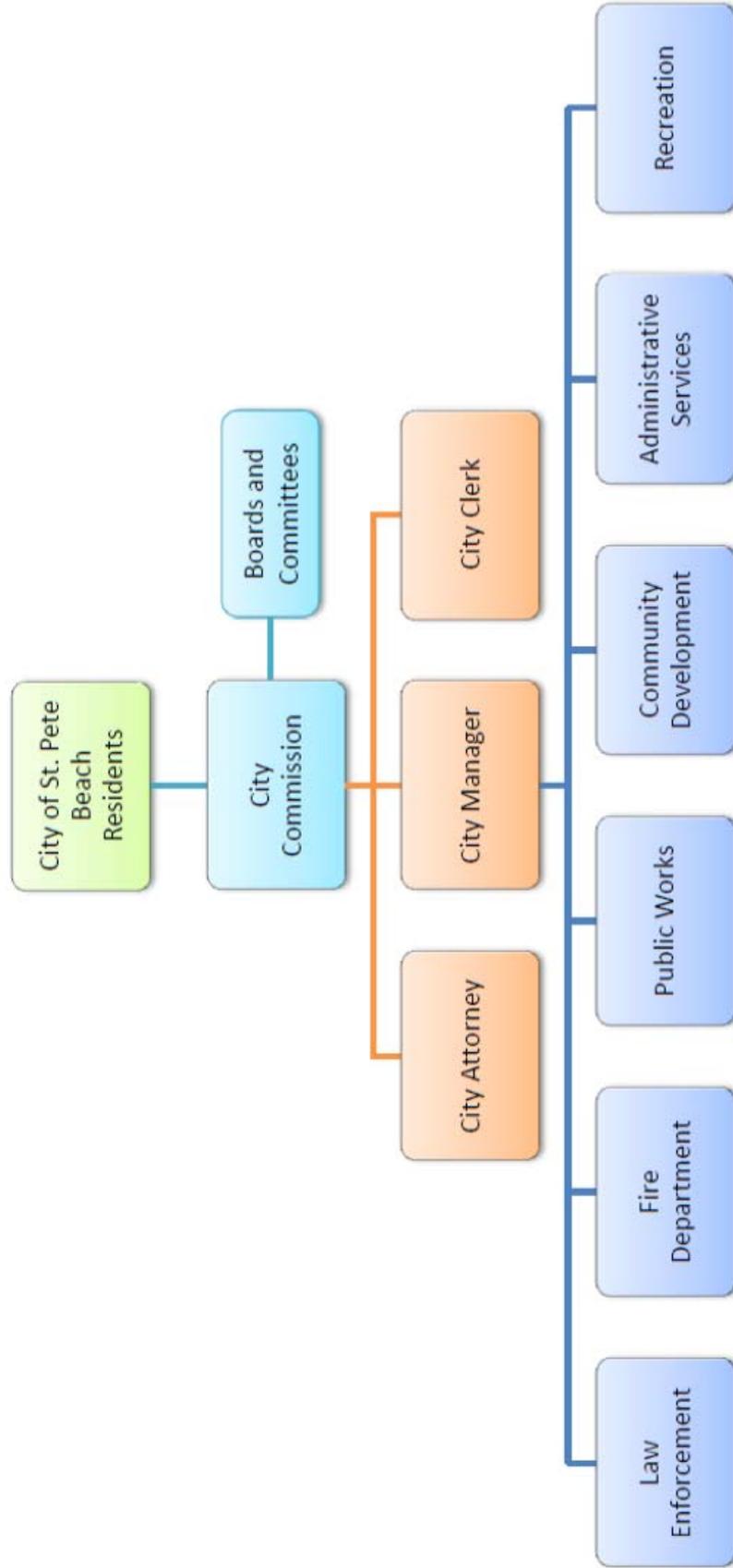
Preparation of the CAFR relies on the diligent and professional efforts of everyone in the Finance Division. The year-end closing process is demanding and time intensive, particularly for the Accounting Manager, Sheila Dalton. Ms. Dalton deserves special recognition for her outstanding contributions 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
Administrative Services Director

City of St. Pete Beach
FY 2018 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, 2016

Christopher P. Morrill

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, 2017, 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.

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

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, 2017, 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.

Other Matters

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, Schedule Required by State of Florida, Office of the Auditor General Rule 10.557(3)(n), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

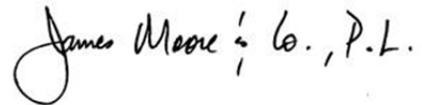
The combining and individual nonmajor fund financial statements, schedule of revenues and expenditures – emergency medical services, and Schedule Required by State of Florida, Office of the Auditor General Rule 10.557(3)(n) are the responsibility of management and were derived from and relate directly 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 23, 2018, 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 23, 2018

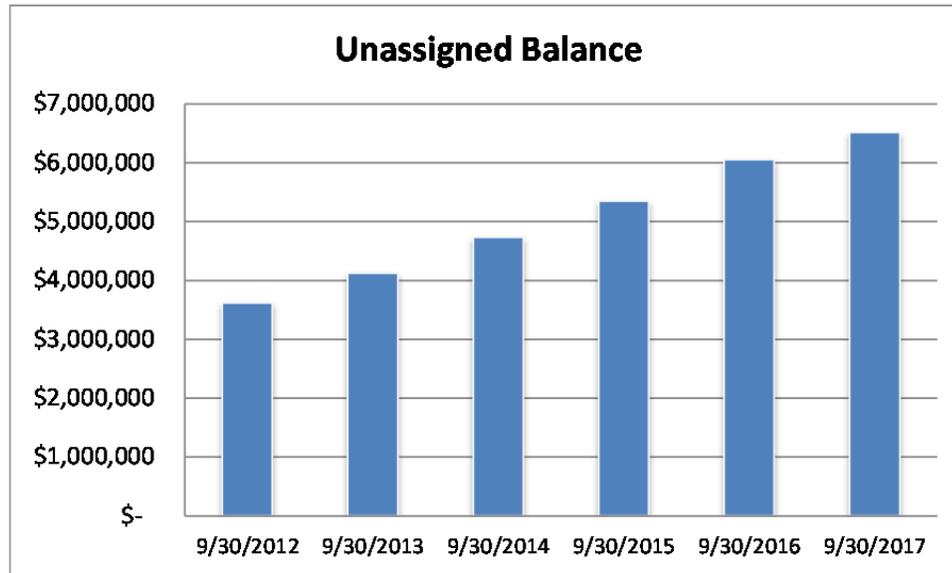
A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
September 30, 2017 (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, 2017. 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

- The City of St. Pete Beach's total net position increased \$6,814,557 (16.0%), as total assets and deferred outflows exceeded total liabilities and deferred inflows by \$49,340,818.
- The City relied less on general taxes and non-recurring sources to support its operations; total charges for service revenue increased \$1,177,411 (10.0%).
- Despite the City's net pension liability increasing by \$1,181,676 (6.6%), total liabilities decreased since the City made progress reducing other long-term liabilities such as debt obligations.
- Fiscal year 2017 governmental fund revenue increased 1.3% despite the absence of \$1,600,000 received in fiscal year 2016 from the BP oil spill legal settlement.
- General Fund unassigned balance, a key measure of financial flexibility, continued to grow. The chart below illustrates unassigned balances over the last six years:



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.

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
September 30, 2017 (Unaudited)

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, 2017. 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 sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison.

Budgetary comparison statements are provided for the major funds to demonstrate compliance with the legally adopted budget. Governmental fund financial statements begin on page 28.

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
September 30, 2017 (Unaudited)

The City's **Proprietary Funds** include three enterprise funds: the Wastewater Fund, Reclaimed Water Fund, and Stormwater Fund. 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 beginning 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, 2017 increased \$6,814,557 (16.0%) over the prior year. Principal drivers of the increase included the following:

- **Revenue increases:** St. Pete Beach property values increased 7.7% in FY 2017, generating additional ad valorem property tax revenue of over \$530,000. The City adopted scheduled rate increases for its wastewater and stormwater management operations, which increased revenue by over \$240,000 and \$140,000, respectively. Parking operations generated unprecedented revenue following a rate increase in November 2016; FY 2017 pay station revenue increased by over \$525,000.
- **Construction-related reimbursements:** The Pass-a-Grille Way roadway reconstruction project is a complex capital improvement effort involving several public agencies, which has been in progress since fiscal year 2015. Based on interlocal agreements with Pinellas County and the Southwest Florida Water Management District, the City received over \$1,600,000 in reimbursement funding in FY 2017.
- **Prior year one-time charges:** FY 2016 included several atypical events. The City completed the demolition of its former police station facility, incurring a loss of approximately \$1,500,000 due to the asset being disposed prior to its originally estimated service period. Absent that loss – and the associated demolition costs – in FY 2017, law enforcement expenses decreased approximately \$1,800,000. The City also incurred significant costs in FY 2016 to keep the sanitary sewer system operational during Hurricane Hermine. Although the City did experience a similar storm event in September 2017 (Hurricane Irma), the expenses were primarily incurred in October (FY 2018). The net effect was a spike in expenses in FY 2016, which was absent in FY 2017, and resulted in Wastewater Fund expenses declining approximately \$1,100,000 year-over-year.

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.

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
September 30, 2017 (Unaudited)

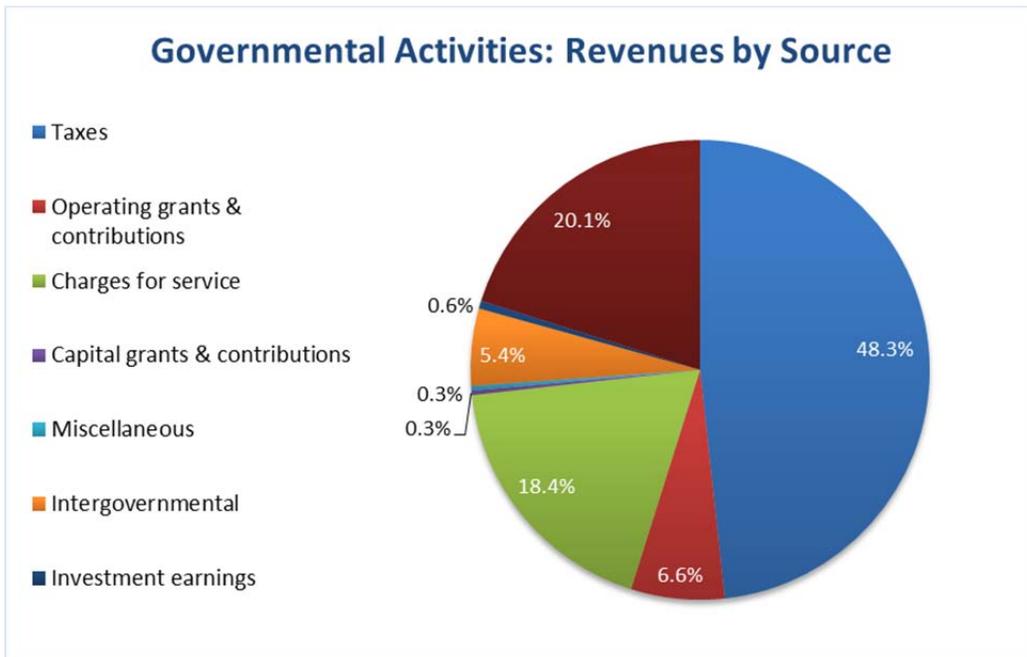
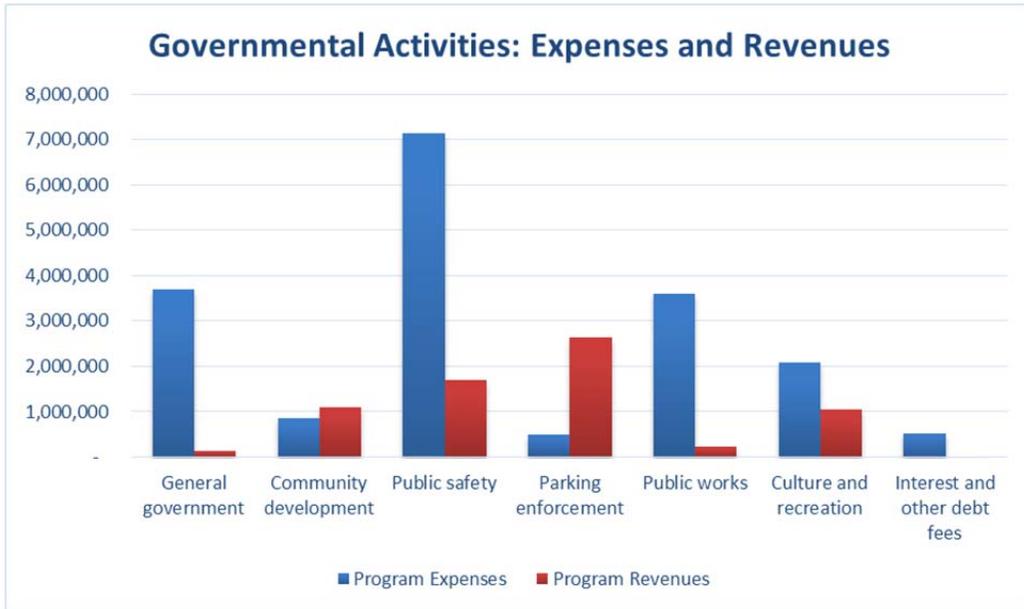
STATEMENT OF NET POSITION	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 30,233,555	\$ 25,128,969	\$ 6,136,452	\$ 10,939,187	\$ 36,370,007	\$ 36,068,156
Capital assets, net	36,544,143	31,298,276	22,865,094	20,917,894	59,409,237	52,216,170
Deferred outflows	<u>1,097,624</u>	<u>1,901,723</u>	<u>5,074</u>	<u>30,952</u>	<u>1,102,698</u>	<u>1,932,675</u>
Total assets and deferred outflows	<u>67,875,322</u>	<u>58,328,968</u>	<u>29,006,620</u>	<u>31,888,033</u>	<u>96,881,942</u>	<u>90,217,001</u>
Current and other liabilities	3,482,093	3,401,527	1,043,152	1,403,565	4,525,245	4,805,092
Long-term liabilities outstanding	31,942,282	31,307,825	10,209,830	10,922,527	42,152,112	42,230,352
Deferred inflows	<u>863,767</u>	<u>655,296</u>	<u>-</u>	<u>-</u>	<u>863,767</u>	<u>655,296</u>
Total liabilities and deferred inflows	<u>36,288,142</u>	<u>35,364,648</u>	<u>11,252,982</u>	<u>12,326,092</u>	<u>47,541,124</u>	<u>47,690,740</u>
Net position:						
Invested in capital assets	32,831,443	26,880,493	17,577,589	17,279,462	50,409,032	44,159,955
Restricted	10,123,017	3,005,075	219,928	172,025	10,342,945	3,177,100
Unrestricted	<u>(11,367,280)</u>	<u>(6,921,248)</u>	<u>(43,879)</u>	<u>2,110,454</u>	<u>(1,141,159)</u>	<u>(4,810,794)</u>
Total net position	<u>\$ 31,587,180</u>	<u>\$ 22,964,320</u>	<u>\$ 17,753,638</u>	<u>\$ 19,561,941</u>	<u>\$ 49,340,818</u>	<u>\$ 42,526,261</u>

STATEMENT OF ACTIVITIES	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 4,965,385	\$ 4,155,262	\$ 7,902,703	\$ 7,535,415	\$ 12,868,088	\$ 11,690,677
Operating grants & contributions	1,777,535	3,369,796	199,838	-	1,977,373	3,369,796
Capital grants & contributions	87,714	919,891	668,599	1,043,852	756,313	1,963,743
General revenues:						
Property taxes	7,768,938	7,235,035	-	-	7,768,938	7,235,035
Sales taxes	1,591,169	1,605,830	-	-	1,591,169	1,605,830
Franchise and utility taxes	3,269,998	3,312,619	-	-	3,269,998	3,312,619
Other taxes	411,279	404,213	-	-	411,279	404,213
Intergovernmental revenues	1,467,061	231,481	-	-	1,467,061	231,481
Interest earnings	150,154	66,585	63,411	29,313	213,565	95,898
Miscellaneous	86,481	49,193	-	-	86,481	49,193
Total revenues	<u>21,575,714</u>	<u>21,349,905</u>	<u>8,834,551</u>	<u>8,608,580</u>	<u>29,998,986</u>	<u>29,554,272</u>
Expenses:						
General government	\$ 3,699,537	\$ 1,871,615	-	-	\$ 3,699,537	\$ 1,871,615
Community development	847,318	914,014	-	-	847,318	914,014
Public safety	7,133,967	10,956,336	-	-	7,133,967	10,956,336
Parking enforcement	502,539	535,970	-	-	502,539	535,970
Public works	3,609,883	3,161,814	-	-	3,609,883	3,161,814
Culture and recreation	2,089,068	2,339,008	-	-	2,089,068	2,339,008
Wastewater	-	-	3,913,435	5,000,215	3,913,435	5,000,215
Reclaimed water	-	-	841,137	831,244	841,137	831,244
Stormwater	-	-	451,741	391,015	451,741	391,015
Interest and other fees on long-term del	507,083	471,029	-	-	507,083	471,029
Total expenses	<u>18,389,395</u>	<u>20,249,786</u>	<u>5,206,313</u>	<u>6,222,474</u>	<u>23,595,708</u>	<u>26,472,260</u>
Increase (decrease) in net position before transfers:	<u>3,186,319</u>	<u>1,100,119</u>	<u>3,628,238</u>	<u>2,386,106</u>	<u>6,814,557</u>	<u>3,486,225</u>
Transfers	<u>5,436,541</u>	<u>147,044</u>	<u>(5,436,541)</u>	<u>(147,044)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position:	<u>8,622,860</u>	<u>1,247,163</u>	<u>(1,808,303)</u>	<u>2,239,062</u>	<u>6,814,557</u>	<u>3,486,225</u>
Net position: October 1	<u>22,964,320</u>	<u>21,717,157</u>	<u>19,561,941</u>	<u>17,322,879</u>	<u>42,526,261</u>	<u>39,040,036</u>
Net position: September 30	<u>\$ 31,587,180</u>	<u>\$ 22,964,320</u>	<u>\$ 17,753,638</u>	<u>\$ 19,561,941</u>	<u>\$ 49,340,818</u>	<u>\$ 42,526,261</u>

