

4. REPORTS TO BE RECEIVED FOR FILING:

- a. Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2014-19 dated June 27, 2014 – Follow-Up Audit of DEI GMD Contract with Ferguson Waterworks.
- b. City of South Pasadena Comprehensive Annual Financial Report for the year ended September 30, 2013.
- c. Dock Fee Report for the month of June 2014.
- d. Quarterly Report of Routine Dock and Dredge/Fill Permits issued from April 1, 2014 to June 30, 2014.

# **CITY OF SOUTH PASADENA, FLORIDA**

## **Comprehensive Annual Financial Report**

**For The Year Ended September 30, 2013**



**CITY OF SOUTH PASADENA, FLORIDA**

**Comprehensive  
Annual Financial Report**

**For The Year Ended September 30, 2013**

**PREPARED BY FINANCE DEPARTMENT**

CITY OF SOUTH PASADENA,  
FLORIDA

Commission Form of Government

CITY COMMISSION

DAN CALABRIA, MAYOR

GAIL NEIDINGER  
VICE-MAYOR

BRUCE HOWRY

MAX ELSON

ARTHUR PENNY

CITY OFFICIALS

CITY CLERK  
MARY BRAISTED

CITY ATTORNEY  
DAVID OTTINGER

FINANCE DIRECTOR  
JAMES GRAHAM

CHIEF, PUBLIC SAFETY  
DAYTON SALTSMAN

DIRECTOR OF PUBLIC WORKS  
GARRY ANDERSON

DIRECTOR OF COMMUNITY  
IMPROVEMENT  
NEAL SCHWARTZ

## **Introductory Section**

**CITY OF SOUTH PASADENA, FLORIDA**

**SEPTEMBER 30, 2013**

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Letter of Transmittal



# City of South Pasadena

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[www.ci.south-pasadena.fl.us](http://www.ci.south-pasadena.fl.us)

May 23, 2014

The Honorable Mayor, City Commission and Citizens  
City of South Pasadena  
South Pasadena, Florida 33707

The Comprehensive Annual Financial Report of the City of South Pasadena, Florida, for the fiscal year ended September 30, 2013, is submitted herewith pursuant to Florida State Statutes Chapter 218.39 and Chapter 10.550 of the rules of the Auditor General of the State of Florida. This Annual Report was prepared by the Finance Department and represents the official report of the City's financial condition and results of operations to the citizens, City Commission, City administrative personnel, investment firms, rating agencies, and other interested persons.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. We believe the data presented is accurate in all material aspects and are reported in a manner that presents fairly the financial position and results of operations of the City on a Government-Wide and on a Fund basis. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The State of Florida requires an annual audit of all the books of account, financial records, and transactions of any municipality chartered in the state, by independent certified public accountants. This requirement has been fulfilled and the auditor's report from the certified public accounting firm of Wells, Houser & Schatzel, P.A. has been included in this report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City of South Pasadena's Management Discussion and Analysis can be found immediately following the Independent Auditor's Report.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical.

The Introductory section includes the table of contents, this transmittal letter and the City's organizational chart. The Financial section includes the Independent Auditor's opinion, Management Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Combining Statements and Budgetary Comparison Schedules and Other Supplementary Schedules. The Statistical section includes selected financial and general information presented on a multi-year comparative basis.

## THE REPORTING ENTITY

The funds and entities related to the City of South Pasadena are included in our Comprehensive Annual Financial Report. The criteria used in determining the reporting entity are consistent with the principles of Section 2100, "Defining the Reporting Entity" of the GASB "Codification of Governmental Accounting and Financial Reporting Standards". Based on these criteria, the various funds and account groups (being all of the funds and account groups of the City) shown in the Table of Contents are included in this report.

### PROFILE OF THE GOVERNMENT

The City was chartered in 1955. The City operates under the Commission form of government.

The City Commission is comprised of a mayor and four commission members and as a group is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members to various statutory and advisory boards, the City Attorney and the City Clerk. The Commissioner of each department shall have the right to appoint or dismiss the head of the department, subject to the approval of a majority of the entire commission.

The individual department heads are responsible for the enforcement of law and ordinances relating to their respective departments.

#### Services Provided

The City provides the full range of municipal services normally associated with a municipality, including fire protection, street construction and maintenance, planning and zoning, recreation and parks, library, as well as general administrative services. Police protection is provided through an annual contract with the Pinellas County Sheriff's Department. In addition, sewer services and reclaimed water are provided under an enterprise fund concept with user charges set by the City Commission to ensure adequate coverage of operating expenses and payments of any outstanding debt.

#### Accounting Systems and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues recorded when available and measurable, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities, which are Enterprise Funds, are maintained on the accrual basis.

In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition; and

- The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived; and

- The evaluation of costs and benefits requires estimates and judgments of management.

All internal control evaluations occur within this framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department level. By authorization, the departmental commissioner and department head may authorize the transfer of funds within their respective department. The budget is adopted and passed at a fund level, so any increase or decrease of any fund's total budget has to be approved by the City Commission.

## ECONOMIC OUTLOOK, LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

### LOCAL ECONOMY AND OUTLOOK

The City of South Pasadena covers approximately .6 of a square mile, most of which is developed. The City's population of 5,034 consists primarily of retirees, most of whom live in multi-unit condominiums and/or assisted living communities. The City has approximately 300 single-family residences located primarily on Pasadena Isle. The City also has a 220 unit mobile home community. The City's commercial district extends primarily along Pasadena Avenue (SR693), which connects mainland St. Petersburg with St. Pete Beach and along Gulfport Boulevard near the intersection of Pasadena Avenue. Businesses are primarily restaurants, banks, medical offices and retail grocery, gas and merchandising outlets that serve the immediate residents of the City or traffic passing through to the Gulf Beaches. The City is also the home of the Palms of Pasadena Hospital. The poor real estate market continued to affect the City's re-development through fiscal year 2012. However, in 2013 there have been positive signs as construction activity has increased as evidenced by the \$110,000 increase in building permit revenues. The Wal-Mart Grocery Store will become the new anchor tenant in the Pasadena Shopping Center when it opens in early fiscal year 2014. The South Pasadena Dunkin Donuts has completed some major renovations and business is flourishing. The Storage Facility on Pasadena Avenue has been expanded and it appears that construction will begin relatively soon on a new Taco Bell restaurant. Maintaining existing businesses and attracting new business to South Pasadena continues to be one of the biggest challenges to the City Commission during this economy. This has been evidenced by current efforts to formulate a Re-Development Plan for the Pasadena Avenue business corridor.

Taxable values of real estate continue to be low as evidenced by five years of declining values. State tax reform places mandated restrictions on the amount of property taxes that can be raised by municipal governments. High local unemployment rates and declining investment values have depleted personal wealth and spendable income, all of which contributes to sales tax revenues used by local governments. The poor investment returns created by the distressed financial markets, were, and continue to be, issues for the City.

Taxable property values have declined since 2007. For fiscal 2011, property values decreased \$40 million, fiscal 2012 values dropped \$13 million and fiscal 2013 values dropped another \$5.3 million. For the first time since 2007, taxable values increased in fiscal year 2014 by \$16 million or 3.8%. Current projections by Pinellas County estimate that fiscal year 2015 taxable values will increase for the City by 5.38% or \$23.4 million. The estimated increase will bring values to \$458.3 million which is a significant improvement, but still far off the 2007 assessed highs of \$639.4 million.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to future property taxation. This amendment, referred to as Amendment 1, increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 and \$75,000), except for school district taxes. Amendment 1 also allows a transfer of up to \$500,000 of the "Save Our Homes" benefit to a resident's next homestead when they move. Save Our Homes became effective in 1995 and caps the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less. With respect to non-homesteaded property, Amendment 1 limits the annual increase in assessed value to ten percent (10%), except for school district taxes and provides for a \$25,000 exemption for tangible personal property. Amendment 1 was effective October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective January 1, 2009. Recurring State restrictions will affect future revenues and other tax reduction proposals have been discussed by the legislature, including additional constitutional amendments.

### Financial Condition

As in the past, a general evaluation of the City's financial position indicates excellent fund balances and cash balances in the General and Capital Improvement Funds, adequate cash coverage of year-end operating liabilities and excellent operating and infrastructure reserves. Although the current economy will present certain challenges, the City continues to have sufficient annual revenue flows, which coupled with reserves, will cover expected expenditures. The red light camera revenues that were initiated in fiscal year 2011 along with cost reductions have helped to off-set the loss of the fire district ad valorem revenues that occurred in fiscal 2013 year. Capital Improvements Fund short-term cash and investment balances are adequate to cover anticipated expenditures for fiscal 2014's large capital items.

### FUTURE PROSPECTS AND LONG TERM FINANCIAL PLANNING

#### Future Prospects – Current Operating

Declining market values on real estate will continue to have an impact on millage rates over the next couple of years. Over the last five fiscal years, taxable values for the City decreased from \$639.4 million for fiscal 2008 to \$418.85 million for fiscal 2013 or a total decrease of 34.5%.

The City established a \$5.06 million current operating budget for the fiscal year 2014. The operating budget (expenditures) reflects a .2% increase (\$96,115) over the previous year's General Fund budget. The budget anticipates utilizing \$744,110 of prior year fund balances within the General Fund to cover anticipated expenditures. Expected General Fund revenues for fiscal 2014 of \$4,313,360 reflect an expected increase of \$79,650 in comparison to actual 2013 revenues.

The Capital Improvements Budget for fiscal 2014 is in the amount of \$2,114,100. The revenues budgeted total \$488,400 which includes \$12,400 in interest and \$476,000 in infrastructure taxes. The 2014 budget anticipates utilizing \$1,625,700 of prior year fund balances within the Capital Improvements Fund to cover the anticipated capital projects. The largest expenditures planned for the 2014 capital budget include \$1,000,000 for the re-paving of Pasadena Isle, \$475,000 to re-chassis fire department ladder truck T-20, and \$175,000 for fire station renovations.

For the Sewer Fund, cash position and cash flow continues to be a focal point in determining future charges to customers. At September 30, 2013 the Sewer Fund had liquid cash and investment balances of \$1.546 million compared to September 30, 2012 balances of \$1.533 million. The Sewer Fund sustained a \$124,675 net operating loss in 2013. The Sewer Fund also had a net operating loss in 2012 totaling \$37,428. The General Fund implemented an administrative service charge in 2012 to properly allocate costs to the Sewer and Reclaimed Water Funds. The administrative service charge to the Sewer Fund in 2013 was \$22,490. In early fiscal 2013 the City contracted a study to investigate the state of the lateral sewer lines that connect private homes and businesses to the City's collection system. The study indicated that laterals are in fairly good condition. Sewer rates have not been increased since 2006.

The City's Reclaimed Water fund showed overall net income (after investment earnings) of \$14,001 in 2013. User fees totaled \$189,530; up \$98 from fiscal 2012. Net operating profit (before investment earnings) went from \$14,748 in fiscal 2012 to \$14,001 in fiscal 2013 or a \$747 decrease. The recently implemented administrative service charge was \$12,080 for 2013.

#### Long Term Financial Planning

As part of the regular budgeting process, the City of South Pasadena prepares a Five Year Capital Improvement Plan (CIP), which is updated on an annual basis. The CIP is an important component of the City's financial management process and should be considered when formulating the annual operating budget.

Annually, City Department Heads review any infrastructure and capital asset requirements to determine which items need to be replaced due to obsolescence or if any new additions are necessary. During the process the Department Heads consider Commission initiatives and goals, both formal and informal, which are established throughout the year in both the budget and non budgetary workshop process. Consideration is given to local economic trends as well as other outside influences on the City's operations and financial condition.

The Five Year Plan schedules potential acquisitions with emphasis on monitoring fund balance and cash reserves and is an important planning tool in determining the proper timing of asset purchases.

The CIP is presented to a local Finance Advisory Committee for recommendations prior to review by the City Commission during the regular budget process. Once adopted, the initial year in the plan becomes the current appropriation for the Capital Improvement Funds and any capital assets in the City's Enterprise Funds.

The latest CIP adopted by the City Commission covers FY 2014 through FY 2018. A summary of anticipated expenditures is as follows:

<b>Expenditures</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Capital Improvements Fund	\$2,114,100	\$682,900	\$5,246,150	\$381,700	\$372,500
Sewer Fund	\$ 193,000	\$143,000	\$ 243,000	\$143,000	\$125,000
Reclaimed Water Fund	\$ -	\$ -	\$ -	\$ -	\$ 20,000

#### MAJOR INITIATIVES

Capital spending for 2013 was \$1,119,895. The City purchased a new Ladder (Aerial Platform) Fire Truck for \$855,389. Paving projects were undertaken on Sunset Drive (\$89,980) and Shore Drive (\$14,220). A vehicle was also acquired for the fire department (\$29,549).

In the above Capital Improvement Plan, fiscal year 2016 includes \$5,000,000 for the undergrounding of power line utilities.

City beautification and creating a more pedestrian friendly community are high on the City Commissions priority list for future initiatives as well as becoming a "Green" City. In the future there will be a push for seeking more energy efficient means to operate. In the future the City hopes to lead the way with more energy efficient vehicles as well as providing electrical hook-up capabilities for citizens using electric vehicles.

#### CERTIFICATE OF ACHIEVEMENT

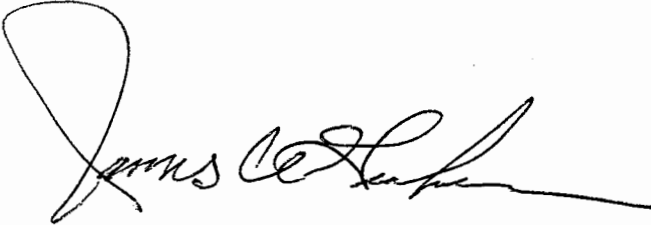
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Pasadena for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the twenty-second consecutive year that the City has achieved 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. 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the staff of the Finance Department. I would like to express appreciation to city administrative staff, whose efforts throughout the year, contributed to its preparation. The City would especially like to thank the accounting firm of Wells, Houser & Schatzel, PA for their continued professional assistance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James A. Graham". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping underline.

James A. Graham, C.P.A.  
Finance Director





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**City of South Pasadena  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

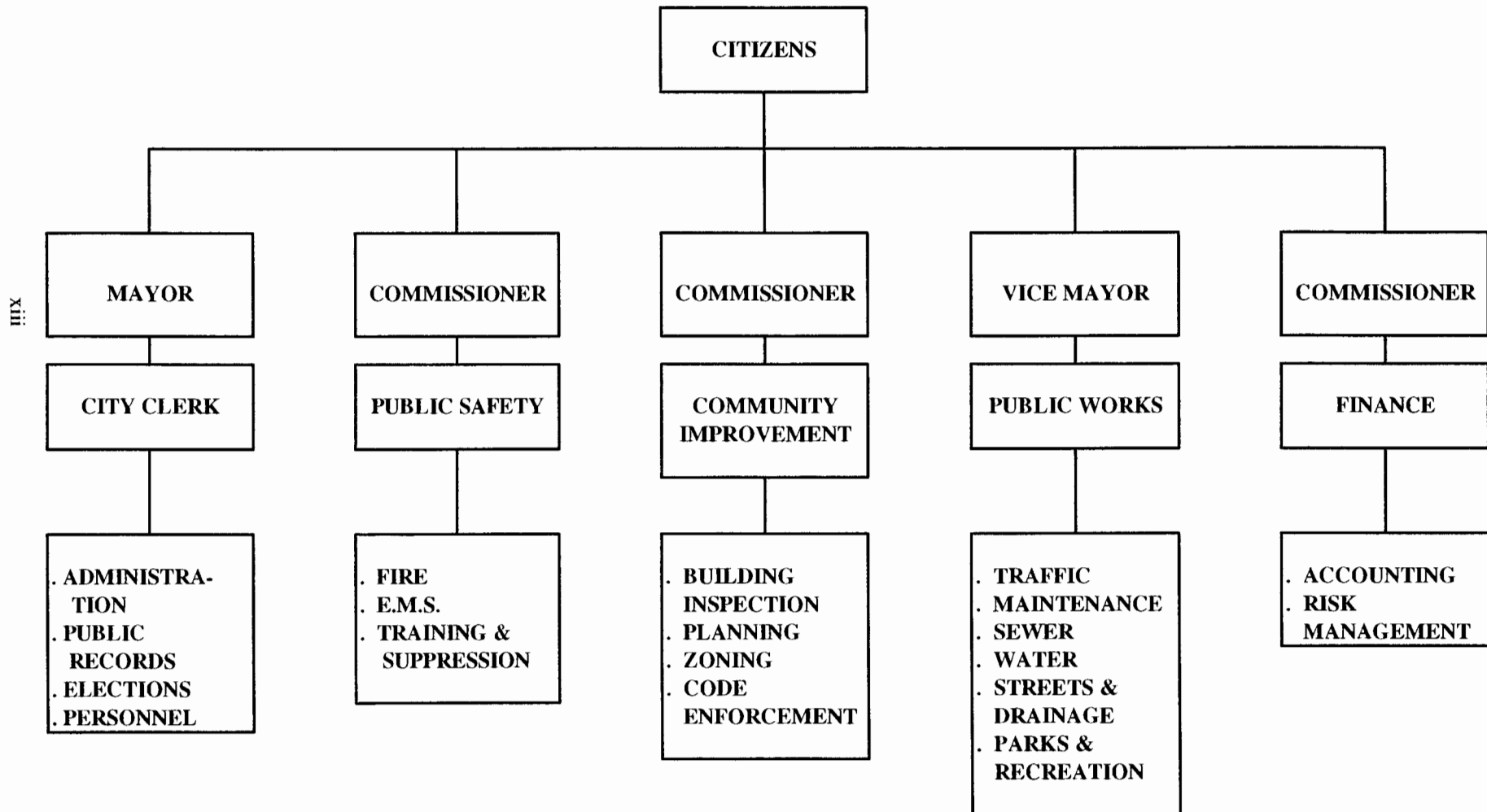
**September 30, 2012**

Executive Director/CEO

The City of South Pasadena, Florida has been awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012 by the Government Finance Officers Association of the United States and Canada.

**CITY OF SOUTH PASADENA, FLORIDA**

**ORGANIZATIONAL CHART**



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## **Financial Section**

This section contains the following subsections:

**Independent Auditor's Report**

**Management's Discussion and Analysis**

**Basic Financial Statements**

**Required Supplementary Information**

**Combining Financial Statements and Budgetary Comparison Schedules**

**Other Supplementary Schedules**

## Independent Auditor's Report

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Dan Calabria, Mayor  
and Members of The Board of Commissioners  
City of South Pasadena, 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 South Pasadena, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (pages 3-20) be presented to supplement the basic financial statements. Such information, although not a

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Pasadena, Florida's basic financial statements. The introductory section, combining financial statements and budgetary comparison schedules, other supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required budgetary comparison schedule (pages 57-60) is not a required part of the basic financial statements but is required by accounting principles generally accepted in the United States of America.

The required budgetary comparison schedule, combining financial statements and budgetary comparison schedules, and other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required budgetary comparison schedule, the combining financial statements and budgetary comparison schedules and the other supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

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

*Wells, Houser & Schatzel, P.A.*

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

May 23, 2014



Management’s Discussion and Analysis

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of South Pasadena's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page v) and the City's financial statements (beginning on page 22).

### HIGHLIGHTS

#### Financial Highlights

- For the fiscal year ended September 30, 2013, City-wide expenses, totaling \$6,303,446, exceeded total program revenues and general revenues, totaling \$5,773,476, yielding a decrease in net position (net loss) of \$529,970. This amount compares to an increase in net position (net income) of \$232,377 for fiscal year ended September 30, 2012. (Please see pages 24-25 for more detail.)
- The decrease in net position for Governmental Activities (police, fire, public works, administration, etc.) for 2013 was \$424,427. There was a decrease in net position for the Business-type activities (sewer and reclaimed water operations) of \$105,543 in 2013. (Please see pages 24-25 for more detail.)
- For the fiscal year ended September 30, 2013, City-wide assets, totaling \$21,311,030, exceeded City-wide liabilities, totaling \$645,830, by \$20,665,200. The excess of City-Wide assets over liabilities represents the net position (equity) of the City. The City's \$20,665,200 of net position consists of \$10,416,868 that is invested in capital assets (buildings, equipment, vehicles, sewer and reclaimed water systems, etc.), \$4,011,308 that is restricted for future infrastructure improvements (Penny for Pinellas), \$4,113 that is restricted for other purposes, and \$6,232,911 that is unrestricted for general use in operating the City. The City's unrestricted net position decreased \$442,731 over the prior year. (Please see pages 22-23 for more detail.)
- General Fund revenues decreased \$537,514 (11.3%) in fiscal year 2013 and were \$48,090 under the amount budgeted. General Fund expenditures increased slightly by \$1,291 in fiscal year 2013 and were \$264,249 less than the amount budgeted. The General Fund expenditures of \$4,697,106 exceeded revenues of \$4,233,710 by \$463,396 (deficit) compared to an excess of revenues over expenditures of \$75,409 (surplus) in fiscal year 2012. The General Fund budgeted deficit was \$679,555; which is \$216,159 more than the actual deficit. (Please see pages 57-60 for more detail.)
- Current unrestricted cash and investments totaled \$10,607,537 for fiscal year 2013 which represents a decrease of \$747,997 over fiscal year 2012. Non-current unrestricted cash and investments totaling \$99,462 represent amounts on deposit with the State Board of Administration (SBA) in the Fund B. Total investment in Fund B at cost for these funds was \$87,816 plus estimated unrealized gains of \$11,646 as of September 30, 2013. This compared to estimated losses in the City's Fund B deposits as of September 30, 2012 of \$9,789. The Fund B deposits are not available for withdrawal unless released to the City by the SBA. When evaluating the availability of the City's current cash and investments, the amount of restricted net position totaling \$4,015,421 needs to be considered.

## **City Highlights**

- The City was able to maintain the prior year's millage rate for property taxes, despite the decrease in revenues, through the utilization of accumulated reserves. In addition to the budgeted General Fund deficit of \$679,555, there was a budgeted deficit in the Capital Improvements Fund of \$1,225,355 and a budgeted deficit in the Sewer Fund of \$191,160. The decrease in revenues was not unexpected; the City no longer provides fire protection to the unincorporated area of Pinellas County adjacent to the City which resulted in the loss of approximately \$370,000 of Fire District ad valorem taxes. Additionally, a U.S. Department of Energy Grant of \$161,720 that was received in 2012 was not a recurring revenue source.
- The governmental funds' revenue decreased 12.6% or \$682,197 from \$5,401,961 in 2012 to \$4,719,764 in 2013 (please see page 28 for more detail). In addition to the anticipated revenue decreases discussed in the preceding paragraph, the City also experienced a decrease in Red Light fines totaling \$217,592 as revenues declined from \$889,410 in 2012 to \$681,818 in 2013. The decrease in Red Light fines of \$217,592 was \$60,682 more than the budgeted decline in this revenue source (please see page 58). Interest earnings continued to be insignificant, totaling \$48,856 City-wide, and showing a 17.7% decrease compared to 2012.
- The total expenditures for the governmental funds of the City increased by 13.3% or \$691,041. Expenditures increased from \$5,176,683 to \$5,867,724 in 2013 (please see page 28 for more detail). The increase in expenditures is attributable to added capital outlay of \$705,794; the City paid \$855,389 for the custom aerial platform fire truck in fiscal year 2013. The Governmental Funds' current operating expenditures totaled \$4,772,668 in 2013 compared to \$4,787,421 in 2012 for a \$14,753 decrease.