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
September 30, 2017 (Unaudited)

Governmental Activities:

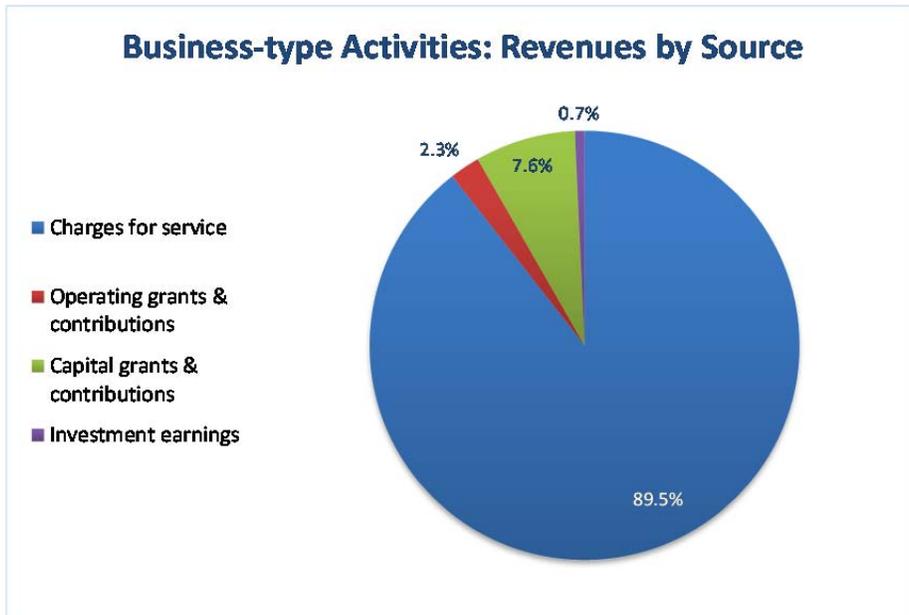
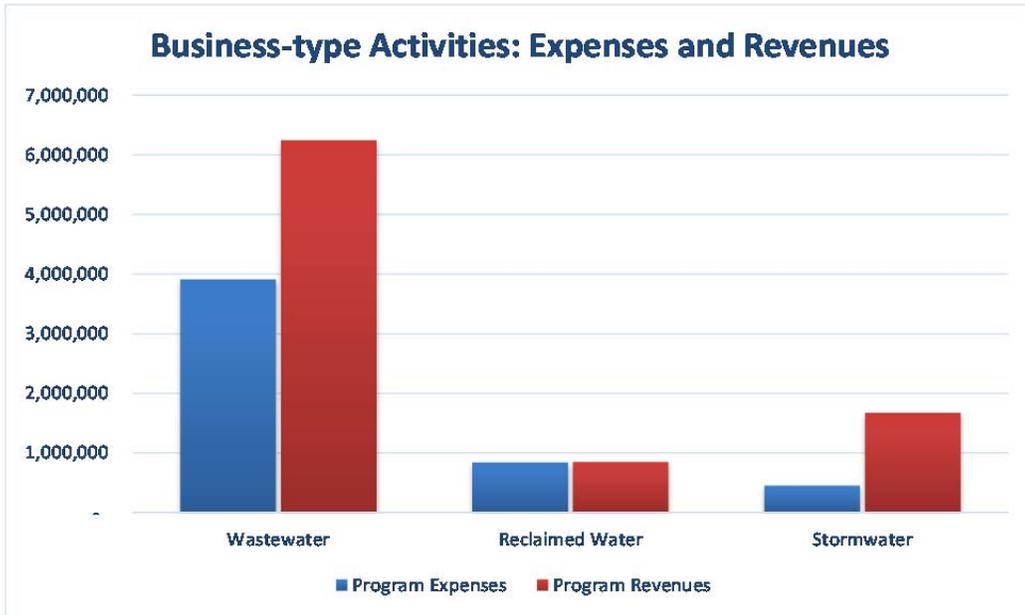
Governmental activities increased the City's net position by \$8,622,860, due to many of the factors described previously: prior year depreciation expenses, parking revenue growth, reimbursement funding provided via interlocal agreements, and higher property values. Additionally, governmental activities included fund transfers of \$5,436,541 to support the Pass-a-Grille Way and Blind Pass Road construction projects. Both projects represent comprehensive construction efforts to improve roadways, underground utility lines, and rehabilitate sanitary sewer and stormwater drainage infrastructure. For management purposes, the projects are reported as governmental activities, but the sanitary sewer and stormwater drainage elements are funded via transfers from business-type activities.



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Business-type Activities:

Business-type activities decreased the City's net position by \$1,808,303, due to the extent of transfer activity. Prior to accounting for transfers, revenues exceeded expenses by \$3,628,238 – an increase of 52.0% over the prior year. Additional revenue was derived from wastewater and stormwater fee increases, amounting to a \$367,288 (4.9%) increase in charges for service. Expenses decreased \$1,016,161 (16.3%), due to atypical wastewater costs incurred the previous year relating to Hurricane Hermine.



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FUND STATEMENT FINANCIAL ANALYSIS

Governmental Funds:

Governmental Funds reported ending fund balances of \$26,867,000 as of September 30, 2017. Fund balance increased by \$4,892,765 (22.3%), primarily resulting from fund transfer activity. The Capital Improvement Projects Fund included a balance of \$4,995,540 due from the Stormwater Fund, corresponding to the stormwater drainage elements of the Pass-a-Grille Way and Blind Pass Road construction projects. Transfer activity between funds is further detailed in Note G.

FY 2017 governmental fund revenue increased \$289,992 (1.3%) despite the FY 2016 total including \$1,600,000 in one-time revenue from the BP oil spill lawsuit settlement. Virtually all major revenue sources experienced growth, including the following:

- **Property taxes:** St. Pete Beach property values increased 7.7%. Because the City held its tax rate constant at 3.1500 mills, ad valorem property tax revenue increased by \$533,903.
- **Building permit fees:** The City recorded unprecedented building permit revenue totaling \$712,695, which reflects the volume of construction and redevelopment activity experienced recently as well as a fee increase adopted by the City in late FY 2016.
- **Intergovernmental sources:** Governmental funds included reimbursements of over \$1,000,000 from Pinellas County for prior year construction activity and nearly \$80,000 from FEMA for Hurricane Hermine.
- **Parking enforcement:** Parking-related revenue (e.g., pay station meters and ticket citations) continued to grow at record levels, as hourly parking rates were increased from \$2.00 to \$2.25 in November 2016. Pay station revenue increased 27.5% to \$2,436,989.
- **Investment earnings:** Investment income increased over 125%, as market rates continued to increase following a series of short-term interest rate increases by the Federal Reserve. Meanwhile, new management re-balanced the City's portfolio to achieve a more competitive rate of return, in accordance with the City's investment policy.

Governmental fund expenditures were virtually flat, increasing just 0.1%. Two items in particular contributed to the contained costs:

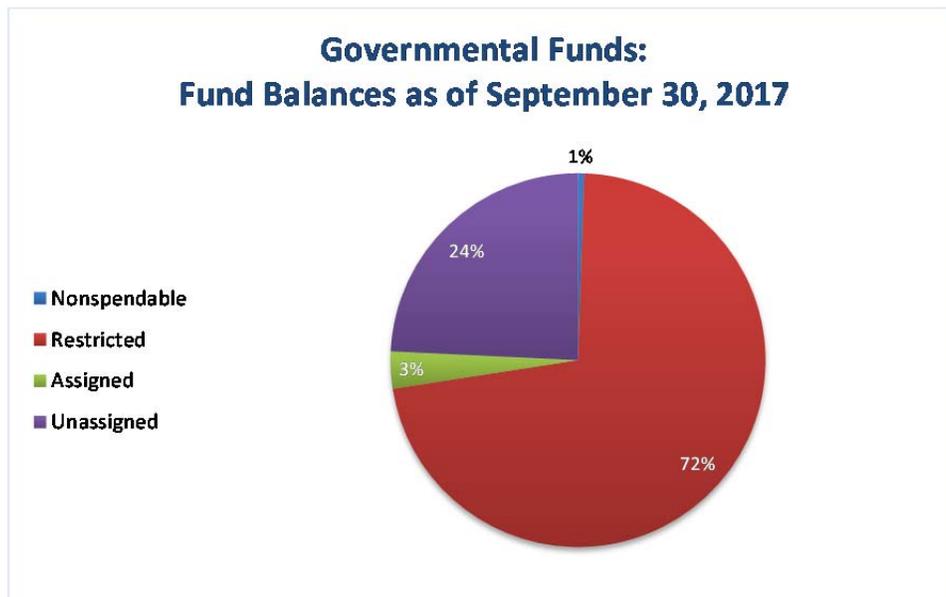
- **Non-recurring legal fees:** Prior year expenditures included non-recurring legal fees related to the BP oil spill lawsuit settlement. General Fund legal division expenditures decreased by \$356,123 (45.1%).
- **Capital outlay:** Capital Improvement Projects Fund expenditures declined by \$379,616 (4.9%) relating to the timing and execution of various construction projects.

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

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
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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, 2017.

- **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 \$142,170.
- **Restricted** fund balance includes accounts and designations upon which restrictions have been externally imposed. The restricted balance total of \$19,348,488 reflects a 31.9% increase from the prior year due to the extent of capital-related transfers into the Capital Improvement Projects Fund.
- **Assigned** fund balance represents management's intended use of specific resources. The City's assigned balance includes reserves for capital projects, operating expenditures, vehicle replacements, compensated absences, and insurance stabilization. The total balance as of September 30, 2017 was \$863,452.
- **Unassigned** balance should be considered the City's least restricted resource available for appropriation. Trends in unassigned balance may reflect policy changes (e.g., intentionally building up or drawing down reserves), or planned and unplanned financial changes (i.e., budgetary imbalances). Unassigned balance increased 7.6% to \$6,512,890.



Proprietary Funds:

Governmental funds and proprietary funds were similarly affected by interfund transfers. The City's proprietary funds experienced a decline in net position of \$1,808,303 (9.2%), driven by the magnitude of transfers from the Wastewater Fund and Stormwater Fund. Transfers out of the Wastewater Fund totaled \$2,967,896, corresponding to the sanitary sewer elements of the City's roadway reconstruction projects. The Stormwater Fund recorded transfers expenses of \$5,281,133 for the stormwater drainage components of the same projects, of which \$4,995,540 remained payable on a cash basis.

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The status of outstanding transfers caused a negative unrestricted net position in the Stormwater Fund of (\$2,920,460). The City has interlocal agreements in place to reimburse the stormwater-related costs of Pass-a-Grille Way and Blind Pass Road reconstruction. Upon receipt of the reimbursement funds, cash will be transferred from the Stormwater Fund to the Capital Improvement Projects Fund, at which time the liability balance will be reduced and net position will recover. The timing of the recovery will be entirely contingent on construction progress and subsequent reimbursements.

Proprietary fund operating revenues increased \$367,288 (4.9%), resulting from utility fee increases. Sanitary sewer rates increased 8.25% while stormwater drainage fees increased for each of the City's two assessment tiers. Tier 1 assessments, which are charged on a per-parcel basis, increased 3% while Tier 2 assessments – billed per equivalent residential unit (ERU) – increased 35%.

Reclaimed water operating expenses were stable, increasing just 1.1%. Stormwater Fund operating expenses grew 27.5%, due to additional repairs being completed to address localized flooding. Total proprietary fund operating expenses netted to a decline of \$965,022 (16.3%) due to the effect of prior year Wastewater Fund costs associated with Hurricane Hermine.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenue and expenditures were fairly stable, increasing 1.0% and 2.8%, respectively. Revenue exceeded expenditures by \$4,739,179; however, fund balance increased just \$235,070 (2.4%) due to the effect of fund transfers.

The City Commission authorized the use of BP oil spill lawsuit proceeds for infrastructure improvements to the sanitary sewer system, which resulted in a \$1,200,000 transfer from the General Fund to the Wastewater Fund. Other transfers included \$3,209,836 to the Capital Improvement Projects Fund and \$100,000 to the Stormwater Fund in support of various construction projects as scheduled in the City's capital improvement program.

Revisions from adopted to final budget:

The final budget included revisions to revenue estimates totaling \$645,836, of which \$620,000 related to parking facilities. Management originally assumed visitors would be detracted by the City's roadway construction activity and budgeted pay station revenue conservatively. However, the City experienced consistent parking demand despite the impact of construction and later increased the budget to reflect actual experience. Final authorized expenditures included revisions of \$247,303, including encumbrances carried forward from FY 2016 totaling \$206,311.

Significant budgetary variances:

- **Investment income:** The City Commission authorized two new local government intergovernmental pool agreements. Meanwhile, budgetary projections were prepared conservatively and prevailing market rates increased. Actual revenue exceeded budgetary estimates by 142.8%.
- **Legal division:** City Attorney expenditures exceeded annual estimates by \$59,150 due to the additional volume of work created by development-related actions.
- **Planning division:** Salary costs were under budget by \$81,556 due to the effect of several vacancies throughout the year. Contingency funds budgeted for professional planning services were unutilized, leaving an additional \$60,369 unexpended.

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
September 30, 2017 (Unaudited)

- **Parking enforcement division:** Parking enforcement costs exceeded annual estimates by \$27,683 due to volume-based fees. As parking activity (and revenue) increased, so too did merchant fees associated with pay station credit card payments.
- **EMS division:** Expenditures exceeded annual estimates in the EMS division by \$124,640 due to the impact of a new collective bargaining agreement implemented mid-year.
- **Beaches division:** The FY 2017 budget included Beaches as a new division for the Public Works Department. Expenditures were under budget by 41.2% due to over-estimating the division's repair and maintenance workload.
- **Streets division:** Expenditures were 20.5% less than estimated, as contingency funds budgeted for engineering services were unexpended.

CAPITAL ASSETS

The City of St. Pete Beach has pursued an aggressive capital improvement program since issuing revenue bonds totaling \$21,000,000 in FY 2015. Net capital assets increased 13.8% in FY 2017, primarily relating to the Pass-a-Grille Way roadway reconstruction project which remained in process as of September 30, 2017. The following construction projects were completed in FY 2017:

- Bayway landscaping
- Street rehabilitation (annual installment completed)
- Seawall rehabilitation (annual installment completed)
- Warren Webster renovations
- FDOT landscaping
- Fire Station 22 restroom improvements
- Pump Station 3 rehabilitation
- Wastewater inflow and infiltration rehabilitation (annual installment completed)
- Stormwater drainage improvements (annual installment completed)

Note C includes more information on the City's capital assets and activity for FY 2017.

CAPITAL ASSETS, NET	Governmental activities		Business-type activities		Totals	
	2017	2016	2017	2016	2017	2016
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	11,090,969	11,434,492	106,680	111,064	11,197,649	11,545,556
Infrastructure	8,606,510	7,847,080	19,036,976	16,639,574	27,643,486	24,486,654
Furniture, machinery and equipment	1,627,933	1,442,457	377,589	469,031	2,005,522	1,911,488
Capital projects in process	11,313,437	6,668,953	3,033,732	3,388,108	14,347,169	10,057,061
Total	\$ 36,544,143	\$ 31,298,276	\$ 22,865,094	\$ 20,917,894	\$ 59,409,237	\$ 52,216,170

DEBT ADMINISTRATION

Note F includes a detailed listing of long-term liabilities. Below is a summary of the City's outstanding debt as of September 30, 2017 compared to the prior year.