## **USING THIS ANNUAL REPORT**

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

For the City of South Pasadena, both the General Fund and Capital Improvement Fund are considered major funds.

## **Government-wide Financial Statements**

The government-wide financial statements (see pages 22-25) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations.

The Statement of Activities (see pages 24-25) is focused on both the gross and net cost of various activities (including governmental and business-type) which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflects the City's basic services, including general government, police, fire, community improvement and public works. Property, sales, and utility services taxes along with franchise fees and red light violation fines fund the majority of these services. The Business-type Activities reflect private sector type operations (Sewer and Reclaimed Water management), where the fee for service typically covers all or most of the cost of operation including depreciation.

## **Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than (the previous model's) fund types. However, since all of the government type funds of the City of South Pasadena are considered major funds, the presentation will not be significantly different than that of previous years.

The Governmental Major Fund (see pages 26-29) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 57).

While the Total column on the Business-type Fund Financial Statements (see pages 30-32) is the same as the Business-type column in the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 27 & 29). The flow of current financial resources will reflect capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (accrued compensated absences) into the Governmental Activities column (in the Government-wide statements).

## **Infrastructure Assets**

In accordance with the provisions of GASB Statement #34, the City includes infrastructure capital assets in the Statement of Net Position for the governmental activities. The infrastructure assets represent the City's largest group of assets – buildings, roads, bridges, traffic signals, underground pipes unless associated with a utility. The infrastructure assets for utilities are reported in the business-type activities – enterprise funds. The infrastructure assets for both the governmental and business-type activities are depreciated over their useful lives.

## **GOVERNMENT-WIDE STATEMENT**

### **Statement of Net Position**

The following table reflects the condensed Statement of Net Position for the current year.

**Table 1**  
**Statement of Net Position**  
**As of Fiscal Year End**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current assets	\$8,212,938	\$9,238,470	\$2,581,762	\$2,444,414	\$10,794,700	\$11,682,884
Non-current assets	78,161	143,048	21,301	38,985	99,462	182,033
Capital assets, net	7,304,979	6,586,069	3,111,889	3,341,945	10,416,868	9,928,014
<b>Total assets</b>	<b>\$15,596,078</b>	<b>\$15,967,587</b>	<b>\$5,714,952</b>	<b>\$5,825,344</b>	<b>\$21,311,030</b>	<b>\$21,792,931</b>
Current liabilities	\$ 427,026	\$ 370,811	\$ 66,893	\$ 71,742	\$ 493,919	\$ 442,553
Non-current liabilities	151,911	155,208	0	0	151,911	155,208
<b>Total liabilities</b>	<b>578,937</b>	<b>526,019</b>	<b>66,893</b>	<b>71,742</b>	<b>645,830</b>	<b>597,761</b>
Net Position:						
Net investments in capital assets	7,304,979	6,586,069	3,111,889	3,341,945	10,416,868	9,928,014
Restricted	4,015,421	4,591,514	0	0	4,015,421	4,591,514
Unrestricted	3,696,741	4,263,985	2,536,170	2,411,657	6,232,911	6,675,642
<b>Total net position</b>	<b>\$15,017,141</b>	<b>\$15,441,568</b>	<b>\$5,648,059</b>	<b>\$5,753,602</b>	<b>\$20,665,200</b>	<b>\$21,195,170</b>

(For more detailed information please see the Statement of Net Position (pages 22-23).

At the end of fiscal 2013, City-wide net position reflects a decrease of \$529,970 to \$20,665,200. Net position for Governmental Activities is \$15,017,141 (decrease of \$424,427) and net position from Enterprise or Business Activities is \$5,648,059 (decrease of \$105,543). Of the total net position, \$10,416,868 represents the City's net investment in capital assets and \$4,015,421 represents current and other assets restricted for specific purposes.

The Statement of Net Position on page 23 shows the specific restrictions to net position. The more significant restriction under the City's Governmental Activities includes \$4,011,308 in infrastructure taxes or "Penny for Pinellas" funds which must be used to fund municipal infrastructure or certain capital assets (Capital Improvements Fund).

An analysis of all City-wide assets reveals that current cash and investments of \$10,607,537 in 2013 and \$11,355,534 in 2012 represent 49.8% and 52.1% of the total assets, respectively. At the end of 2013, current cash and investments available for governmental activities totaled \$8,115,512 (an \$896,189 or 9.9% decrease from 2012) and funds available in the business activity accounts totaled \$2,492,025 (a \$148,192 or 6.3% increase from 2012).

As previously discussed, the non-current cash and investment assets totaling \$99,462 represent amounts on deposit with the State Board of Administration (SBA) in the Fund B pool. The Fund B deposits are not available for withdrawal unless released to the City by the SBA and therefore, they are not liquid.

Capital assets, net of accumulated depreciation, totaling \$10,416,868, represent 50.4% of the City-wide total assets at September 30, 2013.

### **Normal Impacts**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

**Net Results of Activities** – which will impact (increase/decrease) current assets and unrestricted net position.

**Borrowing for Capital** – which will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital Assets** – which will reduce current assets and increase capital assets. There is a second impact, an increase in investment in capital assets and an increase in related net debt will not change the investment in capital assets, net of debt.

**Spending of Non-Borrowed Current Assets on New Capital Assets** – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase investment in capital assets, net of debt.

**Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase investment in capital assets, net of debt.

**Reduction of Capital Assets through Depreciation** – which will reduce capital assets and investment in capital assets, net of debt and increase unrestricted net position.

## Current Year Impacts

The remaining basic transactions directly/indirectly affect the unrestricted net position as indicated in the following schedule. The adjusted results of operations and current assets used for capital clearly demonstrate the change in unrestricted net position.

At the end of fiscal 2013, as reported on page 23, City-wide unrestricted net position totaled \$6,232,911, an overall decrease of \$442,731 compared to the prior year. The unrestricted net position represents 30.2% of the City's total net position of \$20,665,200. In governmental activities, unrestricted net position decreased by \$567,244 to \$3,696,741. In business-type activities, unrestricted assets increased by \$124,513 to \$2,536,170.

**Table 2**  
**Change in Unrestricted Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unrestricted Net position – Beginning of Year	\$4,263,985	\$4,137,629	\$2,411,657	\$2,169,926	\$6,675,642	\$6,307,555
Results of Operations (loss)	(424,427)	244,300	(105,543)	(11,923)	(529,970)	232,377
Adjustments- restricted assets						
Infrastructure	575,593	(130,482)	-	-	575,593	(130,482)
Community park development	0	7,007	-	-	0	7,007
Scholarships	500	1,000	-	-	500	1,000
Book Value of Assets						
Disposed	2,163	33,415	-	-	2,163	33,415
Depreciation	<u>373,983</u>	<u>360,378</u>	<u>254,895</u>	<u>253,653</u>	<u>628,878</u>	<u>614,031</u>
Total adjustments	<u>952,239</u>	<u>271,318</u>	<u>254,895</u>	<u>253,653</u>	<u>1,207,134</u>	<u>524,971</u>
Adjusted Results of Operations	527,812	515,618	149,352	241,730	677,164	757,348
Capital Expenditures	<u>(1,095,056)</u>	<u>(389,262)</u>	<u>(24,839)</u>	<u>(0)</u>	<u>(1,119,894)</u>	<u>(389,262)</u>
Unrestricted Net position - End of Year	<u>\$3,696,741</u>	<u>\$4,263,985</u>	<u>\$2,536,170</u>	<u>\$2,411,657</u>	<u>\$6,232,911</u>	<u>\$6,675,642</u>

## Statement of Activities

The Statement of Activities is presented on the next page presenting a comparison of the current year and prior year revenues and expenses.

## Normal Impacts

There are nine basic impacts on revenues and expenses as reflected below.

## Revenues

**Economic Condition** – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, infrastructure, gas or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption for electric or water usage for which the City collects taxes or franchise fees.

**Increase/Decrease in Commission approved rates** – while certain tax rates are set by statute, the City Commission has significant authority to impose and periodically increase/decrease rates (Sewer, reclaimed water, permitting, impact fee, property taxes, etc.)

**Table 3**  
**Changes in Net position**  
**As of September 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>						
<b>Program Revenues:</b>						
<b>Charges for services</b>						
Sewer Fees			\$ 859,051	\$ 868,014	\$ 859,051	\$ 868,014
Reclaimed Water Fees			189,530	189,432	189,530	189,432
Red Light Camera Fines	\$681,819	\$889,410			\$681,819	\$889,410
Police Fines & Forfeitures	7,024	6,460			7,024	6,460
Building Inspections\ Permits	207,204	97,633			207,204	97,633
Impact Fees	11,250	-			11,250	-
Local Business Tax	86,223	84,193			86,223	84,193
Hibiscus Hall Rents	8,050	6,875			8,050	6,875
<b>Operating Grants &amp; Contributions</b>						
Pinellas County EMS Contract	719,484	712,569			719,484	712,569
Contribution - scholarships	1,500	-			1,500	-
<b>Capital Grants &amp; Contributions</b>						
Grant – Environmental\ Recycle	0	3,816			0	3,816
Grant –Energy	0	161,720			0	161,720
<b>General Revenues:</b>						
Property Taxes	687,009	694,645			687,009	694,645
Fire District Ad Valorem Taxes	(44,587)	372,206			(44,587)	372,206
Franchise Fees	439,881	458,889			439,881	458,889
Communications Service Tax	244,085	269,547			244,085	269,547
Other Utility Taxes	595,950	571,598			595,950	571,598
Sales Tax Infrastructure	463,895	440,385			463,895	440,385
State Revenue Sharing	156,238	155,655			156,238	155,655
Half-Cent Sales Tax	272,640	260,555			272,640	260,555
Local Option Gas Tax	75,514	74,294			75,514	74,294
Other Taxes	61,169	55,801			61,169	55,801
Investment income	48,316	58,642	540	715	48,856	59,357
Gain (Loss) fair value of investments	(26,865)	(8,348)	4,591	10,042	(22,274)	1,694
Miscellaneous	23,965	35,416			23,965	35,416
<b>Total Revenues</b>	<b><u>\$4,719,764</u></b>	<b><u>\$5,401,961</u></b>	<b><u>\$ 1,053,712</u></b>	<b><u>\$ 1,068,203</u></b>	<b><u>\$5,773,476</u></b>	<b><u>\$6,470,164</u></b>
<b>EXPENSES</b>						
<b>Program Activities</b>						
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$633,246	\$579,191			\$633,396	\$579,191
Public Safety- Police	1,011,206	1,010,719			1,011,206	1,010,719
Public Safety- Fire	2,152,151	2,278,934			2,152,151	2,278,934
Protective Inspections	301,625	268,300			301,475	268,300
Public Works and Parks	905,564	880,690			905,564	880,690
Culture & Recreation	60,482	61,770			60,482	61,770
Physical Environment	71,372	72,674			71,372	72,674
Human Services	8,545	5,383			8,545	5,383
<b>Business-Type Activities:</b>						
<b>Sewer &amp; Reclaimed Water</b>						
Sewer			\$983,726	\$905,442	\$983,726	\$905,442
Reclaimed Water			175,529	174,684	175,529	174,684
<b>Total Expenses</b>	<b><u>\$5,144,191</u></b>	<b><u>\$5,157,661</u></b>	<b><u>\$1,159,255</u></b>	<b><u>\$1,080,126</u></b>	<b><u>\$ 6,303,446</u></b>	<b><u>\$ 6,237,787</u></b>
<b>Excess of Revenues over Expenses</b>	<b><u>\$(424,427)</u></b>	<b><u>\$244,300</u></b>	<b><u>\$(105,543)</u></b>	<b><u>\$(11,923)</u></b>	<b><u>\$(529,970)</u></b>	<b><u>\$232,377</u></b>
<b>Net position – Beginning of Year</b>	<b><u>15,441,568</u></b>	<b><u>15,197,268</u></b>	<b><u>5,753,602</u></b>	<b><u>5,765,525</u></b>	<b><u>21,195,170</u></b>	<b><u>20,962,793</u></b>
<b>Net position- End of Year</b>	<b><u>\$15,017,141</u></b>	<b><u>\$15,441,568</u></b>	<b><u>\$5,648,059</u></b>	<b><u>\$5,753,602</u></b>	<b><u>\$20,665,200</u></b>	<b><u>\$21,195,170</u></b>

(The above information was taken from the Statement of Activities on pages 24-25.)

**Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)** – certain recurring revenues, such as state revenue sharing, may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

**Contribution from the Reclaimed Water and Sewer Funds** – the City owns and operates certain Sewer and Reclaimed Water Utility systems. The City provides administrative support services for the utilities. The billing for each utility system is contracted with the City of St. Petersburg. Beginning in fiscal 2012 the City started charging an administrative service charge to each utility for accounting and legal overhead. Historically, the Sewer and Reclaimed Water Utility systems have been managed on a self supporting basis using user fees. However, at the legislative body's discretion, any excess fees over expenses could be transferred to the City's other funds for use. Given the City's current financial health, it is more likely at this time to have the general fund or capital improvements fund support given to these utility funds (for emergency capital spending). Therefore, the ongoing competitiveness and vitality of the utility could have an impact on the City's funding policies.

**Market Impacts on Investment income** – due to the type of investment portfolio and the varying nature of the market in general, City investment income may fluctuate from year to year.

## **Expenses**

**Introduction of New Programs** – within the functional expense categories (General Government, Law Enforcement, Fire Protection, Public Works\Transportation, Community Improvement, etc.) individual programs may be added or deleted to meet changing community needs.

**Increase in Authorized Personnel** – changes in service demand may cause the Commission to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represented 64.7% of the City's 2013 operating budget compared to 65.6% of the City's 2012 operating budget, 68.4% of the City's 2011 budget, 69.8% of the City's 2010 operating budget and 69.1% of the City's 2009 operating budget.

**Salary Increases (cost of living, merit and market adjustment)** – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

**Inflation** – while overall inflation appears to be low, the City is a major consumer of certain commodities and services such as chemicals, supplies, fuels and group health insurance. Some functions may experience unusual commodity specific increases. In past years, costs of fuel, general insurance, employee health benefits and pension costs have tended to have large increases. Contract services for items such as law enforcement that have these personnel costs factored in can fluctuate based on these inflationary pressures.



## Current Year Impacts

### Governmental Funds

For fiscal year 2013 the General Fund operated with an excess of expenditures over revenues of \$463,396. The Capital Improvements Fund also operated with an excess of expenditures over revenues in the amount of \$684,564.

The ending fund balance for the General Fund decreased to \$3,266,964 as of September 30, 2013. The Capital Improvements Fund ending fund balance decreased to \$4,605,326 of which \$4,011,308 is restricted for infrastructure improvements (Penny for Pinellas).

The Galatea Park Special Revenue Fund was closed out during fiscal year 2012 as a result of all of the fund assets having been expended on maintaining the park and there not being any source of future revenues that will be recorded in this fund. The operating expenses of Galatea Park are now paid from the General Fund.

### Revenues

**Table 4**  
**Governmental Funds**  
**Revenues**

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
<b>Revenues</b>				
Taxes (Property, Franchise & Utility)	\$1,933,588	\$2,366,885	\$(433,297)	-18.3%
Licenses and Permits	293,115	181,551	111,564	61.5%
Intergovernmental Revenues	1,748,940	1,864,795	(115,855)	-6.2%
Fines and Forfeitures	688,842	895,869	(207,027)	-23.1%
Interest Income	48,316	58,642	(10,326)	-17.6%
Change in fair value of investments	(26,865)	(8,348)	(18,517)	221.8%
Rental Hibiscus Hall	8,050	6,875	1,175	17.1%
Miscellaneous Revenues	<u>25,491</u>	<u>35,692</u>	<u>(10,201)</u>	<u>-27.8%</u>
<b>Total Revenues</b>	<b>\$4,719,477</b>	<b>\$5,401,961</b>	<b>\$(682,484)</b>	<b>-12.6%</b>

The breakdown of the net change in revenue by fund was a \$537,514 decrease for the General Fund and a \$144,969 decrease for the Capital Improvements Fund. (Please see page 28 for more detail.)

Within the General Fund taxes decreased \$444,547, licenses and permits increased \$111,564, intergovernmental revenues increased \$26,171, fines and forfeits decreased \$207,027, net investment revenues decreased by \$14,649 and the remaining income items decreased an aggregate of \$9,026. The General Fund tax decrease was primarily due to the loss of the South Pasadena Fire District Ad Valorem Taxes. Fire District Taxes for fiscal 2012 were \$372,206 compared to an actual refund of taxes in 2013 in the amount of \$44,587 resulting in a net decrease of \$476,793. The significant decrease in fines and forfeits pertains to declining red light fines in the amount of \$207,592; a 23% decrease. (Please see pages 57-58 for additional detail.)

For fiscal 2013, the City Commission adopted a millage rate of 1.6985, which was the same rate

adopted in the 2012 fiscal year. The total taxable values of property located within the City in fiscal year 2013 were \$419,071,266 compared to 2012 final taxable values of \$424,179,143. The lower property values resulted in property tax collections decreasing \$8,675. The \$687,009 in collected property taxes represents collections of 96.5% of the expected assessed taxes of \$711,793.

With regard to the Fire District Ad Valorem Taxes, effective October 1, 2012 the City is no longer under contract with the County to provide fire protection services to the area of unincorporated Pinellas County adjacent to the City. As a result, the City will not be collecting the Fire District Ad Valorem Taxes. Pinellas County awarded the fire protection contract to another municipality through a competitive bid process.

Within the Capital Improvements Fund, taxes (Development Impact Fees) increased \$11,250. In the Intergovernmental Revenue category, infrastructure taxes increased \$23,510 (5.3%) to \$463,895 and grant revenues decreased by \$165,536; this amount was spent in fiscal 2012 compared to no grant activity for fiscal 2013. Net investment income for the fund decreased by \$14,193 and there was an increase in miscellaneous revenues of \$287.

## **Expenditures**

**Table 5 a  
Governmental Funds  
Expenditures**

	<b><u>FY 2013</u></b>	<b><u>FY 2012</u></b>	<b><u>Increase (Decrease)</u></b>	<b><u>Percentage</u></b>
<b>Expenditures</b>				
General Government	\$ 601,174	\$ 547,153	\$ 54,021	9.9%
Public Safety	3,349,673	3,451,446	(101,773)	-2.9%
Transportation & Public Works	794,919	756,921	37,998	5.0%
Culture, Recreation, Environment	19,652	27,813	(8,161)	-29.3%
Human Services	7,250	4,088	3,162	77.4%
Capital Outlay	<u>1,095,056</u>	<u>389,262</u>	<u>705,794</u>	<u>181.3%</u>
<b>Total Expenditures</b>	<b>\$ 5,867,724</b>	<b>\$ 5,176,683</b>	<b>\$ 691,041</b>	<b>13.4%</b>

The breakdown of the net change in expenditures by fund was a \$1,291 increase in the General Fund and a \$696,758 increase in expenditures in the Capital Improvements Fund. (Please see page 28 for more detail.)

Although the Capital Improvements Fund is typically used for capital asset acquisitions, the City may use a portion of those funds for major repairs items which are operating in nature. Under the law, Infrastructure Taxes and any interest earned is restricted for use on capital assets. However, the City does have other revenue sources from years prior to the inception of the infrastructure tax. For fiscal 2013, the Capital Improvements Fund included \$79,134 of non-capital operating expenses.

The table below provides a reconciliation of the expenditures reported under the governmental funds approach totaling \$5,867,724 to the total expenses reported in the Statement of Activities for the same governmental activities totaling \$5,144,191.

The main differences will be for adjustments to governmental activities expenses for non-cash depreciation of \$373,983, the un-depreciated cost of capital assets disposed of \$2,163, the

change in compensated absences of \$4,121, and the removing of capital expenditures totaling \$1,095,056 that are not included in the Statement of Activities.

**Table 5 b**  
**Reconciliation to Statement of Activities**

	<u>2013</u>	<u>2012</u>
<b>Expenditures Governmental Fund Approach</b>	\$5,867,724	\$5,176,683
Less: Cash Outlay for Capital Asset Purchases	(1,095,056)	(389,262)
Add: Depreciation Capital Assets	373,983	360,378
Add: Un-depreciated cost of disposed assets	2,163	33,415
Less: Decrease in Non-Cash Expense— Compensated Absences	(4,121)	(22,180)
Less: Change in Non-Cash Pension Benefit	<u>(502)</u>	<u>(1,373)</u>
 <b>Expenditures – Statement of Activities</b>	 \$5,144,191	 \$5,157,661

Within the General Fund the largest decrease in expenditures was in Public Safety. Total Public Safety expenditures decreased \$94,361 (2.7%) which is comprised of a slight increase in Law Enforcement expenditures of \$487, a decrease in Fire Department expenditures of \$124,231 (5.7%), and an increase in Protective Inspections expenditures of \$29,383 (11.6%).

The increase in Law Enforcement costs was offset by a decrease in service fees of \$4,860 paid to American Traffic Solutions for the City's red light camera program. Although red light camera service fees were relatively unchanged, red light camera revenues decreased by \$207,592. The net contribution of red light camera fines to the General Fund went from \$590,674 in fiscal 2012 to \$387,942 in fiscal 2013. The Pinellas County Sheriff contract costs increased \$5,347. The amount of the Pinellas County Sheriff's contract for fiscal year 2013 was \$717,330.

Fire Department expenditures decreased primarily in the area of salaries and related costs. There was a decrease in salary expenditures of \$132,393; firefighter pension costs decreased \$15,900, while workers' compensation costs increased \$24,756. The City contributed \$230,300 to the Firefighters' Pension Fund in fiscal year 2013; this amount compares to the fiscal year 2012 contribution of \$246,200. Additionally, \$47,102 received from the state insurance premium excise tax was transferred to the Firefighters' Pension Fund in fiscal year 2013. The rebate to the City of the insurance premium excise tax is reported as a General Fund revenue with a corresponding expenditure showing the transfer of funds to the pension fund.

The amount of expenditures for general government functions, which includes the areas of legislative, legal, finance and administration, increased \$56,462 (10.3%) in fiscal year 2013. Legislative department costs decreased \$3,499 while finance and administration costs increased \$59,961. During fiscal 2013, final salary payouts to the city's in-house attorney were paid out reflecting a \$53,952 reduction in legal salary compared to fiscal 2012, while outside legal service costs increased to \$51,186. The increase in general government expenditures is due primarily to an increase in Administrative salaries and benefits of \$71,570. There was a reduction in other services of \$9,738. During fiscal 2013 the finance department added a new position for Accounting Specialist and department head salaries were increased to bring in line with other municipalities. In addition, administrative service charges for the city's sewer and reclaimed water funds were evaluated and increased thereby reducing administrative department costs.

The amount of expenditures for Public Works – Transportation increased \$37,181 (5.5%) in fiscal year 2013. Salary and related expenses increased \$39,869 and other services and charges increased \$16,019. These increases were offset by a decrease in the cost of liability insurance \$16,108.

Capital Improvement Fund operating expenditures included \$29,900 for community visioning contracted costs and \$44,326 for maintenance work pertaining to stormwater-runoff.

Capital outlay expenditures for 2013 were \$1,095,056, an increase of \$705,794 (181.3%) over the 2012 expenditures of \$389,262. The level of capital spending for several recent years is as follows: 2011 - \$307,998; 2010 - \$281,801; 2009 - \$211,484; 2008 - \$565,847; 2007 - \$560,036, and 2006 - \$323,467. Additional information regarding capital additions for fiscal year 2013 is presented in the Capital Assets section of this Management Discussion and Analysis report.

**Table 6**  
**General Fund – Change in Fund Balance**

	<u><b>FY 2013</b></u>	<u><b>FY 2012</b></u>	<u><b>Increase (Decrease)</b></u>
<b>Nonspendable:</b>			
Inventories and prepaids	\$ 26,281	\$ 25,720	\$ 561
<b>Restricted for:</b>			
Scholarships	2,651	3,151	(500)
<b>Assigned to:</b>			
Future budgetary appropriations	744,110	680,055	64,055
<b>Unassigned</b>	<u>2,493,922</u>	<u>3,021,434</u>	<u>(527,512)</u>
<b>Total General Fund Balance</b>	\$3,266,964	\$3,730,360	\$ (463,396)

**Table 7**  
**Capital Improvements Fund – Change in Fund Balance**

	<u><b>FY 2013</b></u>	<u><b>FY 2012</b></u>	<u><b>Increase (Decrease)</b></u>
<b>Restricted for:</b>			
Infrastructure	\$4,011,308	\$4,586,901	\$(575,593)
EMS & Other Equipment	<u>1,462</u>	<u>1,462</u>	<u>0</u>
Total Restricted	4,012,770	4,588,363	(575,593)
<b>Assigned to:</b>			
Capital improvement projects	<u>592,556</u>	<u>701,527</u>	<u>(108,971)</u>
<b>Total Fund Balance</b>	\$4,605,326	\$5,289,890	\$(684,564)

### **Business Type Funds**

The net position of the Sewer and Reclaimed Water enterprise funds decreased \$105,543 in fiscal year 2013 as compared to a decrease of \$11,923 in fiscal year 2012. The net income, or loss, for the enterprise funds, which includes investment earnings, was a \$121,128 loss for the sewer operations and a \$15,585 profit for reclaimed water operations. The net position for the Sewer Fund decreased 3.4% to \$3,482,899 at September 30, 2013 and the net position for the

Reclaimed Water Fund increased .7% to \$2,165,160. (Please see page 31 for more detailed information.)

Net Income from Operations is a measure of profit before interest earnings and measures only the revenues and costs associated with the operation of the business activity. For fiscal 2013, the Sewer Fund showed a net operating loss before investment earnings of \$124,675 compared to an operating loss of \$37,428 for 2012. The increase in operating loss is primarily the result of increased repairs, maintenance and replacement costs totaling \$46,670 and increased sewer processing costs of \$38,462. There was an increase in preventative maintenance on the sewer lines in 2013 for slip line work.

For 2013 the Reclaimed Water fund showed a net operating profit of \$14,001 before investment earnings compared to 2012 when reclaimed water showed a net operating profit of \$14,748.

The Sewer fund was also allocated an administrative service charge from the General Fund in the amount of \$22,490. This is the second year in which the enterprise funds have been allocated their proportionate share of administrative costs. The administrative burden of operating the enterprise funds is now being allocated from the General Fund in order to arrive at a more accurate cost of operating these funds.

For 2013, the Sewer Fund operating revenues were \$859,051, a decrease of \$8,963 from 2012 and operating expenses were \$983,726, an increase of \$78,284 from 2012. Revenues for the Reclaimed Water Fund in 2013 were \$189,530, an increase of \$98 from 2012 and operating expenses were \$175,529, an increase of \$845.

The largest operating expense for the Sewer Fund is the processing fees paid to the City of St. Petersburg for sewage processing. These processing charges for 2013 were \$638,855, up 6.4% from the 2012 charges of \$600,393. The time spent by Public Works personnel in sewer and reclaimed water operations is allocated to each enterprise fund. The salary allocation to the Sewer Fund in 2013 was \$36,230, up slightly from the 2012 allocation of \$34,760. The amount of 2013 non-cash depreciation charges in the Sewer Fund was \$151,961.

The Reclaimed Water operating expenses for 2013 include non-cash depreciation charges of \$102,934. The amount of salary allocations from the General Fund was \$30,140, a slight increase from the 2012 charge of \$28,930. The cost of acquiring reclaimed water from Pinellas County was \$21,167 in 2013 compared to \$20,949 in 2012.

For fiscal 2013, the current portion of cash balances for the Sewer Fund increased to \$1,545,925, a \$12,698 (.8%) increase from the beginning balance. The current portion of cash balances for the Reclaimed Water Fund increased to \$946,100, a \$135,494 (16.7%) increase from the 2012 amount. As previously discussed, the non-current cash balances represent non-liquid funds being held in the SBA Fund B in accounts. The Sewer Fund non-current portion of cash was \$14,816 as of September 30, 2013. The Reclaimed Water Fund non-current portion of cash was \$6,485 as of September 30, 2013. (Please see page 30 for more detailed information.)

### **Budgetary Highlights – General Fund**

The General Fund budget was slightly amended during fiscal year 2013: inflows (revenues) were increased \$1,500 and outflows (expenditures) were increased \$1,000. The final amount of budgeted revenues (amounts available for appropriation) was \$4,281,800. Actual revenues for

fiscal year 2013 were \$4,233,710 which results in an unfavorable variance of \$48,090. The final amount of budgeted expenditures (charges to appropriations) for 2013 was \$4,961,355. The amount of actual expenditures was \$4,697,106 which represents a favorable variance of \$264,249. The overall favorable budget variance for fiscal year 2013 is \$216,159. (Please see pages 57-60 for more detailed information.)

The difference of \$679,555 between budgeted revenues and budgeted expenditures in the General Fund represents that portion of the beginning fund balance that the City was planning to utilize in meeting 2013 budgeted expenditures.

### Revenues

Revenue budgets are based on projections using historic trend analysis. Typically, only the first seven months of the previous year's actual revenues are known at the time of budget preparation. Considering the current economic conditions, these initial months are conservatively trended to estimate the upcoming year's budget. Actual amounts collected may vary significantly depending on changing economic conditions and consumer spending habits.

- There was an overall decrease in taxes (negative variance of \$76,262) primarily due to having to refund 2012 Fire District Ad Valorem Taxes in fiscal year 2013 amount of \$44,587, a decrease in Communications Service taxes (negative variance of \$25,915) and electric franchise taxes (negative variance of \$18,733). These negative variances were partially off-set by an increase in utility taxes (positive variance of \$22,350).
- Overall, the actual amount of revenues for building permits was in excess of the amount budgeted with a positive variance of \$107,842.
- The total amount of intergovernmental revenues was over budget by \$15,640. This positive variance is due primarily to the Local ½ cent sales tax being over budget by \$12,640.
- Fines and forfeits were \$60,033 under budget primarily as a result of red light fines being less than budget by \$60,682 (8.2%).
- Interest earnings were \$33,735 compared to a budget of \$41,770 or under budget by \$8,035. When combined with change in value (unrealized loss) on securities, net investment income was under budget by \$30,941.

### Expenditures

Actual expenditures were 94.7% of the amount budgeted.

The following is a brief review of variances from the final budget for fiscal 2013:

- About 11% of the positive variances for expenditures can be attributed to under spending on potential health benefit liabilities.
- Health insurance expenditures were under budget overall by \$28,264. Actual health benefit expenditures for 2013 totaled \$298,401 compared to a budget of \$326,665. The City offers a Health Reimbursement Arrangement (HRA) whereby the City budgets \$750 per employee for reimbursement of the deductible for hospitalization and certain out-patient testing. In addition, the City offers a \$125 per month per employee contribution towards family medical coverage. There is an under utilization of the family coverage contribution as only a portion of the employees avail themselves of the benefit. The health reimbursement arrangement is used on an as needed basis. This under utilization of benefits results in a favorable budget variance.

- The Legislative Department activities utilized 95.0% of its operating budget and had a positive variance of \$6,139 primarily as a result outside legal services being below budget (\$9,314).
- The Finance and Administration Department utilized 92.0% of its operating budget and had a positive variance of \$42,331. The positive variances included administrative overhead allocation to enterprise funds (\$13,035), computer consultant (\$3,709), election expense (\$4,971), and training and education (\$4,049).
- The Fire Department (disregarding Traffic Signal Maintenance) utilized 91.7% of its operating budget and had a positive variance of \$186,083 mostly in the area of personal services (\$171,092) and other services and charges (\$12,073). Personal services had positive variances under salaries (\$97,101), pension cost (\$33,685), health insurance (\$19,887), and unemployment benefits (\$10,411). Within other services and charges the largest positive variances were under travel, conferences and meetings (\$5,242) and petroleum products (\$1,997).
- The Community Improvement Department (Protective Inspections) utilized 97.1% of its operating budget and had a positive variance of \$8,519. The positive variance was primarily attributable to personal services (\$3,257) and other services and charges (\$5,034).
- Public Works / Transportation Department utilized 98.5% of its operating budget and had a positive variance of \$10,911. The positive variance was primarily attributable to personal services (\$8,612) as a result of health insurance costs being under budget (\$6,449).
- Humans Services did not have a budget variance.
- Culture and Recreation had a \$5,398 positive variance. The amount budgeted for library cards was under budget by \$1,725 and special events was under budget by \$3,173.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of September 30, 2013, the City had \$19,496,852 (total cost) invested in a variety of capital assets as compared to \$18,497,821 as September 30, 2012. This represents a net increase (at cost) of \$999,031 or 5.4% from the end of last year.

**Table 8**  
**Capital Assets at September 30,**  
**(Net of Depreciation)**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>		<b><u>Business-Type</u></b> <b><u>Activities</u></b>		<b><u>Total Primary</u></b> <b><u>Government</u></b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Land and land rights	\$ 2,059,183	\$ 2,059,183	\$ 0	\$ 0	\$ 2,059,183	\$ 2,059,183
Capital projects in process	855,389	0			855,389	0
Structures and Improvements	4,174,988	4,169,264	0	0	4,174,988	4,169,264
Infrastructure	3,088,508	3,053,480	6,902,655	6,877,816	9,991,163	9,931,296
Furniture, Fixtures and Equipment	<u>2,416,129</u>	<u>2,338,078</u>	<u>0</u>	<u>0</u>	<u>2,416,129</u>	<u>2,338,078</u>
Total Cost of Assets	12,594,197	11,620,005	6,902,655	6,877,816	19,496,852	18,497,821
Less: Accumulated Depreciation	<u>(5,289,218)</u>	<u>(5,033,936)</u>	<u>(3,790,766)</u>	<u>(3,535,871)</u>	<u>(9,079,984)</u>	<u>(8,569,807)</u>
<b>Total</b>	<b>\$ 7,304,979</b>	<b>\$ 6,586,069</b>	<b>\$ 3,111,889</b>	<b>\$ 3,341,945</b>	<b>\$10,416,868</b>	<b>\$9,928,014</b>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the financial statement notes (See Note D to the financial statements– Capital Assets on pages 46-47.)

**Table 9**  
**Change in Capital Assets – (Net)**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>	<b><u>Business-type</u></b> <b><u>Activities</u></b>	<b><u>Total</u></b>
<b>Beginning Balance as reported Last Year</b>	\$6,586,069	\$3,341,945	\$ 9,928,014
Additions	1,095,056	24,839	1,119,895
Retirements	(120,864)	0	(120,864)
Depreciation	(373,983)	(254,895)	(628,878)
Accumulated Depreciation Retirements	<u>118,701</u>	<u>0</u>	<u>118,701</u>
<b>Ending Balance</b>	<b><u>\$7,304,979</u></b>	<b><u>\$3,111,889</u></b>	<b><u>\$10,416,868</u></b>

This year's major additions are:

**Governmental Activities:**

Capital project in process – Aerial Platform fire truck	\$ 855,389
Paving Sunset Drive	89,980
Paving Shore Drive	14,220
Telephone system – City-wide	13,804
Air conditioning unit – City Hall	3,997
Air conditioning unit – Public Works	3,227
Panasonic tough books (4) – fire	15,440
Vehicle – fire	29,549
Thermal imaging camera – fire	9,297
Power ambulance cot – fire	<u>12,659</u>
 Sub-total	 1,047,562
Street improvements - other	4,950
Administration and finance – other equipment	3,572
Fire Department – other equipment	32,740
Public Works – other equipment	5,305
Community Improvement - equipment	<u>927</u>
 Total	 <u>\$1,095,056</u>

**Business-type activities:**

Sewer fund – CIPP lining 187 lineal feet	\$ 10,341
Sewer fund – manhole rehabilitation	<u>14,498</u>
 Total	 <u>\$ 24,839</u>

**Debt Outstanding**

The City had no outstanding long-term debt as of fiscal year end 2013 and 2012.



## **ECONOMIC FACTORS**

Fiscal 2013 continued to face the same fiscal and economic challenges of the past several years. Although the economy is gradually improving, fiscal 2013 was an uneventful year in terms of tax revenue growth and investment earnings and most efforts were made to contain costs while maintaining the same level of city services. The red light camera program is in its third year of operation in an effort to reduce red light running. This program has had a positive economic impact for South Pasadena. Some of the most significant issues for the year and beyond include:

- Property values continued to decline for fiscal year 2013; however current real estate sales are demonstrating that values are slowly increasing;
- Slow economic recovery and unemployment recovery and low consumer sentiment still depressing intergovernmental (sales) tax based revenues;
- Low investment returns on reserve funds;
- Property tax reform in the State of Florida;
- Maintenance of Alternative Revenue Sources – Red Light Camera Fines;
- EMS Funding;
- Loss of Fire District Funding.

Depressed real estate values continue to have a significant impact on the City's revenue planning and management policies. During the past year, property tax values have continued to decline. Fiscal year 2013 assessed tax values declined \$5.3 million (1.3%) from \$424,179,143 for fiscal 2012 to \$418,849,851. For the current 2014 fiscal year, taxable values increased 3.8% or \$16 million to \$434,856,383. Current Pinellas County projections estimate a 5.38% increase (\$23.4 million to \$458,251,656 for South Pasadena) in City tax values for fiscal 2015. The potential gain in revenue would total about \$27,000 for fiscal 2014 using the 2013 millage rate of 1.6985 mills.

The uncertainty in the labor markets makes it hard to predict the exact time of a total economic turnaround, but most economists agree that the recovery will continue to be slow and take several more years. Many of the economic pressures of the past several years have affected the City's revenues especially in the area of investment returns and lowered sales\ infrastructure tax type revenues which are based on consumer spending. For 2013, many of the City's revenues have maintained previous year levels. One exception was the infrastructure – discretionary 1 cent sales tax collections, which were \$23,510 higher than the prior year and in excess of the amount budgeted. Overall, the City off-set the absence of revenue growth for 2013 by using conservative spending policies, especially in capital purchases, and through newer revenue sources such as the red light camera program. Interest earnings showed yet another year of decline and there is no evidence of a near term reversal of this trend. In past years, investment earnings helped reduce ad valorem tax requirements. Despite these losses in revenue, the City's solid cash reserves put the City in a good position to meet future economic challenges.

The City no longer relies solely on the State Board of Administration for investing excess funds and has diversified into public funds money market accounts, money market mutual funds (invested in government agencies) and certificates of deposit with several institutions. With the City's investment horizon set at one to three years, investment returns at or below 1% represent a challenge and will continue to be a challenge over the next year.

During 2013 the financial markets related to corporate equities and debt seemed to be stable but yet unpredictable and in general showed lower investment returns as compared to fiscal year 2012. In the City's Firefighter's Pension Plan (the Plan) overall investment earnings totaled \$607,240 in fiscal year 2013 compared to \$864,590 in fiscal year 2012. For fiscal 2013, the Plan showed net realized and unrealized gains of \$429,601 compared to \$697,193 in gains for fiscal 2012. The Plan had an increase in net position of \$675,248 in 2013 compared to an increase of \$850,910 in 2012. The most recent actuarial valuation for the pension plan shows a decrease in the unfunded actuarial accrued liability from \$2.409 million in 2012 to \$2.328 million for 2013. When comparing this liability to the actuarial value of pension assets the funded ratio for the plan increased to 71.78% at the end of 2013 from 68.68% at the end of 2012. Based on revised contribution rates for fiscal years 2014 and 2015, budgeted City contributions will go from 29.9% in fiscal 2013 to 30.6% in 2014 and to 43.4% in 2015 when expressed as a percent of covered payroll. With decreasing funding percentages and rising pension costs, pensions will be scrutinized closely over the coming years. Further pension reform will be an issue in the future.

A number of buildings in the commercial corridor were vacant at the end of fiscal 2013 and into fiscal 2014; however, there are positive signs of economic improvement on the horizon. The Wal-Mart Grocery Market will be opening in Pasadena Shopping Center in fiscal year 2014 and it is anticipated that this strong anchor tenant will attract new businesses to the shopping center. During early 2013 the Dunkin Donuts underwent significant capital improvements and the Storage Facility on Pasadena Avenue has undergone a significant expansion. Additionally, Taco Bell is expected to begin construction on a new restaurant within the near future.

During fiscal year 2013 building permit activity increased significantly as revenues increased \$109,984 over 2012 levels indicating that there has been an increase in construction activity in the City. Maintaining existing businesses and attracting new business to South Pasadena continues to be one of the biggest challenges to the City Commission at this time. The City Commission continues to explore new ideas for the re-development of the Pasadena Avenue business corridor to enhance business activity in South Pasadena.

Although property tax reform enacted in 2007 will have the potential to limit City tax revenues, the City's financial practice over the last couple of years has been to maintain the millage rate. This results in reduced tax collections in years that have experienced declining property values. The City has been able to maintain the same millage rate in fiscal years 2012 and 2013 primarily as a result of the additional revenue realized from red light camera fines. Without alternative revenue sources this policy would have to be reversed or more stringent cost reduction measures would have to be put in affect. For the upcoming 2014 fiscal year, the City Commission adopted the prior year millage rate of 1.6985 mills. However, as a result of the increase in property values of \$16 million, property tax collections are budgeted to increase \$26,500 to \$720,500.

The City does not have a formal fund balance policy. However, under the current Commission, six to nine months of expenditure coverage has been deemed as a reasonable General Fund balance. Reducing the September 30, 2013 fund balance of \$3,266,964 by the projected 2014 deficit spending of \$744,110 leaves a projected September 30, 2014 fund balance of \$2,522,854 which is approximately 6.1 months of expenditures based on fiscal 2013 budgeted amounts.

The future funding for Emergency Medical Services (EMS) is one of the City's biggest financial challenges. EMS funding will increase \$52,283 to \$771,767 in fiscal year 2013-2014. However, under a current Pinellas County proposal, EMS funding levels will remain constant for fiscal years 2012, 2016 and 2017. The City has joined forces with other municipalities to seek

alternative solutions to the EMS funding issue.

Since 1993 the City has had a contract to provide fire protection to an unincorporated area that lies adjacent to the City and has been reimbursed for approximately 20% of the City annual City fire budget. This funding ended as of October 1, 2012. Pinellas County did not renew the fire district contract with the City for fiscal 2012/2013 and the resulting loss in revenue from the loss of the district is approximately \$350,000. The loss of the Fire District eliminates the contractual requirement of keeping five persons on duty at all times. In fiscal 2013, the City did lay-off the 6<sup>th</sup> man on each shift and re-instituted the policy of call back overtime to maintain four personnel on a shift. During fiscal year 2013 the City was able to reduce Fire department salaries and related benefits by \$121,212 from 2012 levels.

### **FINANCIAL CONTACT**

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City's Finance Director at City Hall at 7047 Sunset Drive South, South Pasadena, Florida 33707, telephone (727) 347-4171.