CITY OF ST. PETE BEACH'S OUTSTANDING DEBT	Governmental activities		Business-type activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$ 12,860,000	\$ 13,505,000	\$ 7,409,000	\$ 7,754,000	\$ 20,269,000	\$ 21,259,000
State revolving loans	-	-	1,875,315	2,065,552	\$ 1,875,315	\$ 2,065,552
Capital leases	78,171	154,554	289,173	356,843	\$ 367,344	\$ 511,397
Total	\$ 12,938,171	\$ 13,659,554	\$ 9,573,488	\$ 10,176,395	\$ 22,511,659	\$ 23,835,949

CITY OF ST. PETE BEACH, FLORIDA
Management's Discussion and Analysis
September 30, 2017 (Unaudited)

Next Year's Budget and Rates

The City adopted its FY 2018 budget without appropriating unassigned balance. Property values increased 7.3% and the City maintained its ad valorem tax rate of 3.1500 mills. The City continued its utility fee increase schedule based on a previously approved rate model. Wastewater fees increased 8.25%, completing a three-year sequence of rate adjustments. Stormwater fees increased for each of the City's assessment tiers, continuing the four-year phased in rate adjustment initiated in FY 2017. Tier 1 increased 3% and Tier 2 increased 13.5%.

Pending Economic Factors

Hurricane Irma made landfall in Florida on September 10, 2017. The City of St. Pete Beach incurred expenses totaling over \$470,000 related to the storm, the majority of which will be reported in FY 2018. Management anticipates over 80% of the City's costs will be reimbursed by FEMA.

Florida voters will be presented with an additional homestead exemption measure on the November 2018 ballot. If approved, property value exemptions will increase from \$50,000 to \$75,000 and take effect January 1, 2019. The estimated annual tax reduction for the City of St. Pete Beach is over \$200,000.

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 Administrative Services 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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 7,880,869	\$ 4,263,572	\$ 12,144,441
Investments	2,145,273	760,947	2,906,220
Receivables, net	1,133,669	1,212,531	2,346,200
Internal balances	5,156,933	(5,156,933)	-
Due from other governments	38,298	381,586	419,884
Inventories	915	52,360	53,275
Prepays	4,550	-	4,550
Other assets	187	-	187
Restricted assets:			
Equity in pooled cash	13,872,861	4,622,389	18,495,250
Capital assets:			
Non-depreciable capital assets	15,218,731	3,343,849	18,562,580
Other capital assets, net of depreciation	21,325,412	19,521,245	40,846,657
Total assets	<u>\$ 66,777,698</u>	<u>\$ 29,001,546</u>	<u>\$ 95,779,244</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 1,097,624</u>	<u>\$ 5,074</u>	<u>\$ 1,102,698</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,614,998	\$ 926,674	\$ 3,541,672
Customer deposits	107,733	-	107,733
Unearned revenue	124,993	-	124,993
Accrued interest payable	115,538	116,478	232,016
Due to fiduciary funds	518,831	-	518,831
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	670,000	551,364	1,221,364
Capital leases	78,171	69,471	147,642
Compensated absences	211,699	13,049	224,748
Due in more than one year:			
Bonds and notes payable	12,190,000	8,732,951	20,922,951
Capital leases	-	219,702	219,702
Compensated absences	250,921	14,291	265,212
Net OPEB obligation	73,164	5,408	78,572
Net pension liability	18,468,327	603,594	19,071,921
Total liabilities	<u>\$ 35,424,375</u>	<u>\$ 11,252,982</u>	<u>\$ 46,677,357</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 863,767</u>	<u>\$ -</u>	<u>\$ 863,767</u>
NET POSITION			
Net investment in capital assets	\$ 32,831,443	\$ 17,577,589	\$ 50,409,032
Restricted for:			
Library	198,063	-	198,063
Legal settlements	2,299,637	-	2,299,637
Capital improvements	7,303,179	-	7,303,179
Debt service	104,110	219,928	324,038
Law enforcement	5,317	-	5,317
Transportation improvements	212,711	-	212,711
Unrestricted	(11,367,280)	(43,879)	(11,411,159)
Total net position	<u>\$ 31,587,180</u>	<u>\$ 17,753,638</u>	<u>\$ 49,340,818</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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 3,699,537	\$ 115,188	\$ 11,075	\$ -	\$ (3,573,274)	\$ -	\$ (3,573,274)
Community development	847,318	1,087,019	-	-	239,701	-	239,701
Public safety	7,133,967	75,117	1,628,631	-	(5,430,219)	-	(5,430,219)
Parking enforcement	502,539	2,642,486	-	-	2,139,947	-	2,139,947
Public works	3,609,883	-	135,829	87,714	(3,386,340)	-	(3,386,340)
Culture and recreation	2,089,068	1,045,575	2,000	-	(1,041,493)	-	(1,041,493)
Interest on long-term debt	507,083	-	-	-	(507,083)	-	(507,083)
Total governmental activities	18,389,395	4,965,385	1,777,535	87,714	(11,558,761)	-	(11,558,761)
Business-type activities:							
Wastewater	3,913,435	6,047,688	198,301	1,420	-	2,333,974	2,333,974
Reclaimed water	841,137	849,628	384	-	-	8,875	8,875
Stormwater	451,741	1,005,387	1,153	667,179	-	1,221,978	1,221,978
Total business-type activities	5,206,313	7,902,703	199,838	668,599	-	3,564,827	3,564,827
Total primary government	\$ 23,595,708	\$ 12,868,088	\$ 1,977,373	\$ 756,313	(11,558,761)	3,564,827	(7,993,934)
General revenues:							
Property taxes					7,768,938	-	7,768,938
Sales taxes					1,591,169	-	1,591,169
Franchise and utility taxes					3,269,998	-	3,269,998
Other taxes					411,279	-	411,279
Other intergovernmental revenues					1,467,061	-	1,467,061
Investment earnings					150,154	63,411	213,565
Miscellaneous revenues					86,481	-	86,481
Transfers					5,436,541	(5,436,541)	-
Total general revenues and transfers					20,181,621	(5,373,130)	14,808,491
Change in net position					8,622,860	(1,808,303)	6,814,557
Net position - beginning					22,964,320	19,561,941	42,526,261
Net position - ending					\$ 31,587,180	\$ 17,753,638	\$ 49,340,818

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, 2017**

	<u>General</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in pooled cash	\$ 9,961,014	\$ 11,573,224	\$ 219,492	\$ 21,753,730
Investments	603,978	1,541,295	-	2,145,273
Receivables, net	927,740	244,227	-	1,171,967
Due from other funds	153,955	4,995,540	-	5,149,495
Advances to other funds	136,518	-	-	136,518
Inventories	1,102	-	-	1,102
Prepaid items	4,550	-	-	4,550
Total assets	<u>\$ 11,788,857</u>	<u>\$ 18,354,286</u>	<u>\$ 219,492</u>	<u>\$ 30,362,635</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,021,088	\$ 1,592,446	\$ 1,464	\$ 2,614,998
Customer deposits	107,733	-	-	107,733
Unearned revenue	124,993	-	-	124,993
Due to other funds	518,831	129,080	-	647,911
Total liabilities	<u>1,772,645</u>	<u>1,721,526</u>	<u>1,464</u>	<u>3,495,635</u>
FUND BALANCES				
Nonspendable:				
Inventories	1,102	-	-	1,102
Prepaid items	4,550	-	-	4,550
Advances to other funds	136,518	-	-	136,518
Restricted for:				
Library	198,063	-	-	198,063
Legal settlements	2,299,637	-	-	2,299,637
Capital improvement projects	-	16,528,650	-	16,528,650
Debt service	-	104,110	-	104,110
Law enforcement	-	-	5,317	5,317
Transportation improvements	-	-	212,711	212,711
Assigned to:				
Capital improvement projects	87,566	-	-	87,566
Operating expenditures	135,937	-	-	135,937
Vehicle replacement	158,750	-	-	158,750
Compensated absences	429,745	-	-	429,745
Insurance stabilization	51,454	-	-	51,454
Unassigned	6,512,890	-	-	6,512,890
Total fund balances	<u>10,016,212</u>	<u>16,632,760</u>	<u>218,028</u>	<u>26,867,000</u>
Total liabilities and fund balances	<u>\$ 11,788,857</u>	<u>\$ 18,354,286</u>	<u>\$ 219,492</u>	<u>\$ 30,362,635</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, 2017

Fund balances - total governmental funds \$ 26,867,000

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

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

Total governmental capital assets	56,578,703	
Less: accumulated depreciation	<u>(20,034,560)</u>	36,544,143

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.

Net pension liability	(18,468,327)	
Deferred outflows related to pensions	1,097,624	
Deferred inflows related to pensions	<u>(863,767)</u>	(18,234,470)

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:

Bonds and notes payable	(12,860,000)	
Capital leases payable	(78,171)	
Accrued interest payable	(115,538)	
Net OPEB obligation	(73,164)	
Compensated absences	<u>(462,620)</u>	(13,589,493)

Net position of governmental activities \$ 31,587,180

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, 2017

	<u>General</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 12,043,455	\$ 997,929	\$ -	\$ 13,041,384
Permits and fees	1,038,391	-	1,635	1,040,026
Intergovernmental	2,221,094	1,017,365	-	3,238,459
Charges for services	1,094,108	-	-	1,094,108
Charges for services - parking enforcement	2,642,486	-	-	2,642,486
Investment income	48,552	101,602	-	150,154
Miscellaneous	820,324	-	-	820,324
Total revenues	<u>19,908,410</u>	<u>2,116,896</u>	<u>1,635</u>	<u>22,026,941</u>
Expenditures				
Current:				
General government	1,766,713	-	-	1,766,713
Community development	832,421	-	-	832,421
Library	498,324	-	-	498,324
Parking enforcement	508,339	-	-	508,339
Public safety	6,983,096	-	-	6,983,096
Public works	2,818,107	22,650	23	2,840,780
Recreation	1,221,966	-	-	1,221,966
Capital outlay	540,265	6,109,092	-	6,649,357
Debt service:				
Principal retirement	-	721,383	-	721,383
Interest and fiscal charges	-	548,338	-	548,338
Total expenditures	<u>15,169,231</u>	<u>7,401,463</u>	<u>23</u>	<u>22,570,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,739,179</u>	<u>(5,284,567)</u>	<u>1,612</u>	<u>(543,776)</u>
Other financing sources (uses)				
Transfers in	5,727	11,940,650	-	11,946,377
Transfers out	(4,509,836)	(2,000,000)	-	(6,509,836)
Total other financing sources (uses)	<u>(4,504,109)</u>	<u>9,940,650</u>	<u>-</u>	<u>5,436,541</u>
Net change in fund balances	<u>235,070</u>	<u>4,656,083</u>	<u>1,612</u>	<u>4,892,765</u>
Fund balances, beginning of year	9,781,142	11,976,677	216,416	21,974,235
Fund balances, end of year	<u>\$ 10,016,212</u>	<u>\$ 16,632,760</u>	<u>\$ 218,028</u>	<u>\$ 26,867,000</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, 2017

Net change in fund balances - total governmental funds	\$ 4,892,765
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	6,649,357
Depreciation expense	(1,488,447)
Contributed capital assets	86,079
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(1,122)
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	721,383
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	(2,304,317)
Unmatured long-term indebtedness consisting of a judgment payable is not reported in the governmental funds as these amounts are not due and payable in the current period.	
	90,000
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	41,255
Change in compensated absences liability	(51,992)
Change in net OPEB obligation	(12,101)
Change in net position of governmental activities	<u>\$ 8,622,860</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
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes	\$ 12,147,397	\$ 12,147,397	\$ 12,043,455	\$ (103,942)
Permits and fees	988,750	988,750	1,038,391	49,641
Intergovernmental	2,143,831	2,143,831	2,221,094	77,263
Charges for services	2,994,841	3,614,841	3,736,594	121,753
Fines and forfeitures	100	100	-	(100)
Investment income	20,000	20,000	48,552	28,552
Miscellaneous	786,758	812,594	820,324	7,730
Total revenues	<u>19,081,677</u>	<u>19,727,513</u>	<u>19,908,410</u>	<u>180,897</u>
EXPENDITURES				
Current:				
General government:				
Mayor and Council	82,749	82,749	71,805	10,944
City Clerk	233,273	233,273	225,711	7,562
City Manager	493,468	490,922	456,786	34,136
Legal	373,500	373,500	432,650	(59,150)
Information technology	261,137	262,712	240,849	21,863
Administrative services	386,479	386,479	338,912	47,567
Total general government	<u>1,830,606</u>	<u>1,829,635</u>	<u>1,766,713</u>	<u>62,922</u>
Community development:				
Planning	449,125	484,725	270,799	213,926
Building	532,099	546,236	433,921	112,315
Code enforcement	164,160	164,160	127,701	36,459
Total community development	<u>1,145,384</u>	<u>1,195,121</u>	<u>832,421</u>	<u>362,700</u>
Library	<u>560,246</u>	<u>562,646</u>	<u>498,324</u>	<u>64,322</u>
Parking enforcement	<u>480,656</u>	<u>480,656</u>	<u>508,339</u>	<u>(27,683)</u>
Public safety:				
Law enforcement	3,057,778	3,057,778	2,830,499	227,279
Fire safety	2,548,714	2,554,961	2,414,311	140,650
EMS	1,613,631	1,613,646	1,738,286	(124,640)
Total public safety	<u>7,220,123</u>	<u>7,226,385</u>	<u>6,983,096</u>	<u>243,289</u>
Public works:				
Administration	846,048	846,048	804,283	41,765
Building maintenance	394,786	396,822	329,666	67,156
Beaches	317,187	317,187	186,369	130,818
Streets	919,855	1,039,977	826,538	213,439
Parks	758,281	762,340	671,251	91,089
Total public works	<u>3,236,157</u>	<u>3,362,374</u>	<u>2,818,107</u>	<u>544,267</u>
Recreation	<u>1,266,505</u>	<u>1,269,270</u>	<u>1,221,966</u>	<u>47,304</u>
Total expenditures	<u>16,592,677</u>	<u>16,839,980</u>	<u>15,169,231</u>	<u>1,670,749</u>
Excess of revenues over expenditures	<u>2,489,000</u>	<u>2,887,533</u>	<u>4,739,179</u>	<u>1,851,646</u>
Other financing sources (uses)				
Transfers in	-	-	5,727	5,727
Transfers out	(2,664,000)	(4,509,836)	(4,509,836)	-
Total other financing sources (uses)	<u>(2,664,000)</u>	<u>(4,509,836)</u>	<u>(4,504,109)</u>	<u>5,727</u>
Net change in fund balances	<u>(175,000)</u>	<u>(1,622,303)</u>	<u>235,070</u>	<u>1,857,373</u>
Fund balances, beginning of year	9,781,142	9,781,142	9,781,142	-
Fund balances, end of year	<u>\$ 9,606,142</u>	<u>\$ 8,158,839</u>	<u>\$ 10,016,212</u>	<u>\$ 1,857,373</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, 2017

	Business-type Activities - Enterprise Funds			
	Wastewater	Reclaimed Water	Stormwater	Total
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,573,666	\$ 1,014,688	\$ 1,675,218	\$ 4,263,572
Investments	760,947	-	-	760,947
Accounts receivable, net	1,051,567	138,098	22,866	1,212,531
Due from other governments	-	-	381,586	381,586
Inventories	51,549	-	811	52,360
Due from other funds	-	-	129,080	129,080
Restricted current assets				
Equity in pooled cash	527,572	-	209,741	737,313
Total current assets	<u>3,965,301</u>	<u>1,152,786</u>	<u>2,419,302</u>	<u>7,537,389</u>
Noncurrent assets:				
Restricted cash	2,211,491	-	1,673,585	3,885,076
Capital assets:				
Land	310,117	-	-	310,117
Building and improvements	129,409	-	-	129,409
Infrastructure	17,319,735	11,606,595	611,649	29,537,979
Machinery and equipment	719,125	92,678	28,071	839,874
Construction in progress	852,255	24,304	2,157,173	3,033,732
Accumulated depreciation	(5,290,175)	(5,615,098)	(80,744)	(10,986,017)
Total capital assets, net	<u>14,040,466</u>	<u>6,108,479</u>	<u>2,716,149</u>	<u>22,865,094</u>
Total noncurrent assets	<u>16,251,957</u>	<u>6,108,479</u>	<u>4,389,734</u>	<u>26,750,170</u>
Total assets	<u>\$ 20,217,258</u>	<u>\$ 7,261,265</u>	<u>\$ 6,809,036</u>	<u>\$ 34,287,559</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	\$ 3,445	\$ 931	\$ 698	\$ 5,074
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 804,089	\$ 74,887	\$ 47,698	\$ 926,674
Due to other funds	153,955	-	4,995,540	5,149,495
Advances from other funds	-	136,518	-	136,518
Compensated absences	11,761	-	1,288	13,049
Payable from restricted assets:				
Current maturities on long-term debt	375,364	-	176,000	551,364
Current maturities on capital leases	69,471	-	-	69,471
Accrued interest payable	82,737	-	33,741	116,478
Total current liabilities	<u>1,497,377</u>	<u>211,405</u>	<u>5,254,267</u>	<u>6,963,049</u>
Noncurrent liabilities:				
Bonds and notes payable, net	6,163,951	-	2,569,000	8,732,951
Capital leases, net	219,702	-	-	219,702
Compensated absences	11,798	-	2,493	14,291
Net OPEB obligation	3,689	1,050	669	5,408
Net pension liability	409,801	110,762	83,031	603,594
Total noncurrent liabilities	<u>6,808,941</u>	<u>111,812</u>	<u>2,655,193</u>	<u>9,575,946</u>
Total liabilities	<u>\$ 8,306,318</u>	<u>\$ 323,217</u>	<u>\$ 7,909,460</u>	<u>\$ 16,538,995</u>
NET POSITION				
Net investment in capital assets	\$ 9,759,346	\$ 6,108,479	\$ 1,709,764	\$ 17,577,589
Restricted for debt service	108,958	-	110,970	219,928
Unrestricted	2,046,081	830,500	(2,920,460)	(43,879)
Total net position	<u>\$ 11,914,385</u>	<u>\$ 6,938,979</u>	<u>\$ (1,099,726)</u>	<u>17,753,638</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, 2017