## **Basic Financial Statements**

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

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## CITY OF SOUTH PASADENA, FLORIDA

## STATEMENT OF NET POSITION

September 30, 2013

With Comparative Total Amounts for September 30, 2012

	2013			2012
	Governmental Activities	Business-type Activities	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, cash equivalents and pooled cash and investments	\$ 8,115,512	\$ 2,492,025	\$ 10,607,537	\$ 11,355,534
Receivables - other	13,966	-	13,966	48,546
Due from other governments	27,418	88,672	116,090	222,827
Inventory of supplies	9,078	-	9,078	9,412
Prepaid expense	46,964	1,065	48,029	46,565
Total current assets	<u>8,212,938</u>	<u>2,581,762</u>	<u>10,794,700</u>	<u>11,682,884</u>
<b>NON-CURRENT ASSETS</b>				
Cash, cash equivalents and pooled cash and investments - non-current portion	78,161	21,301	99,462	182,033
Land and land rights	2,059,183	-	2,059,183	2,059,183
Structures and improvements	4,174,988	-	4,174,988	4,169,264
Infrastructure	3,088,508	6,902,655	9,991,163	9,931,296
Furniture, fixtures and equipment	2,416,129	-	2,416,129	2,338,078
Capital projects in process	855,389	-	855,389	-
Accumulated depreciation	(5,289,218)	(3,790,766)	(9,079,984)	(8,569,807)
Total non-current assets	<u>7,383,140</u>	<u>3,133,190</u>	<u>10,516,330</u>	<u>10,110,047</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,596,078</u>	<u>\$ 5,714,952</u>	<u>\$ 21,311,030</u>	<u>\$ 21,792,931</u>

	2013			2012
	Governmental Activities	Business-type Activities	Total	Total
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 201,074	\$ 66,893	\$ 267,967	\$ 205,686
Accrued liabilities	126,151	-	126,151	125,296
Due to other governments	9,960	-	9,960	9,379
Current portion of:				
Accrued compensated absences	37,978	-	37,978	38,802
Unearned revenue	51,863	-	51,863	63,390
Total current liabilities	<u>427,026</u>	<u>66,893</u>	<u>493,919</u>	<u>442,553</u>
<b>NON-CURRENT LIABILITIES</b>				
Accrued compensated absences	151,911	-	151,911	155,208
Total non-current liabilities	<u>151,911</u>	<u>-</u>	<u>151,911</u>	<u>155,208</u>
<b>TOTAL LIABILITIES</b>	<u>578,937</u>	<u>66,893</u>	<u>645,830</u>	<u>597,761</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,304,979	3,111,889	10,416,868	9,928,014
Restricted:				
Infrastructure	4,011,308	-	4,011,308	4,586,901
Equipment	1,462	-	1,462	1,462
Scholarships	2,651	-	2,651	3,151
Unrestricted	<u>3,696,741</u>	<u>2,536,170</u>	<u>6,232,911</u>	<u>6,675,642</u>
<b>TOTAL NET POSITION</b>	<u>15,017,141</u>	<u>5,648,059</u>	<u>20,665,200</u>	<u>21,195,170</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 15,596,078</u>	<u>\$ 5,714,952</u>	<u>\$ 21,311,030</u>	<u>\$ 21,792,931</u>

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

CITY OF SOUTH PASADENA, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

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

FUNCTIONS / PROGRAMS	2013			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 633,246	\$ 86,223	\$ -	\$ -
Public safety - Police	1,011,206	688,843	-	-
Public safety - Fire	2,152,151	-	719,484	-
Public safety - Protective inspections	301,625	218,454	-	-
Transportation - Public works	905,564	-	-	-
Human services	8,545	-	-	-
Culture and recreation	60,482	8,050	1,500	-
Physical environment	71,372	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,144,191</u>	<u>1,001,570</u>	<u>720,984</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Sewer	983,726	859,051	-	-
Reclaimed water	175,529	189,530	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,159,255</u>	<u>1,048,581</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 6,303,446</u>	<u>\$ 2,050,151</u>	<u>\$ 720,984</u>	<u>\$ -</u>

General Revenues

Taxes:

Ad valorem

Franchise fees

Utility taxes

Communications service tax

Sales tax - infrastructure

Half-cent sales tax

Local option gas tax

Other taxes

State revenue sharing - unrestricted

Interest

Change in fair value of investments

Miscellaneous

Total general revenues

Change in net assets

Net position - beginning of year

Net position - end of year



2013			2012
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Total
\$ (547,023)	\$ -	\$ (547,023)	\$ (494,998)
(322,363)	-	(322,363)	(114,849)
(1,432,667)	-	(1,432,667)	(1,566,365)
(83,171)	-	(83,171)	(170,667)
(905,564)	-	(905,564)	(880,690)
(8,545)	-	(8,545)	(5,383)
(50,932)	-	(50,932)	(54,895)
(71,372)	-	(71,372)	92,862
<u>(3,421,637)</u>	<u>-</u>	<u>(3,421,637)</u>	<u>(3,194,985)</u>
-	(124,675)	(124,675)	(37,428)
-	14,001	14,001	14,748
<u>-</u>	<u>(110,674)</u>	<u>(110,674)</u>	<u>(22,680)</u>
<u>(3,421,637)</u>	<u>(110,674)</u>	<u>(3,532,311)</u>	<u>(3,217,665)</u>
642,422	-	642,422	1,066,851
439,881	-	439,881	458,889
595,950	-	595,950	571,598
244,085	-	244,085	269,547
463,895	-	463,895	440,385
272,640	-	272,640	260,555
75,514	-	75,514	74,294
61,169	-	61,169	55,801
156,238	-	156,238	155,655
48,316	540	48,856	59,357
(26,865)	4,591	(22,274)	1,694
23,965	-	23,965	35,416
<u>2,997,210</u>	<u>5,131</u>	<u>3,002,341</u>	<u>3,450,042</u>
<u>(424,427)</u>	<u>(105,543)</u>	<u>(529,970)</u>	<u>232,377</u>
<u>15,441,568</u>	<u>5,753,602</u>	<u>21,195,170</u>	<u>20,962,793</u>
<u>\$ 15,017,141</u>	<u>\$ 5,648,059</u>	<u>\$ 20,665,200</u>	<u>\$ 21,195,170</u>

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

CITY OF SOUTH PASADENA, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUNDS

September 30, 2013

With Comparative Total Amounts for September 30, 2012

	2013			2012
	General	Capital Improvements	Total Governmental Funds	Total
<b>ASSETS</b>				
Cash, cash equivalents and pooled cash and investments	\$ 3,452,036	\$ 4,741,637	\$ 8,193,673	\$ 9,154,749
Receivables - other	12,802	1,164	13,966	48,546
Due from other governments	27,418	-	27,418	123,244
Inventory of supplies	9,078	-	9,078	9,412
Prepaid expenditures	17,203	-	17,203	16,308
<b>TOTAL ASSETS</b>	<b>\$ 3,518,537</b>	<b>\$ 4,742,801</b>	<b>\$ 8,261,338</b>	<b>\$ 9,352,259</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 63,599	\$ 137,475	\$ 201,074	\$ 133,944
Accrued liabilities	126,151	-	126,151	125,296
Due to other governments	9,960	-	9,960	9,379
Deferred revenue	51,863	-	51,863	63,390
<b>TOTAL LIABILITIES</b>	<b>251,573</b>	<b>137,475</b>	<b>389,048</b>	<b>332,009</b>
<b>FUND BALANCES</b>				
Fund balances				
Nonspendable:				
Inventories and prepaids	26,281	-	26,281	25,720
Restricted for:				
Infrastructure	-	4,011,308	4,011,308	4,586,901
Equipment	-	1,462	1,462	1,462
Scholarships	2,651	-	2,651	3,151
Assigned to:				
Capital improvement projects	-	592,556	592,556	701,527
Future budgetary appropriations	744,110	-	744,110	680,055
Unassigned	2,493,922	-	2,493,922	3,021,434
<b>TOTAL FUND BALANCES</b>	<b>3,266,964</b>	<b>4,605,326</b>	<b>7,872,290</b>	<b>9,020,250</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,518,537</b>	<b>\$ 4,742,801</b>	<b>\$ 8,261,338</b>	<b>\$ 9,352,259</b>

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

CITY OF SOUTH PASADENA, FLORIDA

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

September 30, 2013

Fund Balances - total governmental funds \$ 7,872,290

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

The Negative Pension Obligation pertaining to the Firefighters' Pension  
represents a prepaid expense. This prepayment is not recognized as an  
asset in the governmental funds as it is not a financial resource. 29,761

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

Governmental capital assets	\$ 12,594,197	
Less: Accumulated depreciation	<u>(5,289,218)</u>	
		7,304,979

Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the governmental funds.

Compensated absences	<u>(189,889)</u>
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Net position of governmental activities.	<u><u>\$ 15,017,141</u></u>
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The notes to the financial statements are an integral part of this statement.

## CITY OF SOUTH PASADENA, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2013

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

	2013			2012
	General	Capital Improvements	Total Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 1,922,338	\$ 11,250	\$ 1,933,588	\$ 2,366,885
Licenses and permits	293,115	-	293,115	181,551
Intergovernmental revenue	1,285,045	463,895	1,748,940	1,864,795
Fines and forfeits	688,842	-	688,842	895,869
Interest	33,735	14,581	48,316	58,642
Change in fair value of investments	(22,906)	(3,959)	(26,865)	(8,348)
Rent	8,050	-	8,050	6,875
Miscellaneous revenues	25,491	-	25,491	35,692
<b>TOTAL REVENUES</b>	<b>4,233,710</b>	<b>485,767</b>	<b>4,719,477</b>	<b>5,401,961</b>
<b>EXPENDITURES</b>				
Current:				
General government	600,043	1,131	601,174	547,153
Public safety	3,349,020	653	3,349,673	3,451,446
Transportation - public works	717,569	77,350	794,919	756,921
Human services	7,250	-	7,250	4,088
Culture and recreation	19,652	-	19,652	20,805
Physical environment	-	-	-	7,008
Capital outlay:				
General government	3,572	13,804	17,376	3,995
Public safety	-	956,001	956,001	110,218
Transportation - public works	-	121,679	121,679	264,424
Physical environment	-	-	-	10,625
<b>TOTAL EXPENDITURES</b>	<b>4,697,106</b>	<b>1,170,618</b>	<b>5,867,724</b>	<b>5,176,683</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(463,396)</b>	<b>(684,851)</b>	<b>(1,148,247)</b>	<b>225,278</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of surplus capital assets	-	287	287	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>287</b>	<b>287</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(463,396)</b>	<b>(684,564)</b>	<b>(1,147,960)</b>	<b>225,278</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>3,730,360</b>	<b>5,289,890</b>	<b>9,020,250</b>	<b>8,794,972</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 3,266,964</b>	<b>\$ 4,605,326</b>	<b>\$ 7,872,290</b>	<b>\$ 9,020,250</b>

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

CITY OF SOUTH PASADENA, FLORIDA

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

For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds	\$	(1,147,960)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets

\$ 1,095,056

Less: Current year depreciation

(373,983)

721,073

In the statement of activities, a gain or loss is reported on the disposal of capital assets based on the sale price less the remaining un-depreciated cost, whereas in the governmental funds the proceeds from the sale of capital assets increase financial resources. The remaining un-depreciated cost of assets disposed of results in a decrease in net position.

Un-depreciated cost of capital assets sold as surplus or disposed of

(2,163)

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

Negative Net Pension Obligation - Firefighters' Pension

502

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences

4,121

Change in net position of governmental activities.

\$ (424,427)

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

CITY OF SOUTH PASADENA, FLORIDA

BALANCE SHEET  
PROPRIETARY FUNDS

September 30, 2013

With Comparative Total Amounts for September 30, 2012

	Business-type Activities - Enterprise Funds			
	2013			2012
	Sewer	Reclaimed Water	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Pooled cash and cash equivalents	\$ 1,545,925	\$ 946,100	\$ 2,492,025	\$ 2,343,833
Due from other governments	72,869	15,803	88,672	99,583
Prepaid expense	1,065	-	1,065	998
Total current assets	<u>1,619,859</u>	<u>961,903</u>	<u>2,581,762</u>	<u>2,444,414</u>
<b>NON-CURRENT ASSETS</b>				
Pooled cash and cash equivalents - non-current portion	14,816	6,485	21,301	38,985
Capital Assets:				
Infrastructure	3,814,633	3,088,022	6,902,655	6,877,816
Less: Accumulated depreciation	<u>(1,904,451)</u>	<u>(1,886,315)</u>	<u>(3,790,766)</u>	<u>(3,535,871)</u>
Total non-current assets	<u>1,924,998</u>	<u>1,208,192</u>	<u>3,133,190</u>	<u>3,380,930</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,544,857</u>	<u>\$ 2,170,095</u>	<u>\$ 5,714,952</u>	<u>\$ 5,825,344</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 61,958	\$ 4,935	\$ 66,893	\$ 71,742
Total current liabilities	<u>61,958</u>	<u>4,935</u>	<u>66,893</u>	<u>71,742</u>
<b>TOTAL LIABILITIES</b>	<u>61,958</u>	<u>4,935</u>	<u>66,893</u>	<u>71,742</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,910,182	1,201,707	3,111,889	3,341,945
Unrestricted	<u>1,572,717</u>	<u>963,453</u>	<u>2,536,170</u>	<u>2,411,657</u>
<b>TOTAL NET POSITION</b>	<u>3,482,899</u>	<u>2,165,160</u>	<u>5,648,059</u>	<u>5,753,602</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,544,857</u>	<u>\$ 2,170,095</u>	<u>\$ 5,714,952</u>	<u>\$ 5,825,344</u>

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

CITY OF SOUTH PASADENA, FLORIDA

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

For the Year Ended September 30, 2013

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

	Business-type Activities - Enterprise Funds		
	2013		2012
	Sewer	Reclaimed Water	Total
OPERATING REVENUES			
Charges for services	\$ 859,051	\$ 189,530	\$ 1,048,581
TOTAL OPERATING REVENUES	859,051	189,530	1,048,581
OPERATING EXPENSES			
Supervisory services	36,230	30,140	66,370
Utilities	8,498	-	8,498
City of St. Petersburg:			
Sewer processing	638,855	-	638,855
Administration charge	6,314	1,260	7,574
Pinellas County:			
Reclaimed water	-	21,167	21,167
Audit and consulting	2,822	315	3,137
Insurance	7,033	-	7,033
Repairs, maintenance, renewals and replacements	105,381	7,633	113,014
Administrative service charge	22,490	12,080	34,570
Miscellaneous	4,142	-	4,142
Depreciation	151,961	102,934	254,895
TOTAL OPERATING EXPENSES	983,726	175,529	1,159,255
OPERATING INCOME (LOSS)	(124,675)	14,001	(110,674)
NON-OPERATING REVENUE			
Interest earned	354	186	540
Change in fair value of investments	3,193	1,398	4,591
CHANGES IN NET POSITION	(121,128)	15,585	(105,543)
NET POSITION - BEGINNING OF YEAR	3,604,027	2,149,575	5,753,602
NET POSITION - END OF YEAR	\$ 3,482,899	\$ 2,165,160	\$ 5,648,059

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

## CITY OF SOUTH PASADENA, FLORIDA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended September 30, 2013

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

	Business-type Activities - Enterprise Funds			
	2013			2012
	Sewer	Reclaimed Water	Total	Total
INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 861,635	\$ 197,858	\$ 1,059,493	\$ 1,044,672
Cash payments to suppliers for goods and services	(781,224)	(27,112)	(808,336)	(702,593)
Cash payments to employees for services	(36,230)	(30,140)	(66,370)	(63,690)
Cash paid for general government allocated expenses	(22,490)	(12,080)	(34,570)	(40,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,691	128,526	150,217	237,889
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(24,840)	-	(24,840)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(24,840)	-	(24,840)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on cash and cash equivalents	354	186	540	715
Increase (decrease) in fair value of cash equivalents	3,193	1,398	4,591	10,042
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,547	1,584	5,131	10,757
NET INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS	398	130,110	130,508	248,646
POOLED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,560,343	822,475	2,382,818	2,134,172
POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,560,741	\$ 952,585	\$ 2,513,326	\$ 2,382,818
POOLED CASH AND CASH EQUIVALENTS IS COMPRISED OF:				
Current pooled cash and cash equivalents	\$ 1,545,925	\$ 946,100	\$ 2,492,025	\$ 2,343,833
Non-current pooled cash and cash equivalents	14,816	6,485	21,301	38,985
	\$ 1,560,741	\$ 952,585	\$ 2,513,326	\$ 2,382,818
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (124,675)	\$ 14,001	\$ (110,674)	\$ (22,680)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	151,961	102,934	254,895	253,653
Changes in assets and liabilities:				
(Increase) Decrease in Due From Other Governments	2,584	8,328	10,912	(12,774)
(Increase) Decrease in Prepaid Expense	(67)	-	(67)	1,104
Increase (Decrease) in Accounts Payable	(8,112)	3,263	(4,849)	18,586
TOTAL ADJUSTMENTS	146,366	114,525	260,891	260,569
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 21,691	\$ 128,526	\$ 150,217	\$ 237,889

There were no non-cash investing or financing activities for the years ended September 30, 2013 or 2012.

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



CITY OF SOUTH PASADENA, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

September 30, 2013

With Comparative Amounts for September 30, 2012

	Employee Retirement Funds	
	2013	2012
<b>ASSETS</b>		
Cash	\$ 122	\$ 122
Investments, at fair value		
Money market funds	216,733	202,412
U. S. Government and Federal		
Agency securities and bonds	745,491	986,290
Asset backed securities	-	123,700
Corporate bonds	1,425,799	1,001,356
Equities - common stock	3,830,282	3,195,749
Trustees' mutual funds	1,091,061	907,321
	<u>7,309,366</u>	<u>6,416,828</u>
Receivables	<u>34,700</u>	<u>60,500</u>
<b>TOTAL ASSETS</b>	<u>7,344,188</u>	<u>6,477,450</u>
<b>LIABILITIES</b>		
Accounts payable	<u>7,750</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>7,750</u>	<u>-</u>
<b>NET POSITION</b>		
Held in Trust for Pension Benefits		
and Other Purposes	<u>\$ 7,336,438</u>	<u>\$ 6,477,450</u>

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

CITY OF SOUTH PASADENA, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended September 30, 2013

With Comparative Amounts for the Year Ended September 30, 2012

	Employee Retirement Funds	
	2013	2012
ADDITIONS		
Contributions		
Employer	\$ 230,300	\$ 246,200
Employee	118,976	112,680
Total contributions	<u>349,276</u>	<u>358,880</u>
Intergovernmental revenue		
State excise tax rebate	47,102	41,875
Investment earnings		
Net increase in fair		
value of investments	542,957	808,099
Interest and dividends	<u>177,639</u>	<u>167,397</u>
Total investment earnings	<u>720,596</u>	<u>975,496</u>
Less investment expense	<u>(47,285)</u>	<u>(43,949)</u>
Net investment earnings	<u>673,311</u>	<u>931,547</u>
TOTAL ADDITIONS	<u>1,069,689</u>	<u>1,332,302</u>
DEDUCTIONS		
Benefits	191,642	413,265
Professional services	16,215	13,840
Trustee expenses	<u>2,844</u>	<u>2,640</u>
TOTAL DEDUCTIONS	<u>210,701</u>	<u>429,745</u>
CHANGE IN NET POSITION	858,988	902,557
NET POSITION - BEGINNING OF YEAR	<u>6,477,450</u>	<u>5,574,893</u>
NET POSITION - END OF YEAR	<u>\$ 7,336,438</u>	<u>\$ 6,477,450</u>

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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

The accompanying financial statements have been prepared to conform with the standards set forth by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies.

**1. The Reporting Entity**

The City of South Pasadena, Florida (the City) is a municipal corporation established in 1955 pursuant to the laws of Florida and operates under applicable provisions of Florida Statutes.

The City follows the principles of Section 2100, "Defining the Reporting Entity" of GASB "Codification of Governmental Accounting and Financial Reporting Standards" which established standards for defining and reporting on the "Financial Reporting Entity". The financial reporting entity includes the primary government, organizations for which the primary government is financially accountable and other organizations for which, if excluded, would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority to an organization's board and either displays the ability to impose its will on that organization, the possibility that the organization will impose or provide a financial burden or benefit to the primary government, or management of the primary government has operational responsibility for the component unit and manages the component unit in essentially the same manner in which it manages its own programs or departments. The City has no such applicable organizations that meet these requirements; therefore, the accompanying financial statements include only information relative to the primary government.

**2. Basic Financial Statements – GASB Statement #34**

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

As part of reporting pursuant to GASB Statement #34, there is a reporting requirement regarding infrastructure; that is roads, sidewalks, curbing, and drainage improvements, etc. All major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements, in fiscal years ending after June 30, 1980, are required to be retroactively reported. All newly acquired or improved infrastructure assets must be reported in accordance GASB Statement #34. The City has included infrastructure assets acquired prior to June 30, 1980 that still have remaining useful lives.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables and long-term liabilities. Governmental activities include the General Fund and the Capital Improvements Fund. Business-type activities include the Sewer and Reclaimed Water Enterprise Funds. The City's Fiduciary Funds, which consist of the Firefighters' Retirement and Employees' Deferred Compensation Plans, are not included in the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City.

The government-wide Statement of Activities reports the gross and net cost for the various functional categories (general government, police, fire, etc.) of the City that are otherwise supported by general government revenues. The expenses for each functional category are reduced by program revenues to ascertain the net costs for that function. Program revenues are defined as charges for services, operating and capital grants that specifically relate to a specific program function. Charges for services include

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

revenue arising from charges to customers or applicants, who purchase, use or directly benefit from the goods, services, or privileges provided. Operating and capital grants consist of revenues received from governments, organizations or individuals that are specifically attributable to a program and are restricted for either operating expenditures / expenses or capital expenditures / expenses associated with the specific program.

The fund financial statements are similar to the financial statements presented in the previous reporting model. The emphasis in the new model is on major funds in both the governmental activities and business-type activities, and non-major funds are summarized into a single column. As a result, the City does not have any non-major funds.

**3. Basis of Presentation**

The accounts of the City are organized on the basis of funds, each of which is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, fund equity, revenues, and expenditures (expenses) as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The accompanying basic financial statements present each major fund as a separate column on the fund financial statements:

**Governmental Funds:** This fund category accounts for the acquisition, use, and balances of the City's expendable financial resources and the related current liabilities, except for those accounted for in the Proprietary Funds. Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund:** The General Fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital costs that are not paid through other funds are paid from the General Fund.

**Capital Improvements Fund:** This fund is used to account for intergovernmental revenue that is restricted in use for infrastructure improvements or vehicles with a life expectancy of at least five (5) years, as well as other funds received and expended for construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

**Proprietary Fund:** This fund category accounts for all assets, liabilities, equities, revenues, and expenses related to the City's activities similar to businesses in the private sector. The measurement focus of a Proprietary Fund is on determination of net income, financial position and cash flows using the accrual basis of accounting. The City's Proprietary Funds are presented in accordance with GASB Statement #62 – "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements". The City's Proprietary Fund types consist of the following:

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

Enterprise Fund: This fund type is used to account for operations (a) that are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has two Enterprise Funds that are presented as major proprietary funds:

Sewer Fund: This fund is used to account for the provision of Sewer services to the residents of the City. Activities of the sewer system include operations and maintenance of the system. All costs are financed through charges to utility customers.

Reclaimed Water Fund: This fund is used to account for the provision of Reclaimed Water services to the residents of the City. Activities of the reclaimed water system include operations and maintenance of the system and collection of system user fees. All costs are financed through charges to utility customers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in conjunction with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel, contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

Fiduciary Fund: This fund category accounts for assets held by the City in a trustee capacity or as agent for individuals, private organizations, other governmental units, and/or other funds. The measurement focus is like a proprietary fund for the pension trust fund.

Trust Fund: This fund is used to account for assets held by the City in a trustee capacity. The Pension Trust Fund is a single trust fund used to account for the Firefighters' Retirement Pension Plan. The Deferred Compensation Trust Fund is a trust fund used to account for the Deferred Compensation Plan.

**4. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual: The modified accrual basis of accounting is utilized for the governmental fund types. Under this basis, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current period. Substantially all intergovernmental revenues and interest are susceptible to accrual. Property taxes are billed and substantially collected within the same fiscal year.

Revenues for reimbursement of grant expenditures are recognized as the expenditures are incurred up to the grant award amount.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt are recognized when due.

Accrual: The accrual basis of accounting is utilized for the Proprietary and Fiduciary Fund - Trust Funds. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period that the liability is incurred.