	Business-type Activities - Enterprise Funds			Total
	Wastewater	Reclaimed Water	Stormwater	
Operating revenues				
Charges for services	\$ 6,047,553	\$ 849,628	\$ 1,005,287	\$ 7,902,468
Other revenues	135	-	100	235
Total operating revenues	6,047,688	849,628	1,005,387	7,902,703
Operating expenses				
Personal services	348,768	52,547	185,350	586,665
Contractual and other services	2,783,114	549,281	220,559	3,552,954
Depreciation	569,445	239,309	24,214	832,968
Total operating expenses	3,701,327	841,137	430,123	4,972,587
Operating income	2,346,361	8,491	575,264	2,930,116
Nonoperating revenues (expenses)				
Interest earnings	44,435	3,679	15,297	63,411
Intergovernmental grants	198,301	384	1,153	199,838
Interest and amortization expense	(212,108)	-	(21,618)	(233,726)
Total nonoperating revenues (expenses)	30,628	4,063	(5,168)	29,523
Income (loss) before contributions and transfers	2,376,989	12,554	570,096	2,959,639
Capital contributions and impact fees	1,420	-	-	1,420
Capital grants	-	-	667,179	667,179
Transfers in	3,200,000	-	100,000	3,300,000
Transfers out	(2,967,896)	(487,512)	(5,281,133)	(8,736,541)
Change in net position	2,610,513	(474,958)	(3,943,858)	(1,808,303)
Net position, beginning of year	9,303,872	7,413,937	2,844,132	19,561,941
Net position, end of year	\$ 11,914,385	\$ 6,938,979	\$ (1,099,726)	\$ 17,753,638

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, 2017

	Business-type Activities - Enterprise Funds			
	Wastewater	Reclaimed Water	Stormwater	
Cash flows from operating activities				
Cash received from customers	\$ 5,830,912	\$ 859,803	\$ 1,001,713	\$ 7,692,428
Cash paid to employees	(407,433)	(68,371)	(194,773)	(670,577)
Cash paid to suppliers	(3,086,234)	(608,801)	(200,028)	(3,895,063)
Net cash provided by operating activities	<u>2,337,245</u>	<u>182,631</u>	<u>606,912</u>	<u>3,126,788</u>
Cash flows from noncapital financing activities				
Transfers from other funds	3,200,000	-	100,000	3,300,000
Transfers to other funds	(2,967,896)	(487,512)	(5,281,133)	(8,736,541)
Intergovernmental grant proceeds	198,301	384	1,153	199,838
Interfund loans	100,178	(65,450)	4,599,482	4,634,210
Net cash provided by (used in) noncapital financing activities	<u>530,583</u>	<u>(552,578)</u>	<u>(580,498)</u>	<u>(602,493)</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(2,308,475)	-	(16,089)	(2,324,564)
Capital grants	-	-	764,882	764,882
Principal payments of long-term debt	(788,750)	-	(171,000)	(959,750)
Interest paid	(255,338)	-	(84,768)	(340,106)
Net cash provided by (used in) capital and related financing activities	<u>(3,352,563)</u>	<u>-</u>	<u>493,025</u>	<u>(2,859,538)</u>
Cash flows from investing activities				
Interest received	44,435	3,679	15,297	63,411
Purchases of investments	(760,947)	-	-	(760,947)
Net cash provided by (used in) investing activities	<u>(716,512)</u>	<u>3,679</u>	<u>15,297</u>	<u>(697,536)</u>
Net change in cash and cash equivalents	<u>(1,201,247)</u>	<u>(366,268)</u>	<u>534,736</u>	<u>(1,032,779)</u>
Cash and cash equivalents, beginning of year	5,513,976	1,380,956	3,023,808	9,918,740
Cash and cash equivalents, end of year	<u>\$ 4,312,729</u>	<u>\$ 1,014,688</u>	<u>\$ 3,558,544</u>	<u>\$ 8,885,961</u>
Cash and cash equivalents classified as:				
Unrestricted	\$ 1,573,666	\$ 1,014,688	\$ 1,675,218	\$ 4,263,572
Restricted	2,739,063	-	1,883,326	4,622,389
Total cash and cash equivalents	<u>\$ 4,312,729</u>	<u>\$ 1,014,688</u>	<u>\$ 3,558,544</u>	<u>\$ 8,885,961</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 2,346,361	\$ 8,491	\$ 575,264	\$ 2,930,116
Adjustments to reconcile net operating income to net cash provided by operating activities				
Depreciation	569,445	239,309	24,214	832,968
Changes in assets and liabilities:				
Accounts receivable	(216,776)	10,175	(3,674)	(210,275)
Inventories	10,076	-	(811)	9,265
Accounts payable and accrued liabilities	(313,196)	(59,520)	21,342	(351,374)
Compensated absences	(2,114)	(548)	2,048	(614)
Net pension liability	(57,161)	(15,450)	(11,582)	(84,193)
Net OPEB obligation	610	174	111	895
Net cash provided by operating activities	<u>\$ 2,337,245</u>	<u>\$ 182,631</u>	<u>\$ 606,912</u>	<u>\$ 3,126,788</u>
Non-cash investing, capital, and financing activities:				
Capital assets contributed from other sources	\$ 1,420	\$ -	\$ -	\$ 1,420
Capital assets acquired through capital lease	\$ 356,843	\$ -	\$ -	\$ 356,843

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, 2017

	Pension Trust Funds
ASSETS	
Cash and cash equivalents with trustee	\$ 995,061
Receivables	
Due from general fund	518,831
Interest and dividends receivable	66,206
Total receivables	585,037
Investments, at fair value	
Government agency obligations	3,990,733
Asset-backed securities and collateralized obligations	1,328,157
Corporate bonds	5,130,404
Foreign stocks and bonds	-
Fixed-income mutual funds	1,115,900
Equities - common stock	4,239,846
Equities - mutual funds	17,679,616
Real estate funds	1,068,284
Total investments	34,552,940
Total assets	\$ 36,133,038
LIABILITIES	
Accounts payable	\$ 2,337
NET POSITION	
Restricted for pensions	\$ 36,130,701

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, 2017

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 1,651,909
Plan members	86,577
State - insurance premium taxes	270,811
Total contributions	2,009,297
Investment earnings	
Net appreciation (depreciation) in fair value of investments	2,634,213
Interest and dividends	944,083
Total investment earnings	3,578,296
Less: investment expense	(162,720)
Net investment income (loss)	3,415,576
Total additions	5,424,873
Deductions	
Benefit payments and refunds	3,277,391
Administrative expenses	119,488
Total deductions	3,396,879
Change in net position	2,027,994
Net position restricted for pensions, beginning of year	34,102,707
Net position restricted for pensions, end of year	\$ 36,130,701

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, 2017

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, 2017

NOTE A - CONTINUED

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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, 2017

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 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 based on water consumption, 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 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, 2017

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. 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. The City cannot legally exceed the budget; however, at any time during the year, the City Commission may, by Ordinance, transfer all or part of any unencumbered appropriation balance 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 reported as assigned fund balance and do not constitute expenditures or liabilities because the balances will be 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

As of September 30, 2017, the City of St. Pete Beach held a very conservative cash and investment portfolio comprised almost exclusively 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 net asset value. The City held a relatively small balance in the Florida Municipal Investment Trust Bond Fund, which was reported at fair value based on level 2 inputs as described in Note B.

Fair value is defined as the exchange price that would be received for an asset in an orderly transaction between participants on the measurement date. Generally accepted accounting principles establish a fair value hierarchy ranking the quality and dependability of data used as inputs to generate a fair value price for portfolio securities:

- Level 1: inputs are quoted prices in active markets for identical assets.
- Level 2: inputs are quoted prices for similar assets in active markets.
- Level 3: inputs are unobservable and determined by assumptions or estimates.

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - CONTINUED

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.

Donated capital assets (e.g., library books) are recorded at acquisition value. The City recorded \$19,888 in donated assets for the fiscal year ended September 30, 2017.

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 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. Interest cost incurred on construction in process is not capitalized as part of the cost of assets acquired in the governmental funds. Interest cost incurred on construction in process is capitalized as part of the cost of assets acquired in the enterprise funds. The estimated useful lives of the assets are as follows:

Category	Estimated Useful Life
Buildings and other land 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, 2017

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 exclusively pension related and generally represent the difference between projections (e.g., anticipated earnings, assumed economic or demographic factors, etc.) and actual pension plan 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, 2017 was \$10,342,945.
- 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, 2017 was \$19,348,488.

**CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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 future capital projects, operating expenditures, vehicle replacements, compensated absences, and insurance stabilization. The City’s policy is to include such designations in the proposed budget upon approval by the City Manager. Assigned balance includes an insurance stabilization reserve, which is to be utilized in the event of unforeseen insurance premium increased beyond reasonable budgetary estimates.

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 when expenditures are eligible:

Governmental Funds	Enterprise Funds
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.

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE A - CONTINUED

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, 2017**

NOTE B. DETAILED NOTE DISCLOSURES

Assets:

Cash and Investments

City of St. Pete Beach:

As of September 30, 2017, the City of St. Pete Beach held the following cash and investment balances:

	<u>Balance</u>	<u>Percentage</u>
Cash on hand	\$ 9,077	0.0%
Cash on deposit	10,493,402	31.3%
Florida Municipal Loan Council cash account	60	0.0%
Cash equivalents:		
Local Government Surplus Trust Fund	2,792,532	8.3%
Florida Surplus Asset Fund Trust	13,513,943	40.3%
Florida Cooperative Liquid Assets Securities System	2,298,145	6.8%
Florida Education Investment Trust Fund	1,532,532	4.6%
Investments:		
Florida Municipal Investment Trust Bond Fund	103,978	0.3%
Certificates of deposit (CDs)	<u>2,802,242</u>	<u>8.4%</u>
Total	<u>\$33,545,911</u>	<u>100.0%</u>

The carrying amount of the City's operating cash deposits (excluding Pension Trust Funds) was \$10,493,402 and the bank balance was \$10,724,160. Operating cash deposits were covered by Federal Depository Insurance. The City's balance in the Florida Municipal Investment Trust Bond Fund was reported at fair value, with a modified duration of 0.62 and weighted average maturity of 0.70. The bond fund's fair value was based on Level 2 inputs, as reflected in the fund's Performance and Holding Report as of September 30, 2017. Fair value reporting was not applicable to the remainder of 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	\$ 12,144,441
Investments	2,906,220
Restricted assets:	
Equity in pooled cash	<u>18,495,250</u>
Total	<u>\$33,545,911</u>

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE B - CONTINUED

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.

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 possibly 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, 2017, the City held assets in five local government investment pools, rated as follows by Standard and Poor's:

- Local Government Surplus Trust Fund ("Florida Prime"): AAAM
- Florida Surplus Asset Fund Trust ("Florida Safe"): AAAM
- Florida Cooperative Liquid Assets Securities System ("FLCLASS"): AAAM
- Florida Education Investment Trust Fund ("FEITF"): AAAM
- Florida Municipal Investment Trust Bond Fund: AA Af

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE B - CONTINUED

Police Officers' Retirement System (Police Pension):

As of September 30, 2017, 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	\$ 148,585	1.3%	N/A
Equity mutual funds	6,568,815	58.7%	1
Fixed income mutual funds	<u>578,508</u>	5.2%	2
Fixed income securities:		0.0%	
U.S. government obligations	1,184,079	10.6%	1
Asset backed securities	770,356	6.9%	2
Corporate bonds	<u>1,948,888</u>	17.4%	2
Fixed income securities subtotal	3,903,323		
Total	<u>\$ 11,199,231</u>	100.0%	

The fair value of the Police Pension's deposits and investments as of September 30, 2017 was \$11,199,231. Maturity schedules for the Police Pension's fixed income securities are summarized below:

	<u>Maturities by Year</u>
2018	\$ 120,054
2019	811,623
2020	188,891
2021	190,589
2022	392,838
2023	121,103
2024	113,172
2025	19,736
2026	92,050
Remaining - combined	<u>1,853,267</u>
Total	<u>\$3,903,323</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.

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE B - CONTINUED

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.

Firefighters' Retirement System (Fire Pension):

As of September 30, 2017, 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	\$ 485,879	3.9%	N/A
Equity mutual funds	4,421,799	35.9%	1
Common stock	3,038,480	24.7%	1
Fixed income mutual funds	537,392	4.4%	2
Real estate investment fund	<u>1,068,284</u>	8.7%	1
Fixed income securities:			
U.S. government obligations	806,651	6.6%	1
Asset backed securities	554,326	4.5%	2
Corporate bonds	<u>1,397,538</u>	11.4%	2
Fixed income subtotal	2,758,515		
Total	<u>\$12,310,349</u>	100.0%	

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE B - CONTINUED

The fair value of the Firefighters' Pension's deposits and investments as of September 30, 2017 was \$12,310,349. Maturity schedules for the Firefighters' Pension's fixed income securities are summarized below:

	Maturities by Year
2018	\$ 62,364
2019	529,767
2020	190,465
2021	112,516
2022	286,733
2023	89,604
2024	77,114
2025	11,467
2026	60,942
Remaining - combined	1,337,543
Total	\$2,758,515

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 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, 2017

NOTE B - CONTINUED

General Employees' Retirement System (General Pension):

As of September 30, 2017, 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	\$ 360,597	3.0%	N/A
Equity mutual funds	6,689,002	55.6%	1
Common stock	<u>1,201,366</u>	10.0%	1
Fixed income securities:			
U.S. government obligations	2,000,003	16.6%	1
Asset backed securities	3,475	0.0%	2
Corporate bonds	<u>1,783,978</u>	14.8%	2
Fixed income subtotal	3,787,456		
Total	<u><u>\$ 12,038,421</u></u>	100.0%	

The fair value of the General Pension's deposits and investments as of September 30, 2017 was \$12,038,421. Maturity schedules for the General Pension's fixed income securities are summarized below:

	<u>Maturities by Year</u>
2017	\$ 20,000
2018	563,501
2019	1,548,258
2020	1,330,588
2021	224,154
2022	92,075
Remaining - combined	<u>8,880</u>
Total	<u><u>\$ 3,787,456</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
SEPTEMBER 30, 2017**

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:

As discussed in the MD&A, the fund financial statements report an interfund balance of \$4,995,540 due from the Stormwater Fund to the Capital Improvement Projects Fund relating to construction in process:

Pass-a-Grille Way, Phase I: budgeted total of project’s stormwater elements	\$ 1,954,075
Pass-a-Grille Way, Phase II: budgeted total of project’s stormwater elements	3,435,839
Blind Pass Road: budgeted total of project’s stormwater elements	811,734
Less:	
SWFWMD reimbursements received and cash transferred (FY 2016)	(920,515)
SWFWMD reimbursements received and cash transferred (FY 2017)	<u>(285,593)</u>
	<u><u>\$4,995,540</u></u>

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: \$38,298
- Wastewater Fund service charges, included in “Accounts receivable, net” on page 33: \$899,816
- Reclaimed Water service charges, included in “Accounts receivable, net” on page 33: \$134,123

Allowance for doubtful accounts

The utility billing accruals referenced above include an allowance for doubtful accounts past 60 days delinquent. Allowances included:

- General Fund water utility service tax: \$2,106
- Wastewater Fund charges for service: \$48,493
- Reclaimed Water Fund charges for service: \$9,422

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE B - CONTINUED

Liabilities:

Payable balances

The Stormwater Fund reported \$4,995,540 due to the Capital Improvement Projects Fund as detailed previously. 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:

- Lift Station no. 8 and no. 16 rehabilitation: \$229,563
- Manhole rehabilitation: \$102,141
- Emergency sanitary sewer pumping and fueling: \$93,875

Construction commitments

Governmental funds included the following encumbrances as of September 30, 2017, to be paid from restricted balances in the Capital Improvement Projects Fund:

- Pass-a-Grille Way roadway reconstruction, phase I: \$2,937,756
- Pass-a-Grille Way roadway reconstruction, phase II: \$10,229,956
- Gulf Blvd. electric undergrounding: \$538,900

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, 2017 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.

General Fund balance includes \$2,299,637 relating to a 2016 litigation matter in which the plaintiff was awarded damages of approximately \$2,200,000. Approximately \$700,000 of the awarded damages would be satisfied through the City’s insurance coverage in the event the damage award is not reduced or otherwise eliminated. The balance will be held as restricted until released by the court.

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE C. CAPITAL ASSETS

	<u>Balance</u> <u>10/1/2016</u>	<u>Additions /</u> <u>Transfers in</u>	<u>Deletions /</u> <u>Transfers out</u>	<u>Balance</u> <u>9/30/2017</u>
Governmental activities				
Non-depreciable assets:				
Capital projects in process	\$ 6,668,953	\$ 4,645,606	\$ 1,122	\$ 11,313,437
Land, land rights and improvements	3,905,294	-	-	3,905,294
Depreciable assets:				
Buildings and other improvements	18,440,508	197,355	-	18,637,863
Furniture, machinery and equipment	4,323,580	541,407	111,279	4,753,708
Infrastructure	<u>16,617,333</u>	<u>1,351,068</u>	<u>-</u>	<u>17,968,401</u>
Total at historical cost	<u>\$ 49,955,668</u>	<u>\$ 6,735,436</u>	<u>\$ 112,401</u>	<u>\$ 56,578,703</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	\$ 7,006,016	\$ 540,878	\$ -	\$ 7,546,894
Furniture, machinery and equipment	2,881,123	355,931	111,279	3,125,775
Infrastructure	<u>8,770,253</u>	<u>591,638</u>	<u>-</u>	<u>9,361,891</u>
Total accumulated depreciation	<u>\$ 18,657,392</u>	<u>\$ 1,488,447</u>	<u>\$ 111,279</u>	<u>\$ 20,034,560</u>
Total governmental capital assets, net	<u>\$ 31,298,276</u>	<u>\$ 5,246,989</u>	<u>\$ 1,122</u>	<u>\$ 36,544,143</u>
Business-type activities				
Non-depreciable assets:				
Capital projects in process	\$ 3,388,108	\$ 2,746,194	\$ 3,100,570	\$ 3,033,732
Land, land rights and improvements	310,117	-	-	310,117
Depreciable assets:				
Buildings and other improvements	129,409	-	-	129,409
Furniture, machinery and equipment	871,471	-	31,597	839,874
Infrastructure	<u>26,388,028</u>	<u>3,149,951</u>	<u>-</u>	<u>29,537,979</u>
Total at historical cost	<u>\$ 31,087,133</u>	<u>\$ 5,896,145</u>	<u>\$ 3,132,167</u>	<u>\$ 33,851,111</u>
<i>Less accumulated depreciation for:</i>				
Buildings and other improvements	\$ 18,345	\$ 4,384	\$ -	\$ 22,729
Furniture, machinery and equipment	402,440	76,036	16,191	462,285
Infrastructure	<u>9,748,454</u>	<u>752,549</u>	<u>-</u>	<u>10,501,003</u>
Total accumulated depreciation	<u>\$ 10,169,239</u>	<u>\$ 832,968</u>	<u>\$ 16,191</u>	<u>\$ 10,986,016</u>
Total business-type capital assets, net	<u>\$ 20,917,894</u>	<u>\$ 5,063,176</u>	<u>\$ 3,115,976</u>	<u>\$ 22,865,094</u>

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE C – CONTINUED

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 30,420
Community development	14,897
Recreation	332,261
Library	36,517
Parking enforcement	30,032
Public safety	201,194
Public works	<u>843,126</u>
	<u>\$ 1,488,447</u>
Business-type activities:	
Wastewater	569,445
Reclaimed Water	239,309
Stormwater	<u>24,214</u>
	<u>\$ 832,968</u>
 Total depreciation expense	 <u>\$2,321,415</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”.

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 that is 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 that consists of two individuals 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 that is made up of the Mayor, City Manager, two employee members elected by the membership, and one public member 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, 2017

NOTE D. PENSION

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, 2017:

	Police Pension	Firefighters' Pension	General Pension
Inactive plan members or beneficiaries currently receiving benefits	28	23	73
Inactive plan members entitled to but not yet receiving benefits	6	6	45
Active plan members	0	33	18
Total	34	62	136

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 10-1-81 will receive 3.2% of average final compensation for service to 10-1-81 plus 4% of average final compensation for service from 10-1-81 to 1-13-13 and for members hired after 10-1-81 will receive 3.2% of average final compensation for service up to 1-31-13.
- 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, 2017

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, 2015 was \$0.
- Member contribution rates were increased from 3% to 11.9%, 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
SEPTEMBER 30, 2017

NOTE D – CONTINUED

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, 2017 was \$104,954.
- 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%.

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 on its financial statements, its net pension liability for the Police Pension, Firefighters' Pension and General Pension. 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.

**CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE D – CONTINUED

The City’s pension liability recorded in the September 30, 2017 financial statements was measured as of September 30, 2017.

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

	Police Pension	Firefighters’ Pension	General Pension
Projected salary increases	N/A	4.5% per year	5% per year
Inflation rate	2.5%	2.5%	2.3%
Discount rate	7%	7.65%	7.65%
Investment rate of return	7%	7.65%	7.65%
Mortality rate	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 5 Years	Sex Distinct RP 2000 Combined Healthy Mortality Table, Disabled Lives Set Forward 2 Years (female) Set Back 4 years (male)

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, 2017 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%	6.37%
International Equity	10%	8.5%	10%	8.5%	6%	5.7%
Global Fixed Income	5%	3.5%	5%	3.5%	-	-
Broad Market Fixed Income	40%	2.5%	25%	2.5%	-	-
Fixed Income	-	-	-	-	40%	2.15%
Real Estate Funds	-	-	10%	4.5%	6%	4.88%

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE D – CONTINUED

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, 2017 was:

- Police Pension: 10.75%
- Firefighters' Pension: 9.48%
- General Pension: 9.05%

The discount rate used to measure the total pension liability was 7% for the Police Pension, 7.65% for the Firefighters' Pension and 7.65% 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.

Net Pension Liability:

	Police Pension	Firefighters' Pension	General Pension
Total pension liability	\$ 17,686,112	\$ 20,629,293	\$ 16,887,217
Plan fiduciary net position	(11,545,616)	(12,516,976)	(12,068,109)
Net pension liability	6,140,496	8,112,317	4,819,108
 Net position as a percentage of total pension liability	65.28%	60.68%	71.46%

Change in Net Pension Liability: The change in the net pension liability for each pension plan for the year ended September 30, 2017 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, 2017

NOTE D – CONTINUED

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a-b)
<u>Police Pension</u>			
Beginning balance	\$ 17,461,357	\$ 11,084,818	\$ 6,376,539
Changes for the year:			
Interest	1,179,519	-	1,179,519
Difference between expected & actual experience	267,414	-	267,414
Contributions - employer	-	472,080	(472,080)
Contributions - State	-	93,815	(93,815)
Net investment income	-	1,143,369	(1,143,369)
Benefit payments	(1,222,178)	(1,222,178)	-
Administrative expense	-	(26,288)	26,288
Net changes	<u>224,755</u>	<u>460,798</u>	<u>(236,043)</u>
Ending balance	<u>\$ 17,686,112</u>	<u>\$ 11,545,616</u>	<u>\$ 6,140,496</u>
<u>Firefighters' Pension</u>			
Beginning balance	\$ 17,527,390	\$ 11,555,588	\$ 5,971,802
Changes for the year:			
Service cost	421,007	-	421,007
Interest	1,516,026	-	1,516,026
Change in excess State money	(251,482)	-	(251,482)
Difference between expected & actual experience	(251,797)	-	(251,797)
Changes of assumptions	167,748	-	167,748
Changes of benefit terms	2,483,070	-	2,483,070
Contributions - State	-	176,996	(176,996)
Contributions - employer	-	675,894	(675,894)
Contributions - employees	-	61,764	(61,764)
Net investment income (loss)	-	1,080,346	(1,080,346)
Benefit payments	(982,669)	(982,669)	-
Administrative expense	-	(50,943)	50,943
Net changes	<u>3,101,903</u>	<u>961,388</u>	<u>2,140,515</u>
Ending balance	<u>\$ 20,629,293</u>	<u>\$ 12,516,976</u>	<u>\$ 8,112,317</u>
<u>General Pension</u>			
Beginning balance	\$ 17,140,489	\$ 11,625,585	\$ 5,514,904
Changes for the year:			
Service cost	55,922	-	55,922
Interest	1,274,501	-	1,274,501
Difference between expected & actual experience	(511,151)	-	(511,151)
Contributions - employer	-	503,935	(503,935)
Contributions - employees	-	24,813	(24,813)
Net investment income	-	1,028,577	(1,028,577)
Benefit payments	(1,072,544)	(1,072,544)	-
Administrative expense	-	(42,257)	42,257
Net changes	<u>(253,272)</u>	<u>442,524</u>	<u>(695,796)</u>
Ending balance	<u>\$ 16,887,217</u>	<u>\$ 12,068,109</u>	<u>\$ 4,819,108</u>

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE D – CONTINUED

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

Police Pension	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net Pension Liability	\$8,258,119	\$6,140,496	\$4,388,552

Firefighters' Pension	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability	\$10,841,318	\$8,112,317	\$5,875,611

General Pension	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Net Pension Liability	\$6,619,803	\$4,819,108	\$3,309,397

For the year ended September 30, 2017, the City recognized pension expense in the following amounts:

- Police Pension: \$729,396
- Firefighters' Pension: \$3,432,464
- General Pension: \$7,984

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, 2017 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Police Pension		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 129,701
Firefighters' Pension		
Net difference between projected and actual earnings on pension plan investments	87,971	-
Differences between expected and actual experience	25,965	734,066
Change of assumptions	948,254	-
General Pension		
Net difference between projected and actual earnings on pension plan investments	40,508	-
	<u>\$ 1,102,698</u>	<u>\$ 863,767</u>

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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>
2018	\$ 8,224	\$ 159,866	\$ 38,210
2019	64,434	174,217	108,032
2020	(124,095)	(9,971)	(73,407)
2021	(78,264)	18,020	(32,327)
2022	-	(14,008)	-
Thereafter	-	-	-

Financial Statements: The financial statements for each of the pension funds as of and for the year ended September 30, 2017 are as follows:

Statement of Fiduciary Net Position
September 30, 2017

	<u>Police</u>	<u>Fire</u>	<u>General</u>
ASSETS			
Cash and cash equivalents with trustee	\$ 148,585	\$ 485,879	\$ 360,597
Receivables			
Due from general fund	327,263	176,156	15,412
Interest and dividends receivable	19,122	30,471	16,613
Total receivables	<u>346,385</u>	<u>206,627</u>	<u>32,025</u>
Investments, at fair value:			
Government agency obligations	1,184,079	806,651	2,000,003
Asset-backed securities & collateralized obligations	770,356	554,326	3,475
Corporate bonds	1,948,888	1,397,538	1,783,978
Foreign stocks and bonds	-	-	-
Fixed income mutual funds	578,508	537,392	-
Equities - common stock	-	3,038,480	1,201,366
Equities - mutual funds	6,568,815	4,421,799	6,689,002
Real estate funds	-	1,068,284	-
Total investments	<u>11,050,646</u>	<u>11,824,470</u>	<u>11,677,824</u>
Total assets	<u>11,545,616</u>	<u>12,516,976</u>	<u>12,070,446</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,337</u>
NET POSITION			
Restricted for pensions	<u>\$ 11,545,616</u>	<u>\$ 12,516,976</u>	<u>\$ 12,068,109</u>

**CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE D - CONTINUED

**Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2017**

	<u>Police</u>	<u>Fire</u>	<u>General</u>
Additions			
Contributions:			
Employer	\$ 472,080	\$ 675,894	\$ 503,935
Plan members	-	61,764	24,813
State-insurance premium taxes	<u>93,815</u>	<u>176,996</u>	<u>-</u>
Total contributions	<u><u>565,895</u></u>	<u><u>914,654</u></u>	<u><u>528,748</u></u>
Investment earnings			
Net appreciation (depreciation) - fair value of investments	942,445	828,838	862,930
Interest and dividends	<u>269,489</u>	<u>427,056</u>	<u>247,538</u>
Total investment earnings	<u>1,211,934</u>	<u>1,255,894</u>	<u>1,110,468</u>
Less: investment expense	<u>(40,731)</u>	<u>(76,240)</u>	<u>(45,749)</u>
Net investment income (loss)	<u>1,171,203</u>	<u>1,179,654</u>	<u>1,064,719</u>
Total additions	<u><u>1,737,098</u></u>	<u><u>2,094,308</u></u>	<u><u>1,593,467</u></u>
Deductions			
Benefit payments and refunds	1,222,178	982,669	1,072,544
Administrative expenses	<u>26,287</u>	<u>50,943</u>	<u>42,257</u>
Total deductions	<u>1,248,465</u>	<u>1,033,612</u>	<u>1,114,801</u>
Change in net position	488,633	1,060,696	478,666
Net position restricted for pensions, beginning of year	<u>11,056,983</u>	<u>11,456,280</u>	<u>11,589,443</u>
Net position restricted for pensions, end of year	<u><u>\$ 11,545,616</u></u>	<u><u>\$ 12,516,976</u></u>	<u><u>\$ 12,068,109</u></u>

Defined Contribution Plans

Money Purchase Retirement Plan

Plan Description: The City implemented a defined contribution - money purchase - retirement plan (the "Plan") during fiscal year 2005. Eligible participants consist of the city manager, department directors and other managerial, administrative, professional and supervisory personnel that have opted out of the General Employees' Retirement System. The Plan provides retirement benefits to plan members and beneficiaries. All 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, 2017

NOTE D - CONTINUED

Funding Policy: Pursuant to the 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 contributions for the year ended September 30, 2017 were \$190,710.

Hybrid Money Purchase Retirement Plan

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

Funding Policy: The City makes a matching contribution to the General & Special Risk Retirement Plan as follows: general employees with less than 14 years of credited service as of October 1, 2012 can contribute up to 5% of their earnings each year and the City will match 50% of the contribution percentage up to 2.5% of the employee's contribution; general employees with more than 14 years of credited service as of the effective date can contribute up to 5% of earnings and the City will match 75% of the contribution percentage up to 3.75% of the employee's contribution. Firefighters with less than 14 years of credited service as of October 1, 2012 can contribute up to 10% of their earnings each year and the City will match 50% of the contribution percentage up to 5% of the employee's contribution; Firefighters with more than 14 years of credited service as of the effective date can contribute up to 10% of earnings and the City will match 75% of the contribution percentage up to 7.5% of the employee's contribution. The City's contributions for the year ended September 30, 2017 were \$90,656.

Both plans 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, 2017

NOTE E. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

Plan Description

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

To be eligible to participate in the Plan, *General employees* must have been participating in the City’s General Employee Pension Plan and have retired at age 60 with a minimum of 10 years of vesting service, or the completion of 30 years of service (earlier of 55 years old or 25 years of service if hired before October 1, 2002.). *Firefighter employees* are eligible to participate in the Plan if they have been participating in the City’s Firefighters’ Pension Plan and they retire at the age of 60 with 10 years of service, or upon completion of 30 years of service. *Police Officer employees* are eligible to participate in the Plan if they have been participating in the City’s Police Pension Plan and they retire at the age of 60 or above with 10 years of service, or the completion of 30 years of service (earlier of 55 or 25 years of service if hired before February 1, 2003.)

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

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

Funding Policy

The annual required contribution to fund the incremental cost of the benefits plan is based on a pay-as-you-go funding approach. The City has not funded an OPEB Trust.

**CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE E - CONTINUED

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The ARC represents a level of funding that would be required to cover the normal cost of the plan each year on a pay-as-you-go basis assuming a 30 year amortization period.