**5. Budget And Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) By July 1, the City Finance Director submits to the City Commission a proposed budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage rate.
- b) Public hearings are conducted in August and September to obtain taxpayer comments on the proposed budget and property tax millage rate.
- c) The budget and property tax millage rate is approved by the City Commission in September and adopted as a budget ordinance. This budget ordinance is adopted at the fund level.
- d) The budget is reviewed after the first six months of the fiscal year and any unusual and unforeseen changes are incorporated into the budget on a fund level by a modifying ordinance. This action requires the approval of the City Commission. Typically, the City does not make any budget line item revisions within departments or any inter-department budget transfers.
- e) Annual budgets were adopted for the following funds: General Fund, Capital Improvements Fund and the Sewer and Reclaimed Water Enterprise Funds. The budget serves as legal authorization for all expenditures except for the Fiduciary Fund types, which are controlled through alternate means. The budget is adopted and passed at the fund level. However, budgeted expenditures may not legally exceed appropriations at the department level for the General Fund and on an individual fund basis for the Capital Improvements Fund and the Sewer and Reclaimed Water Enterprise Funds. There were supplemental budget appropriations made during the fiscal year ended September 30, 2013 for the General Fund in the amount of \$1,000.
- f) All appropriations lapse at the end of the fiscal year. The City does not use an encumbrance method of accounting for appropriations.
- g) Budgets for governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgets for the proprietary fund types (Sewer Fund and Reclaimed Water Fund) are adopted on a financial flow basis (depreciation is excluded and principal on debt service is included) and as a result are not consistent with GAAP.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash, Cash Equivalents and Pooled Cash and Investments: Cash balances of each fund, except for the Fiduciary Fund types, are pooled for investment purposes. The interest earned is allocated to each fund based on the fund's average balance in the pooled cash account. Cash in excess of each fund's immediate needs is placed in interest bearing accounts with several financial institutions.

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Deposits with the State Board of Administration, which are investments, are considered to be a cash equivalent for purposes of determining cash flows.

Investments: Investments consist of U. S. Government and Federal Agency securities, funds invested with the State Board of Administration and funds invested with the Florida Municipal Investment Trust (FMIT). The investments are reported at fair value. Investments in the Fiduciary Funds consist of mutual funds, money market funds, U. S. Government and Federal Agency securities and bonds, asset backed securities, corporate bonds and equities – common stocks. Investments in the Fiduciary Funds are accounted for at fair value. Funds invested with the State Board of Administration are valued at either amortized cost (Florida Prime Trust Fund) or net asset value (Trust Fund B). Deposits with the FMIT are reported at net position value.

Inventory of Supplies: Inventory is valued using the average cost basis and consists of expendable supplies held for consumption. The costs of the supplies are recorded as expenditures at the time the inventory is consumed.

Restricted Assets: Assets are restricted to indicate that they are legally segregated for a specific future use.

Capital Assets: Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable government or business-type activity in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. These assets are capitalized at historical cost, or estimated historical cost if actual cost information is not available. Donated capital assets are capitalized at their fair market value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of the asset are also capitalized.

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

Category	Useful Life
Structures and improvements	15 – 50 years
Infrastructure	20 – 40 years
Furniture, fixtures and equipment	3 – 20 years
Sewer system equipment	12 years
Sewer system	40 years
Reclaimed water system	30 years

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

Accrued Compensated Absences: All full-time employees are allowed to carry over a maximum of 20 days of accumulated vacation time and 116 days of sick leave. General employees that are over the age of 55 that have served the City for a minimum of 10 years are eligible for retirement and are paid a portion of their accumulated sick leave upon separation from the City; general employees with 10 to 14 years of service are paid 20% of their sick leave up to 116 days and general employees with 15 or more years of service are paid 25% of their sick leave up to 116 days.

Firefighters are permitted to accumulate up to 1,400 hours of sick leave. Firefighters are paid 50% of their sick leave upon retiring from the City.

The portion of the compensated absences liability that pertains to accrued vacation and compensatory time that is to be paid out of current available resources for terminated employees is recorded in the government – wide financial statements as a current liability. The remainder of the liability, which includes all accumulated sick time that is not expected to be paid within the next year, is reported as a component of long-term liabilities in the government – wide financial statements. There is no liability for compensated absences recorded in the Enterprise Funds as there are no employees in these funds.

Post Retirement Health and Life Insurance Benefits: The City provides post retirement health insurance benefits to employees upon completion of 10 years of service and age 55. The City does not provide any life insurance benefits.

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. The net investment in capital assets component consists of capital assets less accumulated depreciation and any related long-term debt. Restricted assets consist of net position that has constraints placed on them either externally by third parties (grantors and contributors) or by law through provisions of enabling legislation. Unrestricted net position consists of items that do not meet the definition of “net investment in capital assets” or “restricted”. The government-wide statement of net position reports \$4,015,421 of restricted net position, none of which is restricted by enabling legislation.

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Supplies Inventory and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or (b) imposed by



CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

law through constitutional provisions or enabling legislation. The City has included restrictions for a portion of the fund balance that has been legally segregated for the funding of infrastructure improvements as required by Florida Statutes. The City has also included restrictions for future purchases of public access equipment and future scholarship awards based upon the restrictions imposed by the donors.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council, in this case by ordinance. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations (encumbrances) to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. For the fiscal year ended September 30, 2013 the City did not have any funds classified in this category.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has assigned funds for future budgetary appropriations within the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund and also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of Assigned fund balance amounts.

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

**7. Revenues**

Property Taxes: The Pinellas County Tax Collector bills and collects all property taxes levied within the county. Ad valorem taxes are levied on property values as of January 1 of each year and are considered to be based upon the final millage rate adopted by the City Commission. The taxes are generally due November 1 and become delinquent April 1 of the following year at which time they become a lien. Tax certificates are sold by the Pinellas County Tax Collector on May 15. Property taxes are budgeted and recognized as revenues in the fiscal year during which the taxes are billed and substantially collected.

Ad valorem tax-fire district: The City no longer has a contract to provide fire protection services to residents of the unincorporated areas of the county that are adjacent to the City. The City made a refund payment to the County in fiscal year 2013 in the amount of \$44,587 that pertained to ad valorem tax – fire district funds received in fiscal year 2012. The amount refunded was based on an evaluation of actual costs incurred in fiscal year 2012.

Grants: Amounts received are restricted as to use in accordance with applicable grant requirements. Generally, these funds are subject to compliance audits and must be returned to the grantors if they exceed the cost of the program or are used in violation of the grant regulations.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

**8. Interfund Transactions**

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables and are subject to elimination in the government-wide financial statements. Services provided are deemed to be at market or near market rates and are treated as revenues and expenditures/expenses and are not eliminated in the consolidation of the government-wide financial statements. Reimbursements occur when one fund incurs a cost and charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**9. Comparative Data and Reclassifications**

The financial statements include summarized prior year comparative information that does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2012, from which such summarized information was derived.

**NOTE B - CASH, CASH EQUIVALENTS AND POOLED CASH AND INVESTMENTS**

**Cash and Pooled Cash**

The City maintains a cash and investment pool that is available for all funds except the Fiduciary Fund types. The investments of the Pension Trust Fund and the Expendable Trust Funds are held separately from those of other City funds.

**Deposits**

Florida Statutes and City policy require that all City demand accounts be in financial institutions that pledge collateral with the State Treasurer pursuant to Chapter 280, Florida Statutes. The City is required to verify that monies are on deposit with "qualified public depositories" as defined in Florida Statutes Section 280.02. Florida Statutes require that all qualified public depositories provide collateral each month equal to a least 50 percent of the public funds on deposit with the institution that are in excess of deposit insurance amounts. The carrying amount of the City's deposits as of September 30, 2013 was \$3,002,492 excluding \$600 of petty cash funds that are maintained. The amounts on deposit in money market type accounts as of September 30, 2013 that do not qualify as public funds totaled \$4,213,838.

The State Treasurer may assess other qualified public depositories for a pro rata share of any loss suffered by a public depositor in excess of its depository's collateral. Since the City uses only authorized public depositories, all funds, including time deposits, deposited with financial institutions are in compliance with the City's policies.

**Investments**

Florida Statutes (218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U. S. Government, U. S. Government Instrumentalities, State of Florida Local Government Surplus Trust Fund (State Board of Administration), and mutual funds investing in U. S. Government Securities.

The City adopted its own investment policy that also authorizes the City to invest in the following: a) Florida Municipal Investment Trust Fund; b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) Certificates, notes, bonds, or bills of the United States, or other obligations of the United States or its Agencies which are backed by the full faith and credit of the U. S. and include, but are not limited to:

## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

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

The City's investment policy states that, to the extent possible, investment maturities and liquidity shall be matched to anticipated cash flow requirements and unless an investment is matched to a specific cash flow such as a reserve requirement or other longer-term investment horizon, investments shall not have a maturity date of more than three (3) years from the date of purchase.

The Local Government Surplus Trust Fund (Florida Prime) and the Fund B Surplus Funds Trust Fund (Fund B) are an external investment pool administered by the Florida State Board of Administration, which is a three member board made up of the State elected officials of Governor, Chief Financial Officer and Attorney General. This Board is empowered by Florida law to invest funds at the request of local governments. The Florida Prime is treated as a "2a-7 like" pool in accordance with GASB Statements No. 31 and No. 59 and is valued using the pooled share price (amortized cost), which approximates fair value. The Florida Prime funds may be withdrawn upon demand. The Fund B is accounted as a fluctuating net asset value (NAV) pool. The Fund B funds are not available for withdrawal unless released from the Fund B pool to the Florida Prime by the State Board of Administration. The fair value of the Fund B pool as of September 30, 2013 had been determined using a fair value factor of 1.13262284. Investment income is recognized as earned and is allocated to participants based on their equity participation.

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

Investment	Maturity	Fair Value	Rating
State Board of Administration –			
Florida Prime	N/A	\$ 522,311	AAAm
State Board of Administration – Fund B	N/A	99,462	Non-rated
U.S. Government Securities	12/15/13 – 12/31/13	1,417,509	N/A
Federal Agency Bonds	10/18/13	450,749	AA+
Florida Municipal Investment Trust –			
0-2 Year High Quality Bond Fund	N/A	899,949	AAA
Florida Municipal Investment Trust –			
1-3 Year High Quality Bond Fund	N/A	100,089	AAA
Total investments		<u>\$3,490,069</u>	

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

The City does not participate in any securities lending transactions nor has it used held or written derivative financial instruments.

**Interest Rate Risk** – In compliance with the City’s investment policy, as of September 30, 2013, the City minimized the interest rate risk, related to the decline in value of securities due to rising interest rates, by limiting the effective duration of security types not to exceed three years and investing in short-term securities or similar investment pools so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

**Credit Risk** – In compliance with the City’s investment policy, as of September 30, 2013, the City minimized credit risk due to default of a security issuer or backer, by limiting investments to the safest types of securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business.

A reconciliation of the amount of petty cash, deposits and investments reported as cash equivalents to the Statement of Net Position as of September 30, 2013, is as follows:

Petty cash	\$ 600
Deposits – public funds	3,002,492
Deposits – non-public funds	4,213,838
Investments	3,490,069
Total	<u>\$ 10,706,999</u>
As reported in Statement of Net Position:	
Cash, cash equivalents and pooled cash and investments	\$ 10,607,537
Cash, cash equivalents and pooled cash and investments – non-current portion	99,462
Total	<u>\$ 10,706,999</u>

**Firefighters’ Retirement Fund**

**Deposits**

Fifth Third Bank periodically holds un-invested cash in its capacity as custodian of the Firefighters’ Retirement Fund (the Retirement Fund). These funds exist as cash in the process of collection from the sale of securities. The cash is deposited in to the Federated Prime Cash Obligations Fund Service Shares or a cash account.

**Investments**

The Board of Trustees of the Firefighters’ Retirement Fund is authorized to invest and reinvest in: securities; annuities; life insurance contracts; time deposits or savings accounts; and obligations of the United States or its instrumentalities. Such investments may include, but are not limited to: stocks, common or preferred, and bonds, so long as such stocks or bonds retain one of the three highest quality ratings on a major recognized rating service, and other evidence of indebtedness or ownership, including shares or units of common trust funds approved as investments for pension and profit sharing plans. All investments are to be approved by the Board of Trustees of the Firefighters’ Retirement Fund.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

The Firefighters' Retirement Plan held the following deposits and investments as of September 30, 2013:

<u>Fifth Third Bank Retirement Funds:</u>	<u>Fair Value</u>	<u>Rating</u>
<b>Deposits</b>		
Federated Prime Cash Obligations Fund		
Service Shares	\$ 216,733	N/A
<b>Investments</b>		
Bonds		
U.S. Government Bonds and Bills	239,260	N/A
Federal Agency Guaranteed Securities	506,231	*
Sub-total – U.S. Government and Federal Agency	<u>745,491</u>	
Corporate Bonds	1,425,799	*
Common Stock	<u>3,830,282</u>	N/A
Total Deposits and Investments	<u>\$ 6,218,305</u>	

\* Investment complies with State of Florida investment requirements.

Credit Risk and Interest Rate Risk – State law provides that retirement plan fixed income securities must have a quality rating of “A” or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments which are downgraded to a “BAA” or equivalent rating must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments that are downgraded below a “BAA” rating are to be liquidated immediately.

**Employees' Deferred Compensation Plan**

**Investments**

Employees can elect to defer a portion of their compensation and invest these amounts with the ICMA Retirement Corporation. Investments consist of ICMA Retirement Corporation Fixed Income and Equity Funds that employees can select from.

The fair value of the investments held by the ICMA Retirement Corporation as of September 30, 2013, was \$1,091,061.

Credit Risk and Interest Rate Risk – The Employees' Deferred Compensation Plan minimizes credit risk and interest rate risk by investing in mutual type funds.

**NOTE C - DUE FROM OTHER GOVERNMENTS**

The amounts due from other governments consist of the following as of September 30, 2013:

<u>General Fund</u>	
Pinellas County	
Red Light Tickets	\$ 7,960
State of Florida	
Communications Service Tax	<u>19,458</u>
Total – governmental activities	<u>\$ 27,418</u>

## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

**NOTE C - DUE FROM OTHER GOVERNMENTS (continued)**Sewer Fund

City of St. Petersburg – sewer service fees	\$ 72,869
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Reclaimed Water Fund

City of St. Petersburg – reclaimed water fees	15,803
Total – business-type activities	88,672
Total	<u>\$ 116,090</u>

The amounts due from other governments are unsecured and represent concentrations of credit risk in the event that any of the governmental entities were unable to remit the amount due the City.

**NOTE D- CAPITAL ASSETS**

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

	Ending Balance 9-30-12	Additions	Deletions	Ending Balance 9-30-13
<b>Governmental Activities</b>				
<u>Non-depreciable assets:</u>				
Land and land rights	\$2,059,183	\$ -	\$ -	\$2,059,183
Capital projects in process	-	855,389	-	855,389
<u>Depreciable assets:</u>				
Structures and improvements	4,169,264	7,224	1,500	4,174,988
Infrastructure	3,053,480	109,149	74,121	3,088,508
Furniture, fixtures and equipment	2,338,078	123,294	45,243	2,416,129
Total at historical cost	<u>11,620,005</u>	<u>1,095,056</u>	<u>120,864</u>	<u>12,594,197</u>
<u>Less accumulated depreciation for:</u>				
Structures and improvements	1,826,535	134,678	1,450	1,959,763
Infrastructure	1,462,333	96,192	74,121	1,484,404
Furniture, fixtures and equipment	1,745,068	143,113	43,130	1,845,051
Total accumulated depreciation	<u>5,033,936</u>	<u>373,983</u>	<u>118,701</u>	<u>5,289,218</u>
Capital assets, net	<u>\$6,586,069</u>	<u>\$ 721,073</u>	<u>\$ 2,163</u>	<u>\$7,304,979</u>
	Ending Balance 9-30-12	Additions	Deletions	Ending Balance 9-30-13
<b>Business-type Activities</b>				
<u>Depreciable assets:</u>				
Infrastructure – sewer system	\$3,789,794	\$ 24,839	\$ -	\$ 3,814,633
Infrastructure – reclaimed water system	3,088,022	-	-	3,088,022
Total at historical cost	<u>6,877,816</u>	<u>24,839</u>	<u>-</u>	<u>6,902,655</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure – sewer system	1,752,490	151,961	-	1,904,451
Infrastructure – reclaimed water system	1,783,381	102,934	-	1,886,315
Total accumulated depreciation	<u>3,535,871</u>	<u>254,895</u>	<u>-</u>	<u>3,790,766</u>
Capital assets, net	<u>\$3,341,945</u>	<u>\$ (230,056)</u>	<u>\$ -</u>	<u>\$ 3,111,889</u>

CITY OF SOUTH PASADENA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

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

Depreciation was charged to governmental activities as follows:

General government	\$ 32,028
Public safety – fire	104,397
Public safety – protective inspections	17,842
Transportation – public works	106,219
Human services	1,295
Culture and recreation	40,830
Physical environment	71,372
	<u>\$ 373,983</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, Fixtures and Equipment” and property easements are included within the category of “Land and Land Rights”.

**NOTE E- UNEARNED / DEFERRED REVENUE**

Unearned / deferred revenue consists of the following as of September 30, 2013: Local business taxes received in advance that pertain to fiscal year ended September 30, 2014 in the amount of \$51,863.

**NOTE F- LONG-TERM DEBT**

Long-term debt as of September 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Accrued compensated absences	<u>\$ 194,010</u>	<u>\$ 34,681</u>	<u>\$ 38,802</u>	<u>\$ 189,889</u>	<u>\$ 37,978</u>

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

<u>Accrued Compensated Absences:</u> The vested portion of accumulated vacation and sick leave benefits due employees:	<u>\$ 189,889</u>
--	-------------------

**NOTE G- PENSION PLANS**

The City is involved with three pension plans: the Firefighters’ Retirement Fund (a single employer defined benefit pension plan); the Florida Municipal Pension Trust Fund (a defined contribution pension plan), and the Florida Retirement System (a cost sharing multiple employer defined benefit pension plan).

**Firefighters’ Retirement Fund**

The City administers the Firefighters’ Retirement Fund pension plan (the Plan) pursuant to Chapter 175 of the Florida Statutes. The investments of the Plan are held by the City in a trustee capacity and are maintained in a segregated trust account. The trust account is managed by a professional trustee pursuant to a trust agreement with the City. The Plan’s financial statements are included within the Comprehensive Annual Financial Report of the City. The Plan does not issue a stand-alone financial report.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

**NOTE G- PENSION PLANS** (continued)

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

Basis of Accounting: The Plan's 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 plan 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 Plan.

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.

Administrative Costs: The costs incurred in administering the Plan are paid for out of the Plan's assets.

Actuarial Information: The City utilizes the most recent actuarial valuation report for purposes of disclosing the required actuarial information pertaining to the Firefighters' Retirement Fund. The most recent actuarial report available is as of October 1, 2013.

2. **Plan Description:** The Plan provides retirement benefits for the City's firefighters and emergency medical services employees. The Plan provides for pension benefits after 10 years of service upon retirement at age 55 or after completion of 25 years of service upon retirement at age 52. The Plan also provides for early retirement at age 50 upon completion of 10 years of service. Benefits for normal retirement are calculated as follows: average final compensation, which is the average of the best five out of the last ten years salary benefits excluding bonuses, is multiplied by years of full-time service. The product of average final compensation and years of service is multiplied by a factor of 3.0% for all credited service. The Plan contains a Deferred Retirement Option Plan (DROP) that is available to firefighters that have satisfied the normal retirement requirements. Participation in the DROP, whereby firefighters are able to defer retirement benefits, cannot exceed 60 months. The deferred retirement benefits are credited with the actual net rate of investment return, which is defined as the total return net of brokerage commissions, management fees and transaction costs.
3. **Funding Policy:** The City contributes an amount equal to the actuarially determined contribution less employee contributions. The Plan is managed, administered, operated and funded in accordance with Florida Statutes, Chapter 175.

Contribution rates:

City	34.8%
Plan members	6%

Actuarial valuation date	October 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level % of payroll - closed
Remaining amortization period	30 years
Asset valuation method	4 year smooth

Actuarial assumptions:

Investment rate of return	8.0%
Post retirement benefit increases	0.0%
Projected salary increases	6.0%
Inflation rate	3.0%



CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

**NOTE G- PENSION PLANS** (continued)

The 4 year smooth method of valuing assets for funding purposes is based upon the average annual market rate of return (net of investment expenses) for the past four years.

4. Membership of the Plan:

Membership as of October 1, 2013:	
Current employees – participating	11
Retired - receiving benefits	5
DROP Retired – receiving benefits	7
Disabled – receiving benefits	2
Beneficiaries	1
Terminated - vested with deferred benefits	4
Total	<u>30</u>

5. Three Year Trend Information as reported in the most recent actuarial valuation report as of October 1, 2013:

Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
9/30/13	\$ 281,329	100%	\$ (29,761)
9/30/12	278,951	100%	(29,259)
9/30/11	216,730	100%	(28,600)

The Plan actuaries have reported that beginning with the year ending September 30, 2012, the Annual Pension Cost and Contributions Made include both City and State contributions.

The development of the Firefighters' Net Pension Obligation (NPO) as reported in the October 1, 2013 actuarial valuation report is provided in the table below.

	9/30/11	9/30/12	9/30/13
Actuarially Determined Contribution (A)	\$217,444	\$279,610	\$281,831
Interest on NPO	(2,231)	(2,288)	(2,341)
Adjustment to (A)	1,517	1,629	1,839
Annual Pension Cost	216,730	278,951	281,329
Contributions Made	217,444	279,610	281,831
Increase in NPO	(714)	(659)	(502)
NPO Beginning of Year	(27,886)	(28,600)	(29,259)
NPO End of Year	<u>\$(28,600)</u>	<u>\$(29,259)</u>	<u>\$ (29,761)</u>

The Plan actuaries have reported that beginning with the year ending September 30, 2012, the Actuarially Determined Contribution and Contributions Made include both City and State contributions.

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## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

**NOTE G- PENSION PLANS** (continued)

## 6. Schedule of Funding Progress - as reported in the October 1, 2013 actuarial valuation report:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Ratio Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/13	\$5,922,887	\$8,251,199	\$2,328,312	71.78%	\$680,073	342.36%
10/01/12	5,283,393	7,692,376	2,408,983	68.68%	861,066	279.77%
10/01/11	4,690,590	7,125,719	2,435,129	65.83%	882,684	275.88%
10/01/10	4,706,370	6,820,222	2,113,852	69.01%	966,164	218.79%
10/01/09	4,661,856	6,637,815	1,975,959	70.23%	917,114	215.45%
10/01/08	4,591,115	6,241,764	1,650,649	73.55%	988,853	166.93%

## 7. Schedule of Contributions from the Employer and Other Contributing Entities as reported in the October 1, 2013 actuarial valuation report:

Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2013	\$ 281,831	\$ 234,729	\$ 47,102	100.00%
2012	279,610	237,735	41,875	100.00%
2011	263,577	217,444	46,133	100.00%
2010	213,428	170,121	43,307	100.00%
2009	202,370	120,604	81,766	100.00%
2008	189,879	127,000	67,905	102.65%

## 8. The financial statements for the Firefighters' Retirement Fund as of and for the year ended September 30, 2013 are as follows:

Statement of Net Position  
September 30, 2013

Assets	
Cash	\$ 122
Investments, at fair value	6,218,305
Receivables	34,700
Total Assets	<u>6,253,127</u>
Liabilities	
Accounts payable	<u>7,750</u>
Total Liabilities	<u>7,750</u>
Net Position	
Held in Trust for Pension Benefits	<u>\$ 6,245,377</u>

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CITY OF SOUTH PASADENA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

**NOTE G- PENSION PLANS (continued)**

Statement of Changes in Net Position For the year Ended September 30, 2013	
Additions Contributions Employer Employee Total contributions	\$ 230,300 48,592 <u>278,892</u>
Intergovernmental revenue State excise tax rebate	47,102
Investment earnings Net increase in fair value of investments Interest and dividends Total investment earnings Less investment expense Net investment earnings	429,601 177,639 <u>607,240</u> (47,285) <u>559,955</u>
Total additions	<u>\$ 885,949</u>
Deductions Benefits Professional services Trustee expenses Total deductions	\$ 191,642 16,215 2,844 <u>210,701</u>
Change in Net Position	675,248
Net Position – October 1, 2012	<u>5,570,129</u>
Net Position – September 30, 2013	<u>\$ 6,245,377</u>

9. The pension contributions made by the State of Florida on behalf of the City to the Firefighters' Retirement Fund during the fiscal year ended September 30, 2013 in the amount of \$47,102 have been recognized as revenues, with a corresponding expenditure, in the General Fund during the period.

**Florida Municipal Pension Trust Fund**

1. Plan Description: The City, in accordance with Florida Statute 121, elected to opt out of the Florida Retirement System for newly hired general employees effective January 1, 1996. General employees are all employees of the City who are not required to be certified as firefighters as a condition for employment. The City contributes to the Florida Municipal Pension Trust Fund (FMPTF), a defined contribution pension plan that covers all full time employees as of the first day of the month following one year from the date of hire, and is administered by the Florida League of Cities, Inc. FMPTF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statute 121 and 185 assigns the authority to establish and amend the benefit provisions of the plans that participate in FMPTF to the respective employer entities; for the City this is the City Commission. The Florida League of Cities, Inc. issues a publicly available financial report that includes financial statements and required supplementary information for the FMPTF.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

**NOTE G- PENSION PLANS** (continued)

That report may be obtained by writing to Florida League of Cities, Inc., 201 West Park Avenue, P.O. Box 1757, Tallahassee, Florida 32302-1757 or by calling (850) 222-9684.

2. **Funding Policy:** The City is required to contribute 10% of eligible wages pursuant to the plan agreement. The City's contribution to the FMPTF for the years ended September 30, 2013, 2012 and 2011 was \$59,458, \$58,937, and \$60,468, respectively. The City contributed the required amount in each of the three years.

**Florida Retirement System**

1. **Plan Description:** The City contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan controlled by the State Legislature and administered by the State of Florida Department of Administration, Division of Retirement. FRS provides retirement and disability, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 121 of Florida Statutes assigns the authority to establish and amend benefit provisions to the State of Florida Department of Administration. The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to The Department of Management Services, Division of Retirement, Research, Education & Policy Section, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-1560 or by calling (850) 488-5706.
2. **Funding Policy:** Effective July 1, 2011, FRS requires contributions from covered members at a rate of 3%. The City is required by State statute to contribute, on a monthly basis, at an actuarially determined rate. Effective July 1, 2012 the contribution rates were 5.18% (regular members) and 6.3% (senior management members). As of July 1, 2013 these rates changed to 6.95% (regular members) and 18.31% (senior management members). The City's contributions to FRS for the years ended September 30, 2013, 2012, and 2011 were \$22,684, \$22,592, and \$47,466, respectively, equal to the required contributions for each year.

**NOTE H – OTHER POST EMPLOYMENT BENEFITS**

GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" 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.

The City has determined that the provisions of GASB Statement 45 result in a liability (\$6,456) that is not material with regard to the City's government-wide financial statements. As a result, the Other Postemployment Benefits Program liability has not been recorded in the accompanying government-wide financial statements. However, the note disclosures that are required by GASB Statement 45 are included below to provide information regarding the Other Postemployment Benefits Program.

*Plan Description.* The City provides a defined benefit postemployment health care plan, the City of South Pasadena Florida Post Retirement Benefits Plan (the Plan), whereby retired employees are able to purchase medical and dental care benefits through the City's health care provider. In accordance with Section 112.0801, of the Florida Statutes, because the City provides a medical and dental plan to active employees of the City and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this Plan. 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.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

**NOTE H – OTHER POST EMPLOYMENT BENEFITS** (continued)

To be eligible to participate in the Plan, *general* employees must have a minimum of 10 years of service with the City and retire at the age of 55 or above. *Firefighter* employees are eligible to participate in the Plan after 10 years of service upon retirement at age 55 or after completion of 25 years of service upon retirement at age 52. The Plan also provides for early retirement at age 50 upon completion of 10 years of service.

The benefit provisions of the Plan are established by the City Commission and may be amended by the City Commission. 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 insurance premiums and the City does not contribute toward this payment. However, the City subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Medicare eligible retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The City does not issue stand-alone financial statements for the plan.

*Funding Policy.* Contribution rates for the Plan are established on an annual basis by the City Council. While the City does not contribute directly towards the cost of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees, constitutes a significant economic benefit to retirees, or an implicit subsidy. This implicit subsidy is considered to be another post employment benefit (OPEB) obligation of the City. The annual required contribution to fund the OPEB obligation is currently based on a pay-as-you-go funding approach. For the year ended September 30, 2013, the expected contribution from the City was \$3,872.

*Annual Other Postemployment Benefit Cost (OPEB) and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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.

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## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

**NOTE H – OTHER POST EMPLOYMENT BENEFITS** (continued)

The following table shows the City's annual OPEB cost, the amount expected to be contributed by the City towards this OPEB obligation, and the end of year Net OPEB obligation:

	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/12	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/13
Annual Required Contribution (ARC)	\$ 5,486	\$ 5,486
Interest on net OPEB obligation	65	65
Adjustment to ARC	(65)	(65)
Annual OPEB cost	5,486	5,486
Expected employer contribution	3,872	3,872
Increase in net OPEB obligation	1,614	1,614
Net OPEB obligation beginning of year	3,228	4,842
Net OPEB obligation end of year	\$ 4,842	\$ 6,456

*Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/12	\$ -	\$ 177,568	\$ 177,568	0.0%	\$ 2,234,928	7.95%
10/01/11	-	133,176	133,176	0.0%	2,315,430	5.75%
10/01/10	-	88,784	88,784	0.0%	2,304,777	3.85%
10/01/09	-	44,392	44,392	0.0%	2,251,988	1.97%

*Three Year Trend Information*

Fiscal Year End	Actuarial Valuation Date	Annual Post- employment Benefit Cost	Amount Contribution (Estimated)	Percent of Annual Post- employment Benefit Cost Contributed	Net OPEB Obligation
9/30/13	10/01/12	\$ 5,486	\$ 3,872	70.6%	\$ 6,456
9/30/12	10/01/11	5,486	3,872	70.6%	4,842
9/30/11	10/01/10	5,486	3,872	70.6%	3,228

*Required Actuarial Information*

Contribution Rate	4.5%
Actuarial valuation date	10/1/10
Annual OPEB Cost	\$ 5,486
Contributions made	\$ 3,872
Actuarial cost method	Frozen Entry Age
Amortization method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions	
Investment rate of return *	4.00%
Payroll growth assumptions	2.50%
Healthcare Cost Trend Rates	6.10%
* - Includes inflation at	2.50%

## CITY OF SOUTH PASADENA

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

#### NOTE I - DEFERRED COMPENSATION PLAN

The City offers certain employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan is managed by independent plan administrators and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. The City has been appointed the Plan trustee and, accordingly, the plan is reported as a fiduciary fund.

#### NOTE J - RISK FINANCING

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

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

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

#### NOTE K – COMMITMENTS AND CONTINGENCIES

Law Enforcement: The Pinellas County Sheriff's Department has full and complete responsibility for providing the City with appropriate and necessary law enforcement services. The cost of the contracted services for the current fiscal year was \$717,330. The City has renewed its contract with the Pinellas County Sheriff's Department to provide law enforcement services, effective October 1, 2013, continuing until September 30, 2014. The amount of the contract with the Pinellas County Sheriff's Department for the 2013 – 2014 year is \$722,765.

Sewer Service: The City has contracted with the City of St. Petersburg whereby St. Petersburg accepts into its sanitary sewer system the flow from South Pasadena's sanitary sewer system. The City of South Pasadena is charged on the basis of average monthly flow rates and capacity charges determined by the City of St. Petersburg. Sewer disposal expense for the year ended September 30, 2013, was \$638,855.

#### NOTE L – SUBSEQUENT EVENTS

The City has evaluated whether any other events have occurred subsequent to September 30, 2013, and before the issuance of the financial statements, that would have an impact on the City's financial condition as of September 30, 2013 or would influence the conclusions reached by the reader of the financial statements regarding the City's overall financial condition. The City has determined that no such events occurred through May 23, 2014, which is the date that the financial statements were available to be issued.

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## **Required Supplementary Information**

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

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2013

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final	(Budgetary Basis)		Actual
RESOURCES (INFLOWS)					
Taxes					
Ad valorem taxes	\$ 694,000	\$ 694,000	\$ 687,009	\$ (6,991)	\$ 694,645
Ad valorem taxes - Fire district	-	-	(44,587)	(44,587)	372,206
Utility taxes	573,600	573,600	595,950	22,350	571,598
Communications Service tax	270,000	270,000	244,085	(25,915)	269,547
Electric franchise	445,000	445,000	426,267	(18,733)	443,319
Gas franchise	5,000	5,000	4,191	(809)	4,945
Refuse franchise	11,000	11,000	9,423	(1,577)	10,625
Total taxes	1,998,600	1,998,600	1,922,338	(76,262)	2,366,885
Licenses and permits					
Local business tax	91,100	91,100	86,223	(4,877)	84,193
Building permits	65,000	65,000	141,177	76,177	65,871
Fines - work done without permit	14,000	14,000	32,799	18,799	12,955
Electrical permits	2,500	2,500	8,188	5,688	2,238
Sewer, plumbing and gas permits	5,500	5,500	10,890	5,390	5,526
Mechanical permits	11,500	11,500	13,288	1,788	9,768
Planning and zoning fees	1,000	1,000	250	(750)	500
Grease management permits	500	500	300	(200)	500
Total licenses and permits	191,100	191,100	293,115	102,015	181,551
Intergovernmental revenue					
County Emergency Medical Services Authority	719,485	719,485	719,484	(1)	712,569
State revenue sharing	155,000	155,000	156,238	1,238	155,655
Local 1/2 cent sales tax	260,000	260,000	272,640	12,640	260,555
State pro-rata share of alcoholic beverage licenses	7,000	7,000	6,632	(368)	6,632
State mobile home licenses distribution	3,000	3,000	3,263	263	3,113
State municipal tax refund	1,100	1,100	1,052	(48)	1,061
State excise tax rebate - Fire Pension	46,200	46,200	47,102	902	41,875
Local option gas tax	74,500	74,500	75,514	1,014	74,294
Fire Fighters supplemental compensation	3,120	3,120	3,120	-	3,120
Total intergovernmental revenue	1,269,405	1,269,405	1,285,045	15,640	1,258,874

(continued)

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2013 (continued)

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

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS) (continued)					
Fines and forfeits -					
Police fines	\$ 6,375	\$ 6,375	\$ 7,024	\$ 649	\$ 6,459
Red light fines	742,500	742,500	681,818	(60,682)	889,410
	748,875	748,875	688,842	(60,033)	895,869
Interest	41,770	41,770	33,735	(8,035)	37,625
Change in fair value of investments	-	-	(22,906)	(22,906)	(12,147)
Rent	6,000	6,000	8,050	2,050	6,875
Miscellaneous	24,550	26,050	25,491	(559)	35,692
	821,195	822,695	733,212	(89,483)	963,914
AMOUNTS AVAILABLE FOR APPROPRIATION	4,280,300	4,281,800	4,233,710	(48,090)	4,771,224
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General government					
Legislative					
Personal services	37,070	41,430	51,423	(9,993)	105,375
Other services and charges	61,050	69,050	55,632	13,418	6,149
Travel and conventions	8,000	8,000	4,929	3,071	7,702
Supplies	1,050	1,050	835	215	664
Capital outlay	3,000	3,000	3,572	(572)	-
	110,170	122,530	116,391	6,139	119,890
Finance and administration					
Personal services	418,030	408,670	404,908	3,762	333,338
Other services and charges	56,985	56,985	23,304	33,681	33,042
Insurance	19,500	19,500	21,491	(1,991)	20,062
Supplies	5,600	5,600	4,570	1,030	4,969
Maintenance	750	750	7	743	635
Utilities	14,500	14,500	12,440	2,060	13,046
Audit and accounting	15,550	12,550	10,873	1,677	11,502
Telephone	11,000	11,000	9,631	1,369	10,669
	541,915	529,555	487,224	42,331	427,263
Total general government	652,085	652,085	603,615	48,470	547,153

(continued)

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2013 (continued)

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with	
	Budget	Final	(Budgetary Basis)	Final Budget Positive (Negative)	Actual
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Public Safety					
Law enforcement					
Pinellas County Sheriff -					
Department contract	\$ 717,335	\$ 717,335	\$ 717,330	\$ 5	\$ 711,983
American Traffic Solutions -					
Service fees - red light fines	298,450	298,450	293,876	4,574	298,736
	1,015,785	1,015,785	1,011,206	4,579	1,010,719
Fire department					
Personal services	1,991,745	1,963,745	1,792,653	171,092	1,913,865
Other services and charges	107,735	135,735	123,662	12,073	119,531
Insurance	38,460	38,460	39,137	(677)	39,471
Supplies	8,500	8,500	6,928	1,572	7,441
Maintenance	45,000	45,000	44,614	386	50,677
Utilities	20,700	20,700	18,441	2,259	19,946
Small tools and equipment	100	100	91	9	45
Traffic signals	25,000	25,000	24,711	289	24,183
Telephone	3,550	3,550	4,181	(631)	3,490
	2,240,790	2,240,790	2,054,418	186,372	2,178,649
Protective inspections					
Personal services	254,390	254,390	251,133	3,257	206,582
Other services and charges	27,680	27,680	22,646	5,034	36,136
Supplies	3,900	3,900	3,866	34	4,152
Insurance	4,695	4,695	4,661	34	5,892
Maintenance	1,250	1,250	1,090	160	1,251
	291,915	291,915	283,396	8,519	254,013
Total public safety	3,548,490	3,548,490	3,349,020	199,470	3,443,381
Transportation - public works					
Personal services	541,810	541,810	533,198	8,612	493,329
Other services and charges	62,295	62,295	64,333	(2,038)	48,314
Insurance	35,975	35,975	35,903	72	52,011
Supplies	6,500	6,500	6,793	(293)	6,411
Maintenance	27,000	27,000	25,851	1,149	28,568
Telephone	3,300	3,300	3,910	(610)	3,277
Utilities	51,600	51,600	47,581	4,019	48,478
Total transportation	728,480	728,480	717,569	10,911	680,388

(continued)

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2013 (continued)

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Actual
	Original	Final	(Budgetary Basis)		
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Human services - welfare and other services	\$ 6,250	\$ 7,250	\$ 7,250	\$ -	\$ 4,088
Culture and recreation					
Library	16,000	16,000	14,275	1,725	13,150
Culture services	1,750	1,750	1,250	500	1,250
Special events	7,300	7,300	4,127	3,173	6,405
Total culture and recreation	25,050	25,050	19,652	5,398	20,805
TOTAL CHARGES TO APPROPRIATIONS	4,960,355	4,961,355	4,697,106	264,249	4,695,815
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(680,055)	(679,555)	(463,396)	216,159	75,409
FUND BALANCE - BEGINNING OF YEAR	3,730,360	3,730,360	3,730,360	-	3,654,951
FUND BALANCE - END OF YEAR	\$ 3,050,305	\$ 3,050,805	\$ 3,266,964	\$ 216,159	\$ 3,730,360

## NOTE

The budgetary basis for the General Fund is the same as that used for generally accepted accounting principles.

## **Combining Financial Statements and Budgetary Comparison Schedules**

These financial statements provide a more detailed view of the individual fiduciary funds that were combined in the basic financial statements. Also, budgetary comparison schedules are presented for the Capital Improvements Fund, Sewer Fund and Reclaimed Water Fund.

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS FUND

For the Year Ended September 30, 2013

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with	
	Original	Final	(Budgetary Basis)	Final Budget	Actual
				Positive	
				(Negative)	
<b>RESOURCES (INFLOWS)</b>					
Taxes, licenses and permits -					
Impact fees/assessments	\$ -	\$ -	\$ 11,250	\$ 11,250	\$ -
Intergovernmental revenue					
Infrastructure tax	437,000	437,000	463,895	26,895	440,385
Physical environment grants	-	-	-	-	165,536
Interest	28,920	28,920	14,581	(14,339)	21,016
Change in fair value of investments	-	-	(3,959)	(3,959)	3,799
Sale of assets	-	-	287	287	-
<b>AMOUNTS AVAILABLE FOR</b>					
<b>APPROPRIATION</b>	<u>465,920</u>	<u>465,920</u>	<u>486,054</u>	<u>20,134</u>	<u>630,736</u>
<b>CHARGES TO APPROPRIATIONS</b>					
<b>(OUTFLOWS)</b>					
Current					
General government					
Finance and administration					
Supplies	-	-	1,131	(1,131)	-
Public Safety					
Fire Department					
Maintenance	-	-	-	-	7,957
Protective Inspections					
Supplies	-	-	653	(653)	108
Total Public Safety	-	-	653	(653)	8,065
Physical environment					
Visioning	285,000	285,000	29,990	255,010	68,023
Maintenance	-	-	47,360	(47,360)	8,510
	<u>285,000</u>	<u>285,000</u>	<u>77,350</u>	<u>207,650</u>	<u>76,533</u>
Total current charges to appropriations	<u>285,000</u>	<u>285,000</u>	<u>79,134</u>	<u>205,866</u>	<u>84,598</u>
Capital outlay					
General government					
Finance and administration					
Equipment	21,950	21,950	13,804	8,146	3,995
Total general government	<u>21,950</u>	<u>21,950</u>	<u>13,804</u>	<u>8,146</u>	<u>3,995</u>

(continued)

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS FUND

For the Year Ended September 30, 2013 (continued)

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive	
	Original	Final	(Budgetary Basis)	(Negative)	Actual
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Public Safety					
Fire Department					
Building improvements	\$ 175,000	\$ 175,000	\$ -	\$ 175,000	\$ 58,467
Equipment	104,550	104,550	70,136	34,414	46,428
Vehicle	880,000	880,000	884,938	(4,938)	-
	1,159,550	1,159,550	955,074	204,476	104,895
Protective inspections					
Equipment	8,275	8,275	927	7,348	5,323
	8,275	8,275	927	7,348	5,323
Total Public Safety	1,167,825	1,167,825	956,001	211,824	110,218
Transportation - public works					
Building improvements	25,500	25,500	7,224	18,276	13,277
Equipment	6,000	6,000	5,305	695	-
Vehicle	-	-	-	-	22,089
Improvements other than buildings	-	-	-	-	160,239
Highways and streets	70,000	110,000	109,150	850	68,819
Total Transportation - public works	101,500	141,500	121,679	19,821	264,424
Physical environment					
Parks improvements	-	-	-	-	10,625
Flood control	75,000	75,000	-	75,000	-
Total Physical environment	75,000	75,000	-	75,000	10,625
Total capital outlay charges to appropriations	1,366,275	1,406,275	1,091,484	314,791	389,262
TOTAL CHARGES TO APPROPRIATIONS	1,651,275	1,691,275	1,170,618	520,657	473,860
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(1,185,355)	(1,225,355)	(684,564)	540,791	156,876
FUND BALANCE - BEGINNING OF YEAR	5,289,890	5,289,890	5,289,890	-	5,133,014
FUND BALANCE - END OF YEAR	\$ 4,104,535	\$ 4,064,535	\$ 4,605,326	\$ 540,791	\$ 5,289,890

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

## RESOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "amounts available for appropriation" from  
the budgetary comparison schedule.