Actuarial Methods and Assumptions

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

Annual OPEB cost and expected City contributions:

	Pay-as-you-go Funding Fiscal Year Ended 9/30/17
Annual Required Contribution (ARC)	\$ 12,642
Interest on net OPEB obligation	354
Annual OPEB cost	12,996
Expected employer contribution	-
Increase in net OPEB obligation	12,996
Net OPEB obligation, beginning of year	65,576
Net OPEB obligation, end of year	\$ 78,572

**CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE E - CONTINUED

Other Required Supplementary Information

Three year trend information:

Year Ending	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
9/30/15	\$ 9,277	21.9%	\$ 56,613
9/30/16	8,963	21.9%	65,576
9/30/17	12,996	21.9%	78,572

Schedule of funding progress on an actuarial basis:

Valuation Date	Value of Assets (a)	AAL ¹ Entry age (b)	UAAL ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Payroll ((b-a)/c)
10/1/08	\$ -	\$ 825,565	\$ 825,565	0%	\$4,807,559	17.17%
10/1/10	-	1,962,072	1,962,072	0%	5,328,144	36.82%
10/1/12	-	220,686	220,686	0%	4,584,562	4.81%
10/1/16	-	118,718	118,718	0%	4,922,416	2.41%
10/1/17	-	52,599	52,599	0%	5,289,808	0.99%

¹ Actuarial accrued liability

² Unfunded actuarial accrued liability

Required Actuarial Information

- Actuarial valuation date: 10/1/17
- Actuarial cost method: entry age
- Amortization method: level percent, closed
- Remaining amortization period: 30 years
- Actuarial assumptions
 - Investment rate of return: 3%
 - Inflation: 8%
 - Payroll growth rate: 8%
 - Medical trend rate: National Health Care Expenditure Projections, 2004 - 2019

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE F. LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2017 was as follows:

	Balance 9/30/2016	Increases	Decreases	Balance 9/30/2017	Due Within One year
Governmental Activities					
Revenue Bonds, Series 2006	\$ 820,000	\$ -	\$ 400,000	\$ 420,000	\$ 420,000
Capital Improvement Revenue Bonds, Series 2015	12,685,000	-	245,000	12,440,000	250,000
Capital leases	154,554	-	76,383	78,171	78,171
Accumulated unused Compensated absences	410,628	101,863	49,871	462,620	211,699
	<u>\$ 14,070,182</u>	<u>\$ 101,863</u>	<u>\$ 771,254</u>	<u>\$ 13,400,791</u>	<u>\$ 959,870</u>
Business-Type Activities					
State Revolving Loan (2003)	\$ 121,763	\$ -	\$ 16,039	\$ 105,724	\$ 16,342
State Revolving Loan (2005)	1,943,789	-	174,198	1,769,591	177,022
Wastewater Revenue Bond, Series 2015	4,838,000	-	174,000	4,664,000	182,000
Stormwater Revenue Bond, Series 2015	2,916,000	-	171,000	2,745,000	176,000
Capital leases	356,843	-	67,670	289,173	69,471
Accumulated unused Compensated absences	27,954	1,483	2,097	27,340	13,049
	<u>\$ 10,204,349</u>	<u>\$ 1,483</u>	<u>\$ 605,004</u>	<u>\$ 9,600,828</u>	<u>\$ 633,884</u>
Total	<u>\$ 24,274,531</u>	<u>\$ 103,346</u>	<u>\$ 1,376,258</u>	<u>\$ 23,001,619</u>	<u>\$ 1,593,754</u>

Long-term liabilities for governmental activities included the following as of September 30, 2017:

Revenue Bonds, Series 2006: Revenue Bonds in the amount of \$3,915,000 were issued through the Florida Municipal Loan Council to finance a portion of the construction of the new Recreation Center. The remaining bonds mature in various amounts annually, ranging from \$385,000 to \$420,000, through October 1, 2018. Interest on the remaining bonds accrues at a rate of 5.00% and is payable semi-annually on April 1 and October 1. The bond principal and interest is secured by and payable from non-ad valorem revenues.

\$ 420,000

Capital Improvement Revenue Bonds, Series 2015: 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.

12,440,000

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE F – CONTINUED

Capital Leases: The City leased a pumper fire truck under a lease-purchase agreement that expired in November 2017. The lease terms required the City to pay any taxes, insurance and maintenance expenses related to the fire truck. As of September 30, 2017, the present value of future minimum lease payments was: 78,171

Accumulated unused compensated absences: Represents the vested portion of accumulated vacation and sick pay benefits due employees. These liabilities are liquidated by the General Fund. 462,620

Total Governmental Activities Long-Term Liabilities \$13,400,791

Long-term liabilities for business-type activities included the following as of September 30, 2017:

State Revolving Loan (2003): The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on November 5, 2001, whereby DEP agreed to finance a sanitary sewer and reclaimed water relocation – reconstruction project. The final amended agreement provided for a total amount of available loan proceeds of \$492,549. The total amount drawn on the loan, including capitalized interest and excluding service fees, was \$287,004. The loan is to be repaid in semi-annual installments of \$9,725, including interest at 3.05%, through September 15, 2023. The first payment was due March 15, 2004. The loan is secured by a lien on pledged revenues from the wastewater system after payment of operation and maintenance expenses. \$105,724

State Revolving Loan (2005): The City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection (DEP) on May 14, 2004, whereby DEP agreed to finance a new master lift station. The final amended agreement provided for a total amount of available loan proceeds of \$3,630,146. The total amount drawn on the loan, excluding capitalized interest and service fees, was \$3,515,929. The remaining balance of the loan is to be repaid in semi-annual installments of \$111,053, including interest at 2.60%, through September 15, 2026. The first payment was due March 15, 2007. The loan is secured by a lien on pledged revenues from the wastewater system after payment of operation and maintenance expenses. 1,769,591

Wastewater Utility System Revenue Bond, Series 2015: 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. 4,664,000

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE F – CONTINUED

<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 is 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.	2,745,000
<u>Capital leases (2016)</u> : 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, 2017, the present value of future minimum lease payments was:	289,173
<u>Accumulated unused compensated absences</u> : Represents the vested portion of accumulated vacation and sick pay benefits due employees.	<u>27,340</u>
Total Business-Type Activities Long Term Liabilities	<u><u>\$9,600,828</u></u>

The annual requirements to amortize the long-term debt for governmental activities bonds payables as of September 30, 2017, are as follows:

	Principal	Interest	Total
2018	\$ 670,000	\$ 507,369	\$ 1,177,369
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
2023-2027	1,670,000	2,074,344	3,744,344
2028-2032	2,005,000	1,740,731	3,745,731
2033-2037	2,415,000	1,323,575	3,738,575
2038-2042	2,940,000	797,950	3,737,950
2043-2045	<u>2,070,000</u>	<u>173,250</u>	<u>2,243,250</u>
	<u><u>\$12,860,000</u></u>	<u><u>\$8,519,095</u></u>	<u><u>\$21,379,095</u></u>

The City’s governmental activities lease requires an additional payment of \$80,000 in fiscal year 2018, of which \$78,171 represents the principal balance.

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE F – CONTINUED

The annual requirements to amortize the notes and bonds payable for business-type activities as of September 30, 2017, are as follows:

	Principal	Interest	Total
2018	\$ 551,364	\$ 292,835	\$ 844,199
2019	568,518	277,455	845,973
2020	586,807	261,569	848,376
2021	605,240	245,164	850,404
2022	624,211	228,708	852,919
2023-2027	3,137,175	870,915	4,008,090
2028-2032	2,187,000	424,366	2,611,366
2033-2035	1,024,000	83,415	1,107,415
	\$9,284,315	\$2,684,427	\$11,968,742

Capital Leases	Total
2018	\$ 77,165
2019	77,165
2020	77,165
2021	77,165
	\$ 308,660
Less: interest	(19,487)
Present value of lease liability	\$ 289,173

Both of the City's capital leases are record included in the reported totals for furniture, machinery and equipment. Following is an analysis of the leased property under capital lease:

	Cost	Accumulated Depreciation	Book Value
Governmental activities:			
Pumper Fire Truck	\$ 379,132	\$ 153,708	\$ 225,424
Business-type activities:			
Sewer Vac Truck	\$ 356,843	\$ 56,500	\$ 300,343

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE G. INTERFUND TRANSACTIONS

The City makes routine transfers between its funds in the course of the fiscal year. The intent of such transfers is to allocate resources for construction or other capital projects. The transfers are consistent with the activities of the funds involved. Transfers of resources are recorded from the fund receiving project-related revenue (e.g., reimbursements for particular aspects of a project) to the fund reporting expenditures (typically, Capital Improvement Projects Fund). Transfers are reported as other financing sources (uses) in the Governmental Funds and as transfers in (out) in the Proprietary Funds. Interfund transfers consisted of the following for the year ended September 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 5,727	\$ 4,509,836
Capital Improvement Projects Fund	11,940,650	2,000,000
Wastewater Fund	3,200,000	2,967,896
Reclaimed Water Fund	-	487,512
Stormwater Fund	100,000	5,281,133
	<u>\$ 15,246,377</u>	<u>\$ 15,246,377</u>

Interfund receivables and payables as of September 30, 2017, were comprised of the following interfund balances and advances:

Interfund balances

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 153,955	\$ 518,831
Capital Improvement Projects Fund	4,995,540	129,080
Wastewater Fund	-	153,955
Stormwater Fund	129,080	4,995,540
Fiduciary Funds	518,831	-
	<u>\$ 5,797,406</u>	<u>\$ 5,797,406</u>

The payment status of interfund balances between the Capital Improvement Projects Fund and Stormwater Fund, as detailed in Note B, is entirely contingent upon construction progress and the timing of reimbursements received from external agencies. Management anticipates the Stormwater Fund payable balance to the Capital Improvement Projects Fund could take approximately two years to be repaid based on the anticipated completion date of Pass-a-Grille Way Phase II improvements and subsequent reimbursements.

The balance due from the General Fund to fiduciary funds includes the following items that were paid shortly after fiscal year end:

- Due to Police Pension: \$327,263
- Due to Fire Pension: \$176,156
- Due to General Pension: \$15,412

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE G – CONTINUED

Advances

	<u>Advances To</u> <u>Other Funds</u>	<u>Advances From</u> <u>Other Funds</u>
General Fund	\$ 136,518	
Reclaimed Water Fund		\$ 136,518

The General Fund has advanced funds to the Reclaimed Water Fund for the purpose of funding various capital improvements. The advance will be repaid by future revenues of the Reclaimed Water Fund with a final payment date of September 30, 2019.

CITY OF ST. PETE BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE H. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in June 2015, which establishes standards for recognizing and measuring liabilities, deferred outflows or resources, deferred inflows of resources, and expense/expenditures. GASB 75 seeks to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions in GASB 75 are effective for fiscal years beginning after June 15, 2017.
- (b) GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, in March 2016, which requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 enhances comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The provisions in GASB 81 are effective for fiscal years beginning after December 15, 2016.
- (c) 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 81 are effective for periods beginning after June 15, 2018.
- (d) 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.
- (e) GASB issued Statement No. 85, *Omnibus 2017*, in March 2017. GASB 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions in GASB 85 are effective for periods beginning after June 15, 2017.
- (f) GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, in June 2017. GASB 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions in GASB 86 are effective for periods beginning after June 15, 2017.
- (g) 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 86 are effective for periods beginning after December 15, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION – OPEB
SCHEDULES OF FUNDING PROGRESS
SEPTEMBER 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)—Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2017	\$ -	\$52,299	\$52,599	0.00%	\$5,289,808	0.9%
10/1/2016	-	118,718	118,718	0.00%	4,922,416	2.4%
10/1/2012	-	220,686	220,686	0.00%	4,584,562	4.1%
10/1/2010	-	1,962,072	1,962,072	0.00%	5,328,144	36.8%
10/1/2008	-	825,565	825,565	0.00%	4,807,559	17.2%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' RETIREMENT SYSTEM
SEPTEMBER 30, 2017

For the Year Ended September 30,	2017	2016	2015	2014
<i>Total Pension Liability</i>				
Service cost	\$ -	\$ -	\$ 15,380	\$ 45,240
Interest	1,179,519	1,102,568	1,101,556	1,099,695
Difference between actual and expected experience	267,414	239,884	255,813	-
Assumption changes	-	1,161,657	-	-
Benefit payments including refunds of contributions	(1,222,178)	(1,587,440)	(1,098,393)	(1,078,586)
Net change in total pension liability	224,755	916,669	274,356	66,349
Total pension liability – beginning	17,461,357	16,544,688	16,270,332	16,203,983
Total pension liability – ending (a)	<u>\$ 17,686,112</u>	<u>\$ 17,461,357</u>	<u>\$ 16,544,688</u>	<u>\$ 16,270,332</u>
<i>Total Fiduciary Net Position</i>				
Contributions – employer	\$ 472,080	\$ 494,855	\$ 444,748	\$ 577,960
Contributions – state	93,815	86,941	87,677	88,047
Contributions – employee	-	-	274	3,857
Net investment income	1,143,369	972,743	(133,318)	1,052,775
Benefit payments, including refunds of contributions	(1,222,178)	(1,587,440)	(1,098,393)	(1,078,586)
Administrative expense	(26,288)	(15,598)	(24,655)	(32,171)
Net change in plan fiduciary net position	460,798	(48,498)	(723,667)	611,882
Plan fiduciary net position – beginning	11,084,818	11,133,316	11,856,983	11,245,101
Plan fiduciary net position – ending (b)	<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>\$ 6,140,496</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	65.28%	63.48%	67.29%	72.87%
Covered payroll	N/A	N/A	\$ 9,453	\$ 124,414
Net pension liability as a percentage of covered payroll	N/A	N/A	57,244.42%	3,547.32%

Note:

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' RETIREMENT SYSTEM
SEPTEMBER 30, 2017

For the Year Ended September 30,	2017	2016	2015	2014
<i>Total Pension Liability</i>				
Service cost	\$ 421,007	\$ 245,298	\$ 230,254	\$ 238,163
Interest	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	(251,797)	(786,356)	103,860	-
Assumption changes	167,748	1,212,697	-	-
Benefit payments including refunds of contributions	(982,669)	(933,688)	(1,348,403)	(882,183)
Net change in total pension liability	3,101,903	983,447	198,581	545,270
Total pension liability – beginning	17,527,390	16,543,943	16,345,362	15,800,092
Total pension liability – ending (a)	<u>\$ 20,629,293</u>	<u>\$ 17,527,390</u>	<u>\$ 16,543,943</u>	<u>\$ 16,345,362</u>
<i>Total Fiduciary Net Position</i>				
Contributions – employer	\$ 675,894	\$ 690,612	\$ 413,656	\$ 632,678
Contributions – state	176,996	178,044	392,128	39,565
Contributions – employee	61,764	59,223	50,369	45,249
Net investment income	1,080,346	962,019	(72,360)	999,549
Benefit payments, including refunds of contributions	(982,669)	(933,688)	(1,348,403)	(882,183)
Administrative expense	(50,943)	(21,656)	(19,804)	(16,250)
Net change in plan fiduciary net position	961,388	934,554	(584,414)	818,608
Plan fiduciary net position – beginning	11,555,588	10,621,034	11,205,448	10,386,840
Plan fiduciary net position – ending (b)	<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>\$ 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	60.68%	65.93%	64.20%	68.55%
Covered payroll	\$ 1,938,036	\$ 1,787,358	\$ 1,572,198	\$ 1,371,924
Net pension liability as a percentage of covered payroll	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 benefits.
- 7.) The member contribution rate has been increased to help fund some of these benefit improvements listed.

Note:

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2017

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

Note:

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' RETIREMENT SYSTEM
SEPTEMBER 30, 2017**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution (ADC)</u>	<u>Contributions in Relation to ADC</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as Percentage of Employee Payroll</u>
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	5,632.28%
2014	666,007	666,007	-	124,414	535.32%

Notes to Schedule:

Valuation Date: 10/01/2015

Actuarially determined contribution rates are calculated as of October 1, two years year 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 10/01/2015).
Mortality:	RP-2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disability mortality is set forward five years.
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 Adjustment:	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.

Note:

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' RETIREMENT SYSTEM
SEPTEMBER 30, 2017**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution (ADC)</u>	<u>Contributions in Relation to ADC</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as Percentage of Employee Payroll</u>
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	740,688	(65,096)	1,572,198	51.25%
2014	672,243	672,243	-	1,371,924	49.00%

Notes to Schedule:

Valuation Date: 10/01/2015

Actuarially determined contribution rates are calculated as of October 1, two years year 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 10/01/2015).
Mortality: RP-2000 Combined Healthy (sex distinct), based on study of over 650 public safety funds. Disability mortality is set forward five years.
Interest Rate: 7.75% 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.
Early Retirement: For all others: earlier of age 60 with 10 years of services or 30 years of service.
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: 4.5% per year until assumed retirement
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:

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

See notes to Schedules of Changes in Net Pension Liability and Related Ratios for benefit changes impacting the 2017 valuation that will also impact future contribution rates.