\$ 486,054

Differences - budget to GAAP:

Proceeds from sale of fixed assets

(287)

Total revenues as reported on the statement of revenues, expenditures,  
and changes in fund balances - governmental funds

\$ 485,767



## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
SEWER FUND

For the Year Ended September 30, 2013

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

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services	\$ 866,000	\$ 866,000	\$ 859,051	\$ (6,949)	\$ 868,014
Interest earned	300	300	354	54	440
Change in fair value of investments	-	-	3,193	3,193	6,985
AMOUNT AVAILABLE FOR APPROPRIATION	866,300	866,300	862,598	(3,702)	875,439
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Supervisory services	36,230	36,230	36,230	-	34,760
Utilities	8,500	8,500	8,498	2	8,801
City of St. Petersburg:					
Sewer processing	609,000	609,000	638,855	(29,855)	600,393
Sewer administration charge	6,315	6,315	6,314	1	6,314
Insurance	6,950	6,950	7,033	(83)	10,451
Audit	2,825	2,825	2,822	3	4,025
Repairs, maintenance, renewals and replacement	360,700	360,700	105,381	255,319	58,711
Administrative service charge	22,490	22,490	22,490	-	26,950
Miscellaneous	4,450	4,450	4,142	308	4,318
TOTAL CHARGES TO APPROPRIATIONS	1,057,460	1,057,460	831,765	225,695	754,723
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ (191,160)	\$ (191,160)	\$ 30,833	\$ 221,993	\$ 120,716

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS AND GAAP REVENUES AND EXPENSES

## USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 831,765
Differences - budget to GAAP:	
Depreciation	151,961
Total expenses as reported on the statement of revenues, expenses, and changes in net position - proprietary funds	\$ 983,726

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
RECLAIMED WATER

For the Year Ended September 30, 2013

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with	
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)	Actual
RESOURCES (INFLOWS)					
Charges for services	\$ 189,000	\$ 189,000	\$ 189,530	\$ 530	\$ 189,432
Interest earned	250	250	186	(64)	275
Change in fair value of investments	-	-	1,398	1,398	3,057
AMOUNT AVAILABLE FOR APPROPRIATION	189,250	189,250	191,114	1,864	192,764
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Supervisory services	30,140	30,140	30,140	-	28,930
City of St. Petersburg:					
Administration charge	1,260	1,260	1,260	-	1,260
Pinellas County:					
Reclaimed water	22,800	22,800	21,167	1,633	20,949
Audit	315	315	315	-	748
Consultants	1,000	1,000	-	1,000	-
Repairs, maintenance, renewals and replacement	121,655	121,655	7,633	114,022	6,313
Administrative service charge	12,080	12,080	12,080	-	13,550
TOTAL CHARGES TO APPROPRIATIONS	189,250	189,250	72,595	116,655	71,750
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ -	\$ 118,519	\$ 118,519	\$ 121,014

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS AND GAAP REVENUES AND EXPENSES

## USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from  
the budgetary comparison schedule.

\$ 72,595

Differences - budget to GAAP:

Depreciation

102,934

Total expenses as reported on the statement of revenues, expenses,  
and changes in net position - proprietary funds

\$ 175,529

CITY OF SOUTH PASADENA, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

September 30, 2013

With Comparative Total Amounts for September 30, 2012

	Employee Retirement Funds		Totals	
	Firefighters' Retirement	Employees' Deferred Compensation	2013	2012
<b>ASSETS</b>				
Cash	\$ 122	\$ -	\$ 122	\$ 122
Investments, at fair value				
Money market funds	216,733	-	216,733	202,412
U. S. Government and Federal				
Agency securities and bonds	745,491	-	745,491	986,290
Asset backed securities	-	-	-	123,700
Corporate bonds	1,425,799	-	1,425,799	1,001,356
Equities - common stock	3,830,282	-	3,830,282	3,195,749
Trustees' mutual funds	-	1,091,061	1,091,061	907,321
	<u>6,218,305</u>	<u>1,091,061</u>	<u>7,309,366</u>	<u>6,416,828</u>
Receivables	<u>34,700</u>	<u>-</u>	<u>34,700</u>	<u>60,500</u>
<b>TOTAL ASSETS</b>	<u>6,253,127</u>	<u>1,091,061</u>	<u>7,344,188</u>	<u>6,477,450</u>
<b>LIABILITIES</b>				
Accounts payable	<u>7,750</u>	<u>-</u>	<u>7,750</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>7,750</u>	<u>-</u>	<u>7,750</u>	<u>-</u>
<b>NET POSITION</b>				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 6,245,377</u>	<u>\$ 1,091,061</u>	<u>\$ 7,336,438</u>	<u>\$ 6,477,450</u>

## CITY OF SOUTH PASADENA, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended September 30, 2013

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

	Employee Retirement Funds		Totals	
	Firefighters' Retirement	Employees' Deferred Compensation	2013	2012
ADDITIONS				
Contributions				
Employer	\$ 230,300	\$ -	\$ 230,300	\$ 246,200
Employee	48,592	70,384	118,976	112,680
Total contributions	<u>278,892</u>	<u>70,384</u>	<u>349,276</u>	<u>358,880</u>
Intergovernmental revenue				
State excise tax rebate	47,102	-	47,102	41,875
Investment earnings				
Net increase in fair value of investments	429,601	113,356	542,957	808,099
Interest and dividends	177,639	-	177,639	167,397
Total investment earnings	<u>607,240</u>	<u>113,356</u>	<u>720,596</u>	<u>975,496</u>
Less investment expense	<u>(47,285)</u>	<u>-</u>	<u>(47,285)</u>	<u>(43,949)</u>
Net investment earnings	<u>559,955</u>	<u>113,356</u>	<u>673,311</u>	<u>931,547</u>
TOTAL ADDITIONS	<u>885,949</u>	<u>183,740</u>	<u>1,069,689</u>	<u>1,332,302</u>
DEDUCTIONS				
Benefits	191,642	-	191,642	413,265
Professional services	16,215	-	16,215	13,840
Trustee expenses	<u>2,844</u>	<u>-</u>	<u>2,844</u>	<u>2,640</u>
TOTAL DEDUCTIONS	<u>210,701</u>	<u>-</u>	<u>210,701</u>	<u>429,745</u>
CHANGE IN NET POSITION	675,248	183,740	858,988	902,557
NET POSITION - BEGINNING OF YEAR	<u>5,570,129</u>	<u>907,321</u>	<u>6,477,450</u>	<u>5,574,893</u>
NET POSITION - END OF YEAR	<u>\$ 6,245,377</u>	<u>\$ 1,091,061</u>	<u>\$ 7,336,438</u>	<u>\$ 6,477,450</u>

## **Other Supplementary Schedules**

These schedules are presented to provide greater detailed information than reported in the preceding financial statements. These schedules are not necessary for a fair presentation in conformity with Generally Accepted Accounting Principles.

CITY OF SOUTH PASADENA, FLORIDA

COMPARATIVE BALANCE SHEET  
GENERAL FUND

	September 30,	
	2013	2012
<b>ASSETS</b>		
Cash, cash equivalents and pooled cash and investments	\$ 3,452,036	\$ 3,857,897
Receivables - other	12,802	37,914
Due from other governments	27,418	123,244
Inventory of supplies	9,078	9,412
Prepaid expenditures	17,203	16,308
<b>TOTAL ASSETS</b>	<b>\$ 3,518,537</b>	<b>\$ 4,044,775</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 63,599	\$ 116,350
Accrued liabilities	126,151	125,296
Due to other governments	9,960	9,379
Deferred revenue	51,863	63,390
<b>TOTAL LIABILITIES</b>	<b>251,573</b>	<b>314,415</b>
<b>FUND BALANCES</b>		
Fund balances		
Nonspendable:		
Inventories and prepaids	26,281	25,720
Restricted for:		
Scholarships	2,651	3,151
Assigned to:		
Future budgetary appropriations	744,110	680,055
Unassigned	2,493,922	3,021,434
<b>TOTAL FUND BALANCES</b>	<b>3,266,964</b>	<b>3,730,360</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,518,537</b>	<b>\$ 4,044,775</b>

CITY OF SOUTH PASADENA, FLORIDA

COMPARATIVE BALANCE SHEET  
CAPITAL IMPROVEMENTS FUND

	September 30,	
	2013	2012
ASSETS		
Cash equivalents and pooled cash and investments	\$ 4,741,637	\$ 5,296,852
Receivables - other	1,164	10,632
TOTAL ASSETS	<u>\$ 4,742,801</u>	<u>\$ 5,307,484</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 137,475	\$ 17,594
TOTAL LIABILITIES	<u>137,475</u>	<u>17,594</u>
FUND BALANCES		
Fund balances		
Restricted for:		
Infrastructure	4,011,308	4,586,901
EMS and other equipment	1,462	1,462
Assigned to:		
Capital improvement projects	<u>592,556</u>	<u>701,527</u>
TOTAL FUND BALANCES	<u>4,605,326</u>	<u>5,289,890</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,742,801</u>	<u>\$ 5,307,484</u>

## CITY OF SOUTH PASADENA, FLORIDA

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

September 30, 2013

	Total Governmental Funds	Long Term Assets, Liabilities	Adjustments and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash, cash equivalents and pooled cash and investments	\$ 8,193,673	\$ -	\$ (78,161)	\$ 8,115,512
Receivables - other	13,966	-	-	13,966
Due from other governments	27,418	-	-	27,418
Inventory of supplies	9,078	-	-	9,078
Prepaid expenditures	17,203	-	29,761	46,964
Non-current cash, cash equivalents and pooled cash and investments	-	-	78,161	78,161
Land and land rights	-	2,059,183	-	2,059,183
Structures and improvements	-	4,174,988	-	4,174,988
Infrastructure	-	3,088,508	-	3,088,508
Furniture, fixtures and equipment	-	2,416,129	-	2,416,129
Capital projects in process	-	855,389	-	855,389
Accumulated depreciation	-	(5,289,218)	-	(5,289,218)
<b>TOTAL ASSETS</b>	<u>\$ 8,261,338</u>	<u>\$ 7,304,979</u>	<u>\$ 29,761</u>	<u>\$ 15,596,078</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 201,074	\$ -	\$ -	\$ 201,074
Accrued liabilities	126,151	-	-	126,151
Due to other governments	9,960	-	-	9,960
Current portion of:				
Accrued compensated absences	-	37,978	-	37,978
Deferred / unearned revenue	51,863	-	-	51,863
Non-current portion of:				
Accrued compensated absences	-	151,911	-	151,911
<b>TOTAL LIABILITIES</b>	<u>389,048</u>	<u>189,889</u>	<u>-</u>	<u>578,937</u>
<b>TOTAL FUND BALANCES / NET POSITION</b>	<u>7,872,290</u>	<u>7,115,090</u>	<u>29,761</u>	<u>15,017,141</u>
<b>TOTAL LIABILITIES AND FUND BALANCES / NET POSITION</b>	<u>\$ 8,261,338</u>	<u>\$ 7,304,979</u>	<u>\$ 29,761</u>	<u>\$ 15,596,078</u>



## CITY OF SOUTH PASADENA, FLORIDA

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

For the Year Ended September 30, 2013

	Total Governmental Funds	Depreciation, Asset Retirements and Capital Outlay	Long-term Debt Transactions	Adjustments and Reclass- ifications	Statement of Activities Totals
<b>REVENUES</b>					
Taxes	\$ 1,933,588	\$ -	\$ -	\$ (1,933,588)	\$ -
Licenses and permits	293,115	-	-	(293,115)	-
Intergovernmental revenue	1,748,940	-	-	(1,748,940)	-
Fines and forfeits	688,842	-	-	(688,842)	-
Interest	48,316	-	-	(48,316)	-
Change in fair value of investments	(26,865)	-	-	26,865	-
Rent	8,050	-	-	(8,050)	-
Miscellaneous revenues	25,491	287	-	(25,778)	-
Charges for services	-	-	-	1,001,570	1,001,570
Operating grants and contributions	-	-	-	720,984	720,984
General revenues	-	-	-	2,997,210	2,997,210
<b>TOTAL REVENUES</b>	<b>4,719,477</b>	<b>287</b>	<b>-</b>	<b>-</b>	<b>4,719,764</b>
<b>EXPENDITURES</b>					
Current					
General government	601,174	34,051	(1,979)	-	633,246
Public safety	3,349,673	-	-	(3,349,673)	-
Public safety - police	-	-	-	1,011,206	1,011,206
Public safety - fire	-	104,397	(6,162)	2,053,916	2,152,151
Public safety - protective inspections	-	17,982	(406)	284,049	301,625
Transportation - public works	794,919	106,219	4,426	-	905,564
Human services	7,250	1,295	-	-	8,545
Culture and recreation	19,652	40,830	-	-	60,482
Physical environment	-	71,372	-	-	71,372
Capital outlay	1,095,056	(1,095,056)	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>5,867,724</b>	<b>(718,910)</b>	<b>(4,121)</b>	<b>(502)</b>	<b>5,144,191</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of surplus capital assets	287	(287)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>287</b>	<b>(287)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE / NET POSITION</b>	<b>\$ (1,147,960)</b>	<b>\$ 718,910</b>	<b>\$ 4,121</b>	<b>\$ 502</b>	<b>\$ (424,427)</b>

## **Statistical Section - Supplemental Information**

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

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

The City of South Pasadena's Charter makes no provision for a general obligation legal debt margin.

The City of South Pasadena has had no special assessment collections during the last ten fiscal years.

## Schedules of Financial Trends Information

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

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City of South Pasadena, Florida  
Schedule 1  
Net Position by Component  
Last Ten Fiscal Years

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 6,275,606	\$ 6,339,558	\$ 6,378,379	\$ 6,628,502
Restricted	2,775,267	2,648,305	3,133,966	3,345,971
Unrestricted	3,847,564	4,560,891	4,921,592	5,079,201
Total governmental activities net position	<u>\$ 12,898,437</u>	<u>\$ 13,548,754</u>	<u>\$ 14,433,937</u>	<u>\$ 15,053,674</u>
Business-type activities				
Net investment in capital assets	\$ 2,133,477	\$ 2,230,371	\$ 2,357,234	\$ 2,789,754
Restricted	347,975	339,447	328,551	315,090
Unrestricted	2,198,057	2,193,964	2,412,777	2,322,291
Total business-type activities net position	<u>\$ 4,679,509</u>	<u>\$ 4,763,782</u>	<u>\$ 5,098,562</u>	<u>\$ 5,427,135</u>
Primary Government				
Net investment in capital assets	\$ 8,409,083	\$ 8,569,929	\$ 8,735,613	\$ 9,418,256
Restricted	3,123,242	2,987,752	3,462,517	3,661,061
Unrestricted	6,045,621	6,754,855	7,334,369	7,401,492
Total primary government activities net position	<u>\$ 17,577,946</u>	<u>\$ 18,312,536</u>	<u>\$ 19,532,499</u>	<u>\$ 20,480,809</u>

2008	2009	2010	2011	2012	2013
\$ 6,871,867	\$ 6,741,535	\$ 6,644,902	\$ 6,590,600	\$ 6,586,069	\$ 7,304,979
3,529,710	3,870,885	4,277,160	4,469,039	4,591,514	4,015,421
4,909,993	4,685,491	4,335,758	4,137,629	4,263,985	3,696,741
<u>\$ 15,311,570</u>	<u>\$ 15,297,911</u>	<u>\$ 15,257,820</u>	<u>\$ 15,197,268</u>	<u>\$ 15,441,568</u>	<u>\$ 15,017,141</u>
\$ 2,978,958	\$ 3,243,496	\$ 3,735,955	\$ 3,595,599	\$ 3,341,945	\$ 3,111,889
298,857	279,628	-	-	-	-
2,386,928	2,240,933	2,156,710	2,169,926	2,411,657	2,536,170
<u>\$ 5,664,743</u>	<u>\$ 5,764,057</u>	<u>\$ 5,892,665</u>	<u>\$ 5,765,525</u>	<u>\$ 5,753,602</u>	<u>\$ 5,648,059</u>
\$ 9,850,825	\$ 9,985,031	\$ 10,380,857	\$ 10,186,199	\$ 9,928,014	\$ 10,416,868
3,828,567	4,150,513	4,277,160	4,469,039	4,591,514	4,015,421
7,296,921	6,926,424	6,492,468	6,307,555	6,675,642	6,232,911
<u>\$ 20,976,313</u>	<u>\$ 21,061,968</u>	<u>\$ 21,150,485</u>	<u>\$ 20,962,793</u>	<u>\$ 21,195,170</u>	<u>\$ 20,665,200</u>

City of South Pasadena, Florida  
Schedule 2  
Changes in Net Position  
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental activities:					
General government	\$ 590,209	\$ 617,900	\$ 625,899	\$ 617,593	\$ 620,136
Public safety - Police	613,765	515,754	537,086	590,188	640,726
Public safety - Fire	1,492,424	1,651,316	1,729,458	1,830,802	1,945,012
Public safety - Protective inspections	183,327	190,178	247,835	263,072	277,983
Transportation - Public Works	625,065	669,808	691,230	792,024	838,871
Human services	4,420	4,675	9,632	6,296	5,010
Culture and recreation	96,474	114,103	74,418	68,822	58,295
Physical environment	17,767	55,452	71,084	62,311	107,432
Total governmental activities expenses	<u>3,623,451</u>	<u>3,819,186</u>	<u>3,986,642</u>	<u>4,231,108</u>	<u>4,493,465</u>
Business-type activities:					
Sewer	514,592	829,843	723,010	741,234	726,659
Reclaimed water	185,200	182,793	200,974	177,953	172,633
Total business-type activities expenses	<u>699,792</u>	<u>1,012,636</u>	<u>923,984</u>	<u>919,187</u>	<u>899,292</u>
Total primary government expenses	<u>\$ 4,323,243</u>	<u>\$ 4,831,822</u>	<u>\$ 4,910,626</u>	<u>\$ 5,150,295</u>	<u>\$ 5,392,757</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services	\$ 218,261.0	\$ 355,958	\$ 346,938	\$ 261,522	\$ 232,877
Operating grants and contributions	426,830	446,458	464,825	482,508	738,213
Capital grants and contributions	42,000	50,000	2,775	4,126	131,679
Total governmental activities program revenues	<u>687,091</u>	<u>852,416</u>	<u>814,538</u>	<u>748,156</u>	<u>1,102,769</u>
Business-type activities:					
Charges for services	918,675	1,028,839	1,137,189	1,109,843	1,089,858
Total business-type activities program revenues	<u>918,675</u>	<u>1,028,839</u>	<u>1,137,189</u>	<u>1,109,843</u>	<u>1,089,858</u>
Total primary government program revenues	<u>\$ 1,605,766</u>	<u>\$ 1,881,255</u>	<u>\$ 1,951,727</u>	<u>\$ 1,857,999</u>	<u>\$ 2,192,627</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities net expense	\$ (2,936,360)	\$ (2,966,770)	\$ (3,172,104)	\$ (3,482,952)	\$ (3,390,696)
Business-type activities net revenue	218,883	16,203	213,205	190,656	190,566
Total primary government net expense	<u>\$ (2,717,477)</u>	<u>\$ (2,950,567)</u>	<u>\$ (2,958,899)</u>	<u>\$ (3,292,296)</u>	<u>\$ (3,200,130)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Ad valorem	\$ 813,522	\$ 999,745	\$ 1,132,587	\$ 1,123,036	\$ 1,041,044
Franchise fees	386,912	419,778	475,327	477,033	459,563
Utility taxes	499,211	512,272	533,639	531,612	534,945
Communication services tax	235,317	242,223	229,797	230,566	230,172
Sales tax - infrastructure	533,942	565,209	651,928	595,481	561,823
Half-cent sales tax	329,357	327,449	342,375	327,241	304,346
Local option gas tax	54,688	56,553	60,603	54,001	76,189
Other taxes	14,730	14,048	42,292	80,021	105,962
State revenue sharing	139,354	191,656	191,998	182,412	158,350
Investment income	88,676	192,472	370,163	467,469	225,449
Change in fair value of investments	-	-	-	-	(75,461)
Miscellaneous	19,097	35,428	17,578	18,417	25,710
Total governmental activities	<u>3,114,806</u>	<u>3,556,833</u>	<u>4,048,287</u>	<u>4,087,289</u>	<u>3,648,092</u>
Business-type activities					
Investment income	30,136	68,070	121,575	137,917	66,862
Change in fair value of investments	-	-	-	-	(19,820)
Total business-type activities	<u>30,136</u>	<u>68,070</u>	<u>121,575</u>	<u>137,917</u>	<u>47,042</u>
Total primary government	<u>\$ 3,144,942</u>	<u>\$ 3,624,903</u>	<u>\$ 4,169,862</u>	<u>\$ 4,225,206</u>	<u>\$ 3,695,134</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 178,446	\$ 590,063	\$ 876,183	\$ 604,337	\$ 257,396
Business-type activities	249,019	84,273	334,780	328,573	237,608
Total primary government	<u>\$ 427,465</u>	<u>\$ 674,336</u>	<u>\$ 1,210,963</u>	<u>\$ 932,910</u>	<u>\$ 495,004</u>

2009	2010	2011	2012	2013
\$ 626,397	\$ 646,309	\$ 632,581	\$ 579,191	\$ 633,246
670,902	695,345	872,692	1,010,719	1,011,206
1,999,598	2,086,546	2,211,481	2,278,934	2,152,151
278,272	277,489	277,825	268,300	301,625
859,168	825,073	809,117	880,690	905,564
6,722	2,686	10,047	5,383	8,545
63,507	62,924	62,617	61,770	60,482
68,468	74,036	82,823	72,674	71,372
<u>4,573,034</u>	<u>4,670,408</u>	<u>4,959,183</u>	<u>5,157,661</u>	<u>5,144,191</u>
794,435	794,932	1,034,150	905,442	983,726
171,260	149,743	163,405	174,684	175,529
965,695	944,675	1,197,555	1,080,126	1,159,255
<u>\$ 5,538,729</u>	<u>\$ 5,615,083</u>	<u>\$ 6,156,738</u>	<u>\$ 6,237,787</u>	<u>\$ 6,303,446</u>
\$ 276,992	\$ 291,302	\$ 818,064	\$ 1,084,571	\$ 1,001,570
770,101	656,854	670,060	712,569	720,984
-	172,746	21,735	165,536	-
<u>1,047,093</u>	<u>1,120,902</u>	<u>1,509,859</u>	<u>1,962,676</u>	<u>1,722,554</u>
1,062,291	1,052,759	1,064,157	1,057,446	1,048,581
1,062,291	1,052,759	1,064,157	1,057,446	1,048,581
<u>\$ 2,109,384</u>	<u>\$ 2,173,661</u>	<u>\$ 2,574,016</u>	<u>\$ 3,020,122</u>	<u>\$ 2,771,135</u>
\$ (3,525,941)	\$ (3,549,506)	\$ (3,449,324)	\$ (3,194,985)	\$ (3,421,637)
96,596	108,084	(133,398)	(22,680)	(110,674)
<u>\$ (3,429,345)</u>	<u>\$ (3,441,422)</u>	<u>\$ (3,582,722)</u>	<u>\$ (3,217,665)</u>	<u>\$ (3,532,311)</u>
\$ 1,066,677	\$ 1,022,599	\$ 1,014,015	\$ 1,066,851	\$ 642,422
490,758	507,853	477,513	458,889	439,881
539,555	606,605	597,352	571,598	595,950
247,518	227,099	243,932	269,547	244,085
518,829	453,033	416,235	440,385	463,895
273,144	253,967	260,530	260,555	272,640
75,862	75,305	74,272	74,294	75,514
81,487	59,767	60,076	55,801	61,169
155,417	155,324	155,245	155,655	156,238
99,469	83,035	71,253	58,642	48,316
(59,395)	42,086	(3,883)	(8,348)	(26,865)
22,961	19,742	20,732	35,416	23,965
<u>3,512,282</u>	<u>3,506,415</u>	<u>3,387,272</u>	<u>3,439,285</u>	<u>2,997,210</u>
19,532	2,303	10	715	540
(16,814)	18,221	6,248	10,042	4,591
2,718	20,524	6,258	10,757	5,131
<u>\$ 3,515,000</u>	<u>\$ 3,526,939</u>	<u>\$ 3,393,530</u>	<u>\$ 3,450,042</u>	<u>\$ 3,002,341</u>
\$ (13,659)	\$ (43,091)	\$ (62,052)	\$ 244,300	\$ (424,427)
99,314	128,608	(127,140)	(11,923)	(105,543)
<u>\$ 85,655</u>	<u>\$ 85,517</u>	<u>\$ (189,192)</u>	<u>\$ 232,377</u>	<u>\$ (529,970)</u>



City of South Pasadena, Florida  
Schedule 3  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 21,493	\$ 24,241	\$ 26,081	\$ 24,909	\$ 53,566
Unreserved	3,361,488	3,708,411	4,130,119	4,266,034	4,139,306
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 3,382,981</u>	<u>\$ 3,732,652</u>	<u>\$ 4,156,200</u>	<u>\$ 4,290,943</u>	<u>\$ 4,192,872</u>
All Other Governmental Funds					
Reserved	\$ 2,470,099	\$ 2,725,899	\$ 3,612,536	\$ 3,339,074	\$ 3,522,563
Unreserved					
Capital project fund	847,161	885,304	411,490	909,301	840,485
Restricted	-	-	-	-	-
Assigned to:					
Capital improvement projects	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,317,260</u>	<u>\$ 3,611,203</u>	<u>\$ 4,024,026</u>	<u>\$ 4,248,375</u>	<u>\$ 4,363,048</u>

Note

The City implemented Governmental Accounting Standards Board Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions", for the fiscal year ended September 30, 2011, and as a result has changed to the new fund balance classifications. The use of the new classifications has been retroactively applied to the fiscal year ended September 30, 2010 for comparison purposes.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 29,366	\$ -	\$ -	\$ -	\$ -
4,026,902	-	-	-	-
-	43,268	27,766	25,720	26,281
-	6,151	4,151	3,151	2,651
-	183,205	169,155	680,055	744,110
-	3,520,386	3,453,879	3,021,434	2,493,922
<u>\$ 4,056,268</u>	<u>\$ 3,753,010</u>	<u>\$ 3,654,951</u>	<u>\$ 3,730,360</u>	<u>\$ 3,266,964</u>
\$ 3,863,734	\$ -	\$ -	\$ -	\$ -
758,828	-	-	-	-
-	4,271,009	4,464,888	4,588,363	4,012,770
-	782,241	675,133	701,527	592,556
<u>\$ 4,622,562</u>	<u>\$ 5,053,250</u>	<u>\$ 5,140,021</u>	<u>\$ 5,289,890</u>	<u>\$ 4,605,326</u>