Note:

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2017**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution (ADC)</u>	<u>Contributions in Relation to ADC</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as Percentage of Employee Payroll</u>
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: 10/01/2015

Actuarially determined contribution rates are calculated as of October 1, two years year 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 10/01/2015).
Mortality: RP-2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disability mortality is set forward five years.
Interest Rate: 7.75% 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:

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	28.40%	0.051%
30	24.80%	0.058%
40	13.50%	0.121%
50	2.80%	0.429%

Note:

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2017**

Annual Money-Weighted Rate of Return, Net of Investment Expense			
Year	Police Pension	Fire Pension	General Pension
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%

Note:

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, 2017**

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Transportation Impact Fee</u>	<u>Police Confiscation</u>	
ASSETS			
Equity in pooled cash	\$ 214,175	\$ 5,317	\$ 219,492
Total assets	<u>\$ 214,175</u>	<u>\$ 5,317</u>	<u>\$ 219,492</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,464	\$ -	\$ 1,464
Total liabilities	<u>1,464</u>	<u>-</u>	<u>1,464</u>
FUND BALANCES			
Restricted for:			
Law enforcement	-	5,317	5,317
Transportation improvements	212,711	-	212,711
Total fund balances	<u>212,711</u>	<u>5,317</u>	<u>218,028</u>
Total liabilities and fund balances	<u>\$ 212,711</u>	<u>\$ 5,317</u>	<u>\$ 218,028</u>

**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, 2017**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Transportation Impact Fee</u>	<u>Police Confiscation</u>	
REVENUES			
Permits and fees	\$ 1,635	\$ -	\$ 1,635
Fines and forfeitures	-	-	-
Total revenues	<u>1,635</u>	<u>-</u>	<u>1,635</u>
EXPENDITURES			
Current:			
Public safety	-	-	-
Public services	23	-	23
Total expenditures	<u>23</u>	<u>-</u>	<u>23</u>
Excess (deficiency) of revenues over expenditures	<u>1,612</u>	<u>-</u>	<u>1,612</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>1,612</u>	<u>-</u>	<u>1,612</u>
Fund balances, beginning of year	211,099	5,317	216,416
Fund balances, end of year	<u>\$ 212,711</u>	<u>\$ 5,317</u>	<u>\$ 218,028</u>

**CITY OF ST. PETE BEACH, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES
EMERGENCY MEDICAL SERVICES (EMS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

REVENUES

EMS operating reimbursement	\$ 1,628,631
EMS capital reimbursement	174,114
Total revenues	<u>1,802,745</u>

EXPENDITURES

Current:

Salaries, wages, and employees benefits	1,686,043
Contract services	8,685
Insurance	10,834
Repairs and maintenance	18,936
Uniforms	6,080
Fuel	6,130
Other	1,578
Capital outlay	173,196
Total expenditures	<u>1,911,482</u>

Excess (deficiency) of revenues over (under) expenditures	<u><u>(108,737)</u></u>
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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>2008</u>	<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>
Governmental activities										
Net investment in capital assets	\$ 30,608,205	\$ 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
Restricted	3,869,130	380,065	382,107	369,866	387,549	388,582	414,080	683,376	3,005,075	10,123,017
Unrestricted	<u>1,447,615</u>	<u>3,556,029</u>	<u>3,764,169</u>	<u>3,601,370</u>	<u>4,158,240</u>	<u>6,818,460</u>	<u>7,900,552</u>	<u>(5,189,099)</u>	<u>(6,921,248)</u>	<u>(11,367,280)</u>
Total governmental activities net position	<u>35,924,950</u>	<u>27,130,900</u>	<u>27,849,542</u>	<u>28,749,966</u>	<u>30,358,919</u>	<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>
Business-type activities										
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
Restricted	-	3,149,490	2,761,992	2,360,200	1,869,900	1,373,720	875,172	260,195	172,025	219,928
Unrestricted	-	<u>(1,004,406)</u>	<u>(263,623)</u>	<u>1,090,718</u>	<u>1,936,117</u>	<u>2,866,840</u>	<u>2,589,632</u>	<u>2,105,940</u>	<u>2,110,454</u>	<u>(43,879)</u>
Total business-type activities net position	<u>-</u>	<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>
Total primary government										
Net investment in capital assets	\$ 30,608,205	\$ 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
Restricted	3,869,130	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
Unrestricted	<u>1,447,615</u>	<u>2,551,623</u>	<u>3,500,546</u>	<u>4,692,088</u>	<u>6,094,357</u>	<u>9,685,300</u>	<u>10,490,184</u>	<u>(3,083,159)</u>	<u>(4,810,794)</u>	<u>(11,411,159)</u>
Total primary government net position	<u>35,924,950</u>	<u>36,692,159</u>	<u>38,314,773</u>	<u>40,784,912</u>	<u>43,669,132</u>	<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>

Note:

The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in FY 2010. Fiscal year 2009 data reflects this change. 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>2008</u>	<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>
Expenses										
Governmental activities:										
General government	\$ 2,093,889	\$ 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
Community development	707,288	620,111	593,337	581,888	576,218	607,796	664,648	839,776	914,014	847,318
Public safety	7,649,867	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
Parking enforcement	-	-	-	267,877	318,855	359,881	337,912	383,112	535,970	502,539
Public works	4,217,367	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
Culture and recreation	603,915	613,869	552,497	571,243	1,930,246	1,941,723	2,008,092	2,254,188	2,339,008	2,089,068
Interest and fees on long term-debt	534,107	483,111	255,846	203,379	147,049	123,922	109,061	227,514	471,029	507,083
Total governmental activities expenses	<u>15,806,433</u>	<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>
Business-type activities:										
Wastewater	\$ 3,457,675	\$ 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
Reclaimed water	638,710	776,244	778,626	819,844	884,287	772,697	709,244	761,196	831,244	841,137
Stormwater	-	-	110,227	152,728	259,057	332,920	243,292	320,452	391,015	451,741
Total business-type activities expenses	<u>4,096,385</u>	<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>
Total primary government expenses	<u>19,902,818</u>	<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>
Program revenues										
Governmental activities:										
Charges for service										
General government	\$ 435,010	\$ 425,373	\$ 439,404	\$ 450,656	\$ 473,458	\$ 469,324	\$ 482,675	\$ 503,155	\$ 79,421	\$ 115,188
Community development	449,139	359,829	399,355	363,853	450,065	470,650	587,335	643,007	802,469	1,087,019
Public safety	1,155,181	1,147,821	141,741	169,361	143,527	41,819	147,864	24,649	53,518	75,117
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
Public works	419,320	399,399	431,290	536,404	-	-	-	-	-	-
Culture and recreation	28,069	30,182	27,427	25,048	599,680	765,787	751,239	856,764	1,055,449	1,045,575
Operating grants and contributions	1,625,473	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
Capital grants and contributions	276,854	264,062	371,068	316,946	1,143,600	353,008	6,309	2,810	919,891	87,714
Total governmental activities program revenues	<u>4,389,046</u>	<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>
Business-type activities:										
Charges for service										
Wastewater	\$ 3,222,774	\$ 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
Reclaimed water	562,528	548,899	603,741	699,152	797,045	800,471	864,886	869,447	866,099	849,628
Stormwater	-	-	-	264,594	610,966	637,350	636,163	644,968	862,478	1,005,387
Operating grants and contributions	-	-	-	-	3,176	118,280	-	-	-	199,838
Capital grants and contributions	-	-	-	-	-	-	24,450	-	1,043,852	668,599
Total business-type activities program revenues	<u>3,785,302</u>	<u>4,302,089</u>	<u>5,160,496</u>	<u>5,568,757</u>	<u>6,152,960</u>	<u>6,236,752</u>	<u>6,577,391</u>	<u>6,734,145</u>	<u>8,579,267</u>	<u>8,771,140</u>
Total primary government program revenues	<u>8,174,348</u>	<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>
Net (expense)/revenue										
Governmental activities	\$ (11,417,387)	\$ (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)
Business-type activities	(311,083)	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
Total primary government net expense	<u>(11,728,470)</u>	<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>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,662,973	\$ 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
Sales taxes	1,451,211	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
Franchise fees and utility taxes	3,136,590	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
Other taxes	510,231	406,426	436,731	416,127	461,571	456,578	470,427	456,808	362,120	411,279
Intergovernmental revenue	267,207	262,715	263,617	264,996	265,814	267,052	269,354	272,972	273,574	1,467,061
Investment earnings	345,567	56,045	6,892	2,491	13,413	9,700	9,320	17,210	66,585	150,154
Miscellaneous	79,153	105,148	116,770	105,241	146,592	93,367	68,078	108,059	49,193	86,481
Transfers	-	-	-	-	-	(75,418)	80,896	57,909	147,044	5,436,541
Special items										
Change in assumptions - OPEB	-	-	-	-	-	556,716	-	-	-	-
Transfer of operations	-	-	-	-	-	(747,433)	-	-	-	-
Legal settlements	-	-	-	-	-	-	-	(652,137)	-	-
Total governmental activities	<u>12,452,932</u>	<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>
Business-type activities:										
Investment income	-	99,377	100,152	26,434	9,616	4,584	2,132	1,827	29,313	63,411
Miscellaneous	-	-	-	-	12,340	(7,866)	(330)	-	-	-
Transfers	-	-	-	-	-	75,418	(80,896)	(57,909)	(147,044)	(5,436,541)
Special item - change in assumptions - OPEB	-	-	-	-	-	36,351	-	-	-	-
Total business-type activities	<u>-</u>	<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>
Total primary government	<u>\$ 12,452,932</u>	<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>
Total change in net position										
Governmental activities	\$ 1,035,545	\$ 527,314	\$ 718,641	\$ 900,424	\$ 1,608,953	\$ 2,747,435	\$ 1,497,648	\$ 1,115,498	\$ 1,247,163	\$ 8,622,860
Business-type activities	(311,083)	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)
Total primary government	<u>\$ 724,462</u>	<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>

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

	<u>2008</u>	<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>
General Fund:										
Nonspendable	\$ -	\$ -	\$ 1,134,260	\$ 920,961	\$ 352,325	\$ 284,467	\$ 211,956	\$ 211,818	\$ 208,978	\$ 142,170
Restricted	-	-	198,063	198,063	198,063	198,063	198,063	198,063	2,477,505	2,497,700
Committed	-	-	-	-	-	-	-	431,487	-	-
Assigned	-	-	668,445	565,656	543,695	412,809	483,073	611,860	1,041,737	863,452
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
Reserved	209,325	1,567,842	-	-	-	-	-	-	-	-
Unreserved	<u>3,192,546</u>	<u>2,401,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>3,401,871</u>	<u>3,969,109</u>	<u>4,338,057</u>	<u>4,914,535</u>	<u>4,711,357</u>	<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>
All other governmental funds:										
Restricted	\$ -	\$ -	\$ 184,044	\$ 171,803	\$ 189,484	\$ 190,519	\$ 216,017	\$12,885,834	\$12,193,093	\$16,850,788
Committed	-	-	-	-	-	-	-	494,378	-	-
Assigned	-	-	475,479	-	561,608	1,372,620	2,093,244	2,448,141	-	-
Unassigned	-	-	-	(198,166)	-	-	-	-	-	-
Reserved	3,707,404	3,397,217	-	-	-	-	-	-	-	-
Unreserved:										
Special revenue funds	(1,047,146)	-	-	-	-	-	-	-	-	-
Debt service fund	(49,778)	-	-	-	-	-	-	-	-	-
Capital projects fund	<u>49,928</u>	<u>564,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>2,660,408</u>	<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>

Notes:

Governmental fund balances after fiscal year 2008 reflect two significant accounting changes. The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in 2010; fiscal year 2009 data reflects this change. In 2011, the City implemented GASB Statement 54; 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues by source:										
Taxes	\$ 11,718,220	\$ 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
Licenses and permits	534,094	455,394	494,634	459,849	516,512	540,699	640,300	713,346	804,309	1,040,026
Intergovernmental revenue	2,085,482	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
Charges for services	4,533,331	709,051	730,248	802,527	904,449	946,713	920,826	1,040,881	1,049,013	1,094,108
Parking enforcement charges for service	792,420	863,715	782,221	966,229	1,231,065	1,265,834	1,372,165	1,551,733	1,911,633	2,642,486
Investment income	345,567	155,422	6,892	2,491	13,413	9,700	9,320	17,210	31,396	150,154
Miscellaneous	595,843	368,668	532,309	570,104	544,739	506,876	694,489	561,817	2,476,911	820,324
Total revenues	<u>20,604,957</u>	<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>
Expenditures by function:										
General government	\$ 1,926,479	\$ 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
Community development	716,378	610,481	581,496	567,536	565,632	595,161	664,048	792,883	913,254	832,421
Library	571,361	587,953	530,304	529,431	517,505	547,258	569,904	617,829	581,115	498,324
Public safety	7,308,294	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
Public works	3,401,670	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
Recreation	-	-	-	-	903,841	1,045,861	1,074,734	1,139,551	1,122,687	1,221,966
Parking enforcement	-	-	-	267,877	318,540	336,416	316,752	344,108	554,380	508,339
Water pollution control	3,701,133	-	-	-	-	-	-	-	-	-
Capital outlay	843,931	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
Debt service:										
Principal	1,433,818	813,322	1,340,375	1,169,185	760,000	495,000	422,010	437,930	774,637	721,383
Interest and fiscal charges	521,138	261,648	245,623	194,704	144,126	121,397	106,855	241,985	360,768	548,338
Total expenditures	<u>20,424,202</u>	<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>
Excess (deficit) revenue over expenditures	180,755	780,374	(644,813)	(125,704)	539,979	1,384,784	955,798	1,925,603	(802,803)	(543,776)
Other financing sources (uses)										
Capital lease obligation incurred	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,132	\$ -	\$ -	\$ -
Bond proceeds	-	-	-	-	-	-	-	13,048,318	-	-
Loan proceeds	388,742	269,843	875,000	-	-	-	-	-	-	-
Sale of surplus capital assets	9,221	31,746	52,231	16,296	34,298	19,056	4,400	23,615	-	-
Transfers in	547,101	400,000	475,000	492,000	925,000	1,384,400	1,905,896	1,961,909	2,122,044	11,946,377
Transfers out	(547,101)	(400,000)	(475,000)	(492,000)	(925,000)	(1,325,000)	(1,825,000)	(1,904,000)	(1,975,000)	(6,509,836)
Special item - transfer of operations	-	-	-	-	-	(342,729)	-	(428,637)	-	-
Total other financing sources (uses)	<u>397,963</u>	<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>
Total net change in fund balances	<u>578,718</u>	<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>
Debt service as a percentage of non-capital expenditures	10.0%	7.6%	10.9%	9.6%	6.2%	4.3%	3.8%	4.8%	7.1%	8.0%

Note:
The City converted the wastewater and reclaimed water funds from special revenue funds to enterprise funds in FY 2010. Fiscal year 2009 data reflects this change.

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

	<u>2008</u>	<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>
Property Tax	\$ 6,662,973	\$ 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
Utility Service Tax	2,032,406	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
Franchise Fees	1,104,184	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
Local Option Sales Tax	920,711	808,949	805,652	719,060	761,136	804,221	858,293	923,839	971,639	997,929
Half Cent Sales Tax	530,500	484,524	480,771	485,227	491,998	513,577	539,946	567,057	634,191	593,240
Casualty & Fire Insurance Premium Tax	334,351	224,860	252,317	244,087	292,403	277,654	297,977	269,876	264,986	270,811
County Gas Tax	<u>133,095</u>	<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>
Total	<u>\$ 11,718,220</u>	<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>

Note:

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tax roll	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Estimated actual value ¹	\$ 3,774,779,680	\$ 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
Assessed values:										
Residential property	3,052,205,394	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
Commercial property	491,749,100	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
Government property	59,399,700	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
Institutional property	24,314,300	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
Other real property	9,526,600	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
Personal property	50,266,380	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
Total assessed value	3,687,461,474	3,277,549,048	2,537,386,790	2,373,498,437	2,218,645,587	2,279,037,463	2,301,283,425	2,440,067,069	2,613,872,081	2,802,393,216
Less: property tax exemptions	(950,102,233)	(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)
Total taxable value	2,737,359,241	2,471,691,749	2,276,358,472	2,120,961,041	1,980,753,429	1,984,263,326	2,063,442,354	2,199,230,032	2,371,012,492	2,552,175,833
Total direct tax rate²	2.4363	2.4425	2.5588	2.7514	2.9464	3.3697	2.8569	3.1500	3.1500	3.1500
Assessed value as a percentage of actual value	97.7%	97.4%	87.3%	90.1%	92.2%	95.5%	91.3%	87.3%	85.6%	85.1%
Taxable value as a percentage of actual value	72.5%	73.4%	78.3%	80.5%	82.3%	83.1%	81.8%	78.7%	77.6%	77.5%

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	
2008	2.3764	0.0599	2.4363	4.8108	0.0622	4.8730	4.7300	3.0010	7.7310	0.5832	0.0170	0.7384	0.3866	0.3701	17.1356
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

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	2017			2008		
	Taxable Value	Rank	Percentage of Total Assessed Property Value	Taxable Value	Rank	Percentage of Total Assessed Property Value
Don Cesar Resort Hotel	\$ 62,532,023	1	2.45%	\$ 48,387,700	1	1.77%
Vacation Trust Inc.	31,766,118	2	1.24%			
Nicklaus, H Gregg	26,759,392	3	1.05%	27,800,000	2	1.02%
RIA - Sandpiper Inc	22,683,154	4	0.89%	19,600,000	4	0.72%
CRP 6300 Gulf LLC	20,805,921	5	0.82%			
B R E Mariner Dolphin Village LLC	16,665,000	6	0.65%			
Grand Plaza Resorts Inc	14,538,223	7	0.57%	11,500,000	7	0.42%
RIA - Tradewinds, Inc.	14,520,153	8	0.57%	10,900,000	8	0.40%
Dolphin Holdings, LTD	11,800,000	9	0.46%	10,200,000	10	0.37%
Reagan, Brownlee	10,340,000	10	0.41%			
Dolphin Village Partners LLC				20,290,000	3	0.74%
RIA - Breckenridge, Inc.				18,000,000	5	0.66%
St. Pete Partners LLC				13,875,100	6	0.51%
Alden Enterprises, Inc.				10,300,000	9	0.38%
Total taxable value of ten largest taxpayers	<u>232,409,984</u>		9.11%	<u>190,852,800</u>		6.97%
Total taxable value of other taxpayers	<u>2,319,765,849</u>		90.89%	<u>2,546,506,441</u>		93.03%
Total taxable value of all taxpayers	<u><u>2,552,175,833</u></u>		100%	<u><u>2,737,359,241</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

<u>Fiscal Year</u>	<u>Tax Roll</u>	<u>Taxable Value</u>	<u>Tax Rate in Mills</u>	<u>Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
					<u>Amount</u>	<u>Percentage of Levy</u>	
2008	2007	\$ 2,737,359,241	2.4363	\$ 6,669,028	\$ 6,662,973	99.9%	\$ 9,051
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%	12,924

Note:

Fiscal year 2017 collections in subsequent years are reported through February 2018.

Source:

Pinellas County Property Appraiser

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

	<u>2008</u>	<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>
Governmental activities:										
General Obligation (G.O.) Bonds, 1993	730,000	600,000	460,000	315,000	160,000	-	-	-	-	-
Revenue Bond, Series 2001 & 2006	4,520,000	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
Capital leases payable	490,269	214,561	444,186	-	-	-	302,121	229,191	154,554	78,171
Total governmental activities	<u>\$ 5,740,269</u>	<u>\$ 4,804,561</u>	<u>\$ 4,339,186</u>	<u>\$ 3,170,000</u>	<u>\$ 2,410,000</u>	<u>\$ 1,915,000</u>	<u>\$ 1,872,121</u>	<u>\$ 14,434,191</u>	<u>\$ 13,659,554</u>	<u>\$ 12,938,171</u>
Business-type activities:										
State Revolving Loan, 1992	3,643,880	3,176,220	2,691,948	2,190,474	1,671,186	1,133,436	576,600	-	-	-
Wastewater Revenue Bonds, Series 2003 & 2005	3,208,885	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
Wastewater Revenue Bond, Series 2015	-	-	-	-	-	-	-	5,000,000	4,838,000	4,664,000
Stormwater Revenue Bond, Series 2015	-	-	-	-	-	-	-	3,000,000	2,916,000	2,745,000
Capital leases payable	-	93,955	64,128	32,837	-	-	-	-	356,843	289,173
Total business-type activities	<u>\$ 6,852,765</u>	<u>\$ 6,573,535</u>	<u>\$ 5,883,391</u>	<u>\$ 5,169,898</u>	<u>\$ 4,442,499</u>	<u>\$ 3,735,205</u>	<u>\$ 3,004,308</u>	<u>\$ 10,249,010</u>	<u>\$ 10,176,395</u>	<u>\$ 9,573,488</u>
Total primary government outstanding debt	<u>\$ 12,593,034</u>	<u>\$ 11,378,096</u>	<u>\$ 10,222,577</u>	<u>\$ 8,339,898</u>	<u>\$ 6,852,499</u>	<u>\$ 5,650,205</u>	<u>\$ 4,876,429</u>	<u>\$ 24,683,201</u>	<u>\$ 23,835,949</u>	<u>\$ 22,511,659</u>
Total outstanding debt as percent of personal income	2.6%	2.3%	2.1%	1.9%	1.7%	1.3%	1.1%	5.4%	4.8%	4.2%
Total outstanding debt per capita	\$ 1,236	\$ 1,124	\$ 1,020	\$ 829	\$ 736	\$ 604	\$ 515	\$ 2,633	\$ 2,522	\$ 2,311
General bonded debt as percent of property tax value	0.03%	0.02%	0.02%	0.01%	0.01%	N/A	N/A	N/A	N/A	N/A
General bonded debt per capita	\$ 72	\$ 59	\$ 46	\$ 31	\$ 17	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, 2017

<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>
City of St. Pete Beach			
Total direct debt	\$ 12,938,171	100%	\$ 12,938,171
Pinellas County Government:			
Governmental Activities Notes	9,018,561	3.7%	337,634
Capital Leases	438,052	3.7%	16,400
Pinellas County School Board:			
General Obligation Debt	6,748,440	3.4%	230,666
Capital Leases	6,451,652	3.4%	220,522
Total overlapping debt	<u>22,656,705</u>		<u>805,222</u>
Total direct and overlapping debt			<u>\$ 13,743,393</u>
Total direct and overlapping debt as a percentage of personal income			2.5%
Total direct and overlapping debt per capita			\$ 1,411

Note:

The applicable share of overlapping debt is calculated based on the ratio of the City of St. Pete Beach property tax value (\$ 2,552,175,833) to Pinellas County (\$68,171,229,061) and Pinellas County School Board (\$74,667,304,252) 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Obligation (G.O.) Bonds, 1993										
Pledged revenue - property taxes	\$ 6,662,973	\$ 6,057,622	\$ 5,655,614	\$ 5,659,947	\$ 5,641,473	\$ 6,474,606	-	-	-	-
Total debt service requirement	169,575	168,325	171,500	169,150	171,357	168,400	-	-	-	-
Coverage ratio	39.29	35.99	32.98	33.46	32.92	38.45	-	-	-	-
State Revolving Loan, 1992										
Gross pledged revenue - reclaimed water fees	\$ 545,836	\$ 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)	1,445,035	500,385	659,379	681,910	698,798	787,196	897,992	829,543	-	-
Total debt service requirement	597,100	597,101	597,101	597,101	597,101	597,101	597,101	581,763	-	-
Coverage ratio	2.42	0.84	1.10	1.14	1.17	1.32	1.50	1.43	-	-
Revenue Bonds, Series 2001 & 2006										
Pledged revenue - Infrastructure Sales Tax (1)	\$ 920,711	\$ 808,949	\$ 805,652	\$ 719,060	\$ 761,136	\$ 804,221	\$ 858,293	\$ 923,839	\$ 971,639	\$ 997,929
Total debt service requirement	728,084	734,475	735,450	729,980	727,729	444,150	440,750	443,500	445,250	441,000
Coverage ratio	1.26	1.10	1.10	0.99	1.05	1.81	1.95	2.08	2.18	2.26
Capital Improvement Revenue Bonds, Series 2015										
Pledged revenue (2)	-	-	-	-	-	-	-	-	\$ 4,146,045	\$ 4,001,311
Total debt service requirement	-	-	-	-	-	-	-	-	749,681	746,769
Coverage ratio	-	-	-	-	-	-	-	-	5.53	5.36
Wastewater Revenue Bonds, Series 2003 & 2005										
Gross pledged revenue - sewer service fees	\$ 3,222,774	\$ 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
Net available revenue (gross revenue less operating expenses and parity debt service requirements)	(127,021)	488,660	1,354,039	1,820,463	1,270,655	1,309,323	1,524,879	1,573,624	677,002	1,926,182
Total debt service requirement	262,325	262,078	262,077	261,898	251,627	241,555	241,283	241,555	241,356	241,555
Coverage ratio	-0.48	1.86	5.17	6.95	5.05	5.42	6.32	6.51	2.80	7.97
Wastewater Revenue Bonds, Series 2015										
Gross pledged revenue - sewer service fees	-	-	-	-	-	-	-	-	\$ 5,806,807	\$ 6,047,553
Net available revenue (gross revenue less operating expenses)	-	-	-	-	-	-	-	-	1,037,899	2,289,065
Total debt service requirement	-	-	-	-	-	-	-	-	360,897	362,883
Coverage ratio	-	-	-	-	-	-	-	-	2.88	6.31
Stormwater Revenue Bonds, Series 2015										
Gross pledged revenue - Stormwater assessment	-	-	-	-	-	-	-	-	\$ 862,478	\$ 1,005,287
Net available revenue	-	-	-	-	-	-	-	-	525,021	563,582
Total debt service requirement	-	-	-	-	-	-	-	-	171,788	253,450
Coverage ratio	-	-	-	-	-	-	-	-	3.06	2.22

Notes:

(1) Revenue bonds are supported by non-ad valorem revenue, but the Series 2001 & 2006 debt covenants do not specify a required funding source. The City has chosen 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

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment (1)	Unemployment Rate (2)
2008	10,192	\$ 479,941,280	\$ 47,090	55.9	104,717	7.1%
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	9.8%
2013	9,357	435,587,064	46,552	57.5	101,337	6.0%
2014	9,471	451,037,433	47,623	55.9	104,104	5.7%
2015	9,373	460,036,213	49,081	56.1	103,779	4.2%
2016	9,452	493,073,032	52,166	58.6	103,779	4.5%
2017	9,739	539,238,691	55,369	59.4	102,181	4.4%

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 Pinellas County rather than St. Pete Beach.

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

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Tradewinds Island Resorts	800	1	10.2%	650	1	13.1%
The Don Cesar Beach Resort	550	2	7.0%	550	2	11.0%
Grand Plaza Hotel & Resort	500	3	6.4%	100	9	2.0%
Sirata Beach Resort	300	4	3.8%	300	4	6.0%
Castle Hotel	200	5	2.6%			
Publix Supermarket	200	5	2.6%	200	6	4.0%
City of St. Pete Beach	112	7	1.4%	132	7	2.7%
Winn Dixie Supermarket	100	8	1.3%			
Hurricane Lounge, Inc.	100	8	1.3%	100	9	2.0%
Sandpiper Beach Resort	99	10	1.3%	291	5	5.8%
Sea Porch Café				550	2	11.0%
Tradewinds Sandpiper				115	8	2.3%
Total employment of ten largest employers	<u>2,961</u>		37.9%	<u>2,988</u>		60.0%
Total employment of other employers	<u>4,860</u>		62.1%	<u>4,833</u>		40.0%
Total employment of all employers (1)	<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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
City Manager	4.00	3.00	3.00	2.50	2.50	3.00	3.00	3.00	3.00	3.00
City Clerk	4.50	3.50	3.63	3.13	3.13	3.13	2.88	2.88	2.63	2.75
Community Development	9.00	7.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	11.00
Finance	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.20	3.00
Library (1)	7.00	7.00	6.00	6.50	6.50	6.50	7.43	7.15	7.15	7.15
Parking Enforcement			0.00	2.00	2.00	2.00	2.00	2.20	3.00	3.35
Information Technology	3.00	3.00	2.80	1.80	1.80	1.80	1.00	1.00	2.00	2.00
Public Safety										
Law Enforcement (2)	44.00	37.00	36.00	33.00	33.00	33.00	0.00	0.00	0.00	0.00
Fire/EMS	32.00	30.00	29.75	29.75	29.75	29.75	29.75	32.00	32.00	35.00
Public Works	36.50	33.15	31.94	30.14	28.94	18.33	17.00	18.00	19.00	22.19
Culture and Recreation										
Recreation (3)	0.00	0.00	0.00	0.00	0.00	11.36	13.83	13.83	15.14	15.34
Leisure Services (4)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total (5)	<u>144.00</u>	<u>126.65</u>	<u>122.11</u>	<u>118.81</u>	<u>117.61</u>	<u>118.86</u>	<u>87.88</u>	<u>91.05</u>	<u>94.12</u>	<u>104.78</u>

Source:

City of St. Pete Beach Adopted Budget

Notes:

- (1) Library reported as an independent division effective FY 2008.
- (2) Law enforcement services were outsourced to the Pinellas County Sheriff's Office effective FY 2014.
- (3) Recreation was reported under Public Works prior to FY 2013.
- (4) Leisure Services division dissolved effective FY 2008.
- (5) Full-time equivalent totals will not agree to City employment reported on Schedule 14 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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Law enforcement calls for service	26,853	19,672	16,038	11,790	12,891	23,469	7,023	6,324	6,962	6,218
Felony arrests	235	190	145	102	103	141	147	159	206	219
Traffic citations	4,614	2,760	2,118	2,081	1,085	3,235	1,629	2,986	2,799	3,903
Parking violations	3,862	3,559	3,778	3,314	2,520	3,190	2,612	2,904	5,039	4,093
Fire structure responses	95	95	97	93	116	41	59	288	386	455
EMS medical calls	1,951	2,033	1,946	1,844	1,793	1,910	1,880	1,831	2,267	2,707
EMS auto crash responses	134	143	118	128	120	41	120	114	182	89
EMS water rescues	30	38	38	35	36	18	30	15	65	81
Public Works										
Street resurfacing (miles)	-	-	-	0.30	1.18	-	0.95	1.20	-	4.23
Culture and Recreation										
Summer camp registrations	172	170	166	143	191	138	328	398	216	156
Recreation classes offered	72	119	65	28	37	49	53	59	39	42
Recreation program participants	4,616	2,608	3,009	4,202	38,217	46,890	58,390	62,000	68,778	89,551
Facility rentals booked (1)	298	329	283	226	361	318	250	321	290	212
Library materials borrowed	124,537	160,874	138,946	173,937	172,082	153,213	154,360	165,548	157,044	147,211
Library reference questions	1,709	1,172	6,539	9,276	14,745	15,706	15,685	17,620	22,414	27,724
Wastewater										
Average daily sewer flow (mgd)	2.62	2.61	2.59	2.49	3.00	2.63	2.95	2.78	2.99	2.87
Miles of sewer lines	42	42	42	42	42	42	42	42	42	42
Reclaimed Water										
New connections	18	8	3	19	14	-	-	24	1	12
Average daily consumption (mgd)	2.60	1.80	2.80	2.60	2.40	2.10	1.60	1.90	2.20	3.02

Source:

Internal City departments

Note:

(1) Warren Webster and Hurley Park facilities under construction in FY 2017.

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police Stations	1	1	1	1	1	1	1	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	34.7	35.45	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	39.8	40	40	40
Playgrounds	7	7	7	7	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	2.6	2.49	3	2.63	2.95	2.78	2.99	2.87
Reclaimed water										
Reclaimed lines (miles)	40	40	40	40	40	40	40	40	40	40
Number of new connections	1	1	1	19	14	0	0	24	1	12

Source:

Various City Departments

**CITY OF ST. PETE BEACH, FLORIDA
 SCHEDULE REQUIRED BY STATE OF FLORIDA
 OFFICE OF THE AUDITOR GENERAL, RULE 10.557(3)(N)
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

<u>Source</u>	<u>Amount Received in the 2016-17 Fiscal Year</u>	<u>Amount Expended in the 2016-17 Fiscal Year</u>
British Petroleum:		
Agreement No. PTO No. 38 and FRE 408	\$ -	\$ 1,167,736

Notes:

- 1) This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance.
- 2) This schedule was prepared on the modified accrual basis of accounting.

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, 2017, 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 23, 2018.

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

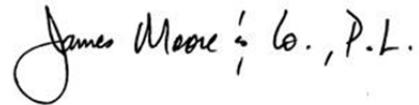
Compliance and Other Matters

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 23, 2018.

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 23, 2018

**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, 2017, and have issued our report thereon dated March 23, 2018.

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 Reports and Schedule

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 and schedule, which are dated March 23, 2018, 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. Corrective actions have been taken to address all findings and recommendations made in the preceding annual financial audit report, as noted below:

2016-001 Cutoff of Accounts Payable—Corrective action taken.

2016-002 Journal Entry Segregation of Duties—Corrective action taken.

2016-003 Information Technology Matters—Corrective action taken.

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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 that we 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following recommendation:

2017-001 Pension Administration and Documentation—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 two instances where employees hired in fiscal year 2016 were not submitted as part of fiscal year 2016's census report to the actuary. While these employees were properly included in 2017, 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.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

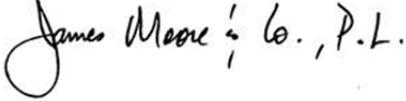
Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the 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" and a distinct "Co." followed by "P.L." and a period.

Daytona Beach, Florida
March 23, 2018

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

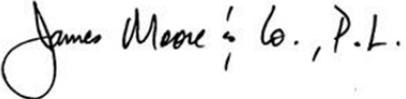
To the Honorable Mayor, City Commission, and City Manager,
City of St. Pete Beach, Florida:

We have examined the City of St. Pete Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Section 288.8018, Florida Statutes, in regards to the Deepwater Horizon Oil Spill receipts and expenditures, for the year ended September 30, 2017. 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, 2017, 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, 2017.

Daytona Beach, Florida
March 23, 2018



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AUDITEE'S RESPONSE TO:
Independent Auditors' Management Letter
March 23, 2018

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.

2017-001 Pension Administration and Documentation

Management is currently reviewing processes and procedures to coordinate pension-related record keeping from a more centralized position. Roles and responsibilities are currently distributed among staff in the Human Resources, City Clerk, and Finance Divisions, with ancillary functions provided by Pension Board appointees. Management will develop a more streamlined workflow process to improve the documentation and administration of pension records.