City of South Pasadena, Florida  
Schedule 4  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	2004	2005	2006	2007
<b>Revenues</b>				
Taxes	\$ 1,934,963	\$ 2,204,145	\$ 2,375,850	\$ 2,369,947
Licenses and permits	178,378	328,660	314,859	215,309
Intergovernmental revenue	1,535,406	1,649,149	1,750,729	1,725,790
Fines and forfeitures	36,708	22,423	28,929	42,012
Interest	88,676	192,472	370,163	467,469
Change in fair value of investments	-	-	-	-
Rent	3,175	4,875	3,150	4,200
Miscellaneous revenue	24,997	46,339	23,645	18,567
Total revenues	<u>3,802,303</u>	<u>4,448,063</u>	<u>4,867,325</u>	<u>4,843,294</u>
<b>Expenditures</b>				
General government	563,594	575,841	592,780	573,767
Public safety	2,193,837	2,206,784	2,416,252	2,578,230
Transportation - public works	536,039	570,936	594,124	692,697
Human services	1,000	1,255	7,271	4,452
Culture and recreation	65,000	81,227	41,338	35,641
Physical environment	16,931	42,431	55,722	39,379
Capital outlay	579,647	358,680	323,467	560,036
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>3,956,048</u>	<u>3,837,154</u>	<u>4,030,954</u>	<u>4,484,202</u>
Excess of revenues over (under) expenditures	(153,745)	610,909	836,371	359,092
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of surplus capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(153,745)	610,909	836,371	359,092
Fund balances - beginning of year	6,853,986	6,700,241	7,343,855	8,180,226
Prior Period Adjustment	-	32,705	-	-
Fund balances - end of year	<u>\$ 6,700,241</u>	<u>\$ 7,343,855</u>	<u>\$ 8,180,226</u>	<u>\$ 8,539,318</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%

	2008	2009	2010	2011	2012	2013
\$	2,265,973	\$ 2,344,508	\$ 2,365,656	\$ 2,333,562	\$ 2,366,885	\$ 1,933,588
	177,981	257,317	276,742	190,715	181,551	293,115
	2,056,563	1,874,840	1,887,228	1,658,153	1,864,795	1,748,940
	50,571	15,215	7,958	621,130	895,869	688,842
	225,449	99,469	83,036	71,253	58,642	48,316
	(75,461)	(59,395)	42,086	(3,883)	(8,348)	(26,865)
	4,325	4,300	6,500	5,975	6,875	8,050
	45,710	23,121	19,842	20,976	35,692	25,491
	<u>4,751,111</u>	<u>4,559,375</u>	<u>4,689,048</u>	<u>4,897,881</u>	<u>5,401,961</u>	<u>4,719,477</u>
	577,334	586,664	588,213	594,869	547,153	601,174
	2,751,340	2,837,001	2,930,898	3,243,016	3,451,446	3,349,673
	732,415	751,621	710,605	703,806	756,921	794,919
	3,166	3,750	1,750	8,540	4,088	7,250
	25,113	22,542	21,959	21,652	20,805	19,652
	79,294	23,403	26,392	29,288	7,008	-
	565,847	211,484	281,801	307,998	389,262	1,095,056
	-	-	-	-	-	-
	<u>4,734,509</u>	<u>4,436,465</u>	<u>4,561,618</u>	<u>4,909,169</u>	<u>5,176,683</u>	<u>5,867,724</u>
	16,602	122,910	127,430	(11,288)	225,278	(1,148,247)
	-	-	-	-	-	287
	-	-	210,458	-	-	-
	-	-	(210,458)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287</u>
	16,602	122,910	127,430	(11,288)	225,278	(1,147,960)
	8,539,318	8,555,920	8,678,830	8,806,260	8,794,972	9,020,250
	-	-	-	-	-	-
\$	<u>8,555,920</u>	<u>8,678,830</u>	<u>8,806,260</u>	<u>8,794,972</u>	<u>9,020,250</u>	<u>7,872,290</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of South Pasadena, Florida  
Schedule 5  
Program Revenue by Function / Program  
Last Ten Fiscal Years

	2004	2005	2006	2007
<b>Function / Program</b>				
Governmental activities :				
Charges for services				
General government	\$ 85,057	\$ 90,933	\$ 92,042	\$ 91,401
Public safety - Police	36,708	22,423	28,929	42,012
Public safety - Protective inspections	93,321	237,727	222,817	123,909
Culture and recreation	3,175	4,875	3,150	4,200
Total charges for services	<u>218,261</u>	<u>355,958</u>	<u>346,938</u>	<u>261,522</u>
Operating grants and contributions				
General government	5,495	2,007	-	-
Public safety - Fire	421,335	444,451	461,534	482,508
Culture and recreation	-	-	3,291	-
Physical environment	-	-	-	-
Total operating grants and contributions	<u>426,830</u>	<u>446,458</u>	<u>464,825</u>	<u>482,508</u>
Capital grants and contributions				
Public safety - Police	-	-	-	-
Public safety - Fire	-	-	-	-
Culture and recreation	42,000	50,000	-	-
Physical environment	-	-	2,775	4,126
Total capital grants and contributions	<u>42,000</u>	<u>50,000</u>	<u>2,775</u>	<u>4,126</u>
Sub-total governmental activities	<u>687,091</u>	<u>852,416</u>	<u>814,538</u>	<u>748,156</u>
Business-type activities:				
Charges for services				
Sewer	726,173	836,364	945,225	921,253
Reclaimed water	192,502	192,475	191,964	188,590
Total charges for services	<u>918,675</u>	<u>1,028,839</u>	<u>1,137,189</u>	<u>1,109,843</u>
Sub-total business-type activities	<u>918,675</u>	<u>1,028,839</u>	<u>1,137,189</u>	<u>1,109,843</u>
Total primary government revenues	<u>\$ 1,605,766</u>	<u>\$ 1,881,255</u>	<u>\$ 1,951,727</u>	<u>\$ 1,857,999</u>

2008	2009	2010	2011	2012	2013
\$ 91,249	\$ 88,433	\$ 88,484	\$ 101,182	\$ 84,193	\$ 86,223
50,571	15,215	7,958	621,131	895,870	688,843
86,732	169,044	188,360	89,776	97,633	218,454
4,325	4,300	6,500	5,975	6,875	8,050
<u>232,877</u>	<u>276,992</u>	<u>291,302</u>	<u>818,064</u>	<u>1,084,571</u>	<u>1,001,570</u>
-	-	-	-	-	-
733,981	765,882	652,831	670,060	712,569	719,484
-	-	-	-	-	1,500
4,232	4,219	4,023	-	-	-
<u>738,213</u>	<u>770,101</u>	<u>656,854</u>	<u>670,060</u>	<u>712,569</u>	<u>720,984</u>
3,167	-	6,677	-	-	-
-	-	160,000	-	-	-
117,912	-	4,354	-	-	-
10,600	-	1,715	21,735	165,536	-
<u>131,679</u>	<u>-</u>	<u>172,746</u>	<u>21,735</u>	<u>165,536</u>	<u>-</u>
<u>1,102,769</u>	<u>1,047,093</u>	<u>1,120,902</u>	<u>1,509,859</u>	<u>1,962,676</u>	<u>1,722,554</u>
902,525	875,654	863,487	874,603	868,014	859,051
187,333	186,637	189,272	189,554	189,432	189,530
<u>1,089,858</u>	<u>1,062,291</u>	<u>1,052,759</u>	<u>1,064,157</u>	<u>1,057,446</u>	<u>1,048,581</u>
<u>1,089,858</u>	<u>1,062,291</u>	<u>1,052,759</u>	<u>1,064,157</u>	<u>1,057,446</u>	<u>1,048,581</u>
<u>\$ 2,192,627</u>	<u>\$ 2,109,384</u>	<u>\$ 2,173,661</u>	<u>\$ 2,574,016</u>	<u>\$ 3,020,122</u>	<u>\$ 2,771,135</u>

City of South Pasadena, Florida  
Schedule 6  
Tax Revenues by Source, General Fund  
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Utility Tax	Communications Service Tax	Total
2013	\$ 642,422	\$ 439,881	\$ 595,950	\$ 244,085	\$ 1,922,338
2012	1,066,851	458,889	571,598	269,547	2,366,885
2011	1,014,015	477,513	597,352	243,932	2,332,812
2010	1,022,599	507,853	606,605	227,099	2,364,156
2009	1,066,677	490,758	539,555	247,518	2,344,508
2008	1,041,044	459,562	534,945	230,172	2,265,723
2007	1,123,036	477,033	531,612	230,566	2,362,247
2006	1,132,587	475,327	533,639	229,797	2,371,350
2005	999,745	419,778	512,272	242,223	2,174,018
2004	813,522	386,913	499,211	235,317	1,934,963

## Schedules of Revenue Capacity Information

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



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City of South Pasadena, Florida  
Schedule 7  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Governmental Property	Institutional Property	Other Real Property
2013	\$ 379,130,319	\$ 69,109,516	\$ 2,787,512	\$ 35,628,874	\$ 203,913
2012	390,719,797	70,902,376	2,752,570	35,861,143	218,180
2011	409,992,006	76,154,077	2,853,490	37,071,275	333,457
2010	463,783,418	91,833,047	3,254,132	37,589,806	314,464
2009	550,771,300	107,565,600	8,148,200	63,807,600	302,600
2008	679,233,500	105,056,600	7,863,000	61,823,900	297,200
2007	703,742,900	101,169,000	8,025,700	56,595,100	310,400
2006	535,128,700	69,812,500	5,319,900	51,655,800	157,600
2005	435,681,000	63,585,300	5,010,400	48,733,800	155,700
2004	378,092,400	57,995,600	4,887,200	46,166,500	159,000

Source:

Pinellas County Property Appraiser

Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 32,067,956	\$ 518,928,090	\$ 100,078,239	\$ 418,849,851	1.6985
32,362,620	532,816,686	108,637,543	424,179,143	1.6985
33,399,275	559,803,580	122,564,823	437,238,757	1.6985
33,749,174	630,524,041	154,872,953	475,651,088	1.6985
33,256,420	763,851,720	215,270,959	548,580,761	1.4886
34,690,950	888,965,150	249,586,688	639,378,462	1.2749
35,049,390	904,892,490	273,173,974	631,718,516	1.3872
34,279,260	696,353,760	199,035,290	497,318,470	1.7655
30,427,740	583,593,940	156,623,040	426,970,900	1.7655
32,941,530	520,242,230	131,751,480	388,490,750	1.5409

City of South Pasadena, Florida  
Schedule 8  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rates per \$1,000 of assessed value)

Fiscal Year	City	Pinellas County				Pinellas County School Board			
		Operating	Mosquito Control	Health Department	Total County - Operating	School Board Operating	State School	Local School	Total School Board
2013	1.6985	5.0105	0.0000	0.0622	5.0727	N/A	5.5540	2.7480	8.3020
2012	1.6985	4.8108	0.0000	0.0622	4.8730	N/A	5.6370	2.7480	8.3850
2011	1.6985	4.8108	0.0000	0.0622	4.8730	N/A	5.3420	2.9980	8.3400
2010	1.6985	4.8108	0.0000	0.0622	4.8730	N/A	5.3480	2.9980	8.3460
2009	1.4886	4.8108	0.0000	0.0622	4.8730	N/A	5.1720	2.8890	8.0610
2008	1.2749	4.8108	0.0000	0.0622	4.8730	N/A	4.7300	3.0010	7.7310
2007	1.3872	5.3400	0.0600	0.0700	5.4700	N/A	5.0460	3.1640	8.2100
2006	1.7655	5.9920	0.0790	0.0700	6.1410	N/A	5.1910	3.1990	8.3900
2005	1.7655	5.9920	0.0790	0.0700	6.1410	N/A	5.5040	2.6180	8.1220
2004	1.5409	5.9920	0.0790	0.0700	6.1410	N/A	5.6140	2.6290	8.2430

Notes:

1. N/A - The detail for certain overlapping property tax rates was not available.
2. The Ad valorem tax rate for the City of South Pasadena pertains to operating expenditures only, and therefore, no further breakdown of the direct rate can be shown.

Source:

Pinellas County Tax Collector

Transit District	Other Taxing Districts						Total
	Emerg. Medical Services	Pinellas Planning Council	Juvenile Welfare Board	SW Fla. Wtr. Management District	Pinellas Anclote River Basin	Total Other	
0.7305	0.9158	0.0125	0.8981	0.3928	N/A	2.2192	18.0229
0.7305	0.8506	0.0125	0.8337	0.3928	N/A	2.0896	17.7766
0.5601	0.5832	0.0125	0.7915	0.3770	0.2600	2.0242	17.4958
0.5601	0.5832	0.0125	0.7915	0.3866	0.3200	2.0938	17.5714
0.5601	0.5832	0.0170	0.7915	0.3866	0.3600	2.1383	17.1210
0.5601	0.5832	0.0170	0.7384	0.3866	0.3701	2.0953	16.5343
0.6074	0.6300	0.0195	0.7963	0.4220	0.4000	2.2678	17.9424
0.6377	0.6600	0.0218	0.8117	0.4220	0.4000	2.3155	19.2497
0.6377	0.6600	0.0220	0.8117	0.4220	0.4000	2.3157	18.9819
0.6319	0.6600	0.0225	0.8117	0.4220	0.4000	2.3162	18.8730

City of South Pasadena, Florida  
Schedule 9  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Palms of Pasadena Hospital, Inc.	\$ 23,490,206	1	5.61%	\$ 19,155,970	2	4.93%
Fountains Property, Inc.- Majestic Towers	22,733,818	2	5.43%	21,365,530	1	5.50%
Waters Pointe Apartments LLC	17,825,000	3	4.26%	-		0.00%
V.V. FL, Inc. (Pasadena Shopping Center)	11,831,151	4	2.82%	10,497,400	3	2.70%
Causeway Village MHC LLC	7,300,180	5	1.74%	-		0.00%
N M E Hospitals Inc. (Pasadena Professional Medical Building)	7,078,695	6	1.69%	-		0.00%
Publix Super Markets	6,722,872	7	1.61%	-		0.00%
Serenity at St. Petersburg LLC	5,400,000	8	1.29%	-		0.00%
Denasan LLC (Sweetbay)	4,155,000	9	0.99%	-		0.00%
Harvard Family Investments LP	2,500,000	10	0.60%	-		0.00%
Quality Self-Storage Pasadena Land Trust	2,500,000	10	0.60%	-		0.00%
Bank Boston Trust Company	-		0.00%	7,600,000	4	1.96%
Pasadena Apartments Partnership	-		0.00%	6,900,000	5	1.78%
Frances W. Russell Trust	-		0.00%	5,350,000	6	1.38%
Albertson's, Inc.	-		0.00%	4,361,610	7	1.12%
Progress Energy / Florida Power	-		0.00%	4,291,430	8	1.10%
Verizon Florida, Inc.	-		0.00%	3,535,960	9	0.91%
Corlin Enterprises	-		0.00%	3,400,000	10	0.88%
Total Principal Taxpayers	111,536,922		21.02%	86,457,900		22.25%
All Other Taxpayers	307,312,929		73.37%	302,032,850		77.75%
Total	<u>\$ 418,849,851</u>		<u>94.39%</u>	<u>\$ 388,490,750</u>		<u>100.00%</u>

Source:

Pinellas County Property Appraiser

City of South Pasadena, Florida  
Schedule 10  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2013	\$ 711,416	\$ 687,009	96.57%
2012	720,467	694,645	96.42%
2011	742,649	717,208	96.57%
2010	807,893	782,473	96.85%
2009	816,617	790,739	96.83%
2008	815,144	789,282	96.83%
2007	876,320	851,034	97.11%
2006	878,016	849,557	96.76%
2005	753,817	729,134	96.73%
2004	598,625	577,713	96.51%

Note:

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

Source:

Pinellas County Property Appraiser

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## **Schedules of Debt Capacity Information**

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

City of South Pasadena, Florida  
Schedule 11  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Business-type Activities	Percentage of Personal Income	Per Capita
	State Revolving Loan		
2013	\$ -	0.00%	\$ -
2012	-	0.00%	-
2011	-	0.00%	-
2010	-	0.00%	-
2009	594,312	0.06%	112
2008	701,170	0.07%	131
2007	804,345	0.09%	140
2006	903,964	0.11%	155
2005	1,000,149	0.13%	174
2004	1,093,018	0.14%	188

Note:

The State Revolving Loan was paid in full in fiscal year 2010.

The City has had no general obligation bonded debt in the last ten years.

The Constitution of the State of Florida, Florida Statute 200.181 and the Charter of the City of South Pasadena, Florida set no legal debt margin.

City of South Pasadena, Florida  
Schedule 12  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>(1) Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Pinellas County School Board Capital Leases (2)	\$ 12,546,265	0.771%	\$ 96,688
Pinellas County School Board (2)	\$ 21,985,000	0.771%	169,427
City direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 266,115</u></u>

Note:

(1) The City's share is calculated based on the ratio of the 2013 City Taxable Value of \$418,849,851 to the County's Taxable Value of \$54,350,309,869.

(2) The City of South Pasadena is not responsible for the debt of the County or School Board.

Source:

Pinellas County Property Appraiser

City of South Pasadena, Florida  
Schedule 13  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Year	Reclaimed Water Service Charges	Less: Operating Expenses	Add: Depreciation	Net Available Revenue	State Revolving loan		
					Principal	Interest	Coverage *
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	\$ 189,272	\$ 146,197	\$ 102,934	\$ 146,009	\$ 594,312	\$ 3,546	0.24
2009	186,637	149,405	102,934	140,166	106,858	21,855	1.09
2008	187,333	146,987	102,934	143,280	103,175	25,646	1.11
2007	188,590	148,644	102,934	142,880	99,619	29,309	1.11
2006	191,964	168,129	102,934	126,769	96,185	32,845	0.98
2005	192,475	146,534	102,934	148,875	92,869	36,259	1.15
2004	192,502	185,200	102,934	110,236	89,668	39,556	0.85

Note:

\* - The State Revolving Loan was paid in full in fiscal year 2010 utilizing restricted reserves of \$279,628 as well as unrestricted net assets for the portion of the debt repayment not covered by the restricted reserves and current year available revenues.

The State Revolving Loan was secured by the reclaimed water service charges less the operating expenses of the Reclaimed Water Fund. Operating expenses are reduced by the non-cash depreciation to arrive at available net revenues.

N/A - The State Revolving Loan was fully retired in fiscal year 2010, therefore the pledged revenue coverage is not applicable for the subsequent years.

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**Schedules of Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of South Pasadena, Florida  
Schedule 14  
Demographic and Economic Statistics  
Last Ten Calendar Years

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2013	5,034	\$ 1,113,547,317	\$ 27,338	69.0	103,705	6.80%
2012	5,046	1,059,963,260	30,556	68.4	104,001	8.20%
2011	4,981	995,539,323	30,613	45.7	105,228	10.30%
2010	5,632	1,008,683,149	32,068	46.1	104,439	11.80%
2009	5,285	1,041,186,000	31,602	45.7	106,318	11.40%
2008	5,342	1,023,517,000	30,682	45.3	105,524	6.90%
2007	5,758	937,957,000	38,085	44.7	111,024	3.70%
2006	5,826	860,301,000	35,607	44.2	113,651	2.80%
2005	5,758	788,257,000	33,316	44.0	108,930	3.60%
2004	5,826	777,302,000	33,167	43.7	110,120	3.80%

Sources:

- (1) Pinellas County Economic Development Department.
- (2) U. S. Department of Commerce - Bureau of Economic Analysis.  
Numbers for Pinellas County used to approximate South Pasadena.
- (3) Pinellas County Economic Development Department.  
Comparative data for years 2003-2011 is county-wide data. Beginning in 2012,  
information was available specifically for the City of South Pasadena.
- (4) Florida Department of Education - elementary  
through high school for Pinellas' County School District.
- (5) U. S. Department of Labor - Bureau of Labor Statistics.

City of South Pasadena, Florida  
Schedule 15  
Principal Employers, Pinellas County  
Current Year and Nine Years Ago

	2013		2004	
Employer	Employees	Rank	Employees	Rank
Home Shopping Network	2,800	1	4,000	1
Raymond James Financial	2,600	2	3,022	3
Bright House Networks	2,000	3	-	-
Fidelity Information Svc.	1,800	4	-	-
Nielsen Media Research	1,800	5	2,669	4
Jabil Circuit Inc.	1,600	6	-	-
Tech Data Corp.	1,500	7	1,800	10
Honeywell Aerospace	1,500	8	-	-
ThinkDirect Marketing Group	1,000	9	-	-
Ceridian Benefits Services Inc.	1,000	10	-	-
Times Publishing Corp.	-	-	3,187	2
Morton Plant Hospital	-	-	2,448	5
Raytheon	-	-	2,200	6
All Children's Health Systems	-	-	2,000	7
Bayfront Medical Center, Inc.	-	-	2,000	8
Progress Energy, Florida	-	-	1,870	9
	<u>17,600</u>		<u>25,196</u>	

Note:

Numbers are based on Pinellas County since numbers for South Pasadena are not available.  
The percentage of each employer's employment to the total is not presented as the total  
Pinellas County employment amount is not available.

Source:

Pinellas County Economic Development



## Schedules of Operating Information

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

City of South Pasadena, Florida  
Schedule 16  
Full-time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of September 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Legislative	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Financial Administration	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Fire										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Fire Operations	15.0	18.0	15.0	16.0	15.0	15.0	15.0	15.0	15.0	15.0
Fire Inspections	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks/Horticulture	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	2.0
Bldg/Parks/Facility Maint.	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Building Permitting/Licensing										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Inspectors	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Code Enforcement	-	-	-	-	-	-	-	-	-	1.0
	<u>36.0</u>	<u>39.0</u>	<u>38.0</u>	<u>39.0</u>	<u>38.0</u>	<u>38.0</u>	<u>39.0</u>	<u>39.0</u>	<u>39.0</u>	<u>37.0</u>

Source: City of South Pasadena Finance Department.

City of South Pasadena, Florida  
Schedule 17  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Fire										
EMS responses	2,023	2,008	2,271	2,164	2,189	2,111	2,216	2,117	1,862	N/A
Fire dept. responses	661	626	749	744	601	594	615	584	475	N/A
Water										
New connections	-	-	-	-	-	-	-	3	1	-
Avg. daily consumption (thousands of gallons)	473	475	483	481	503	534	535	565	567	587
Sewer										
Average daily flow (mgd)	0.52	0.51	0.51	0.52	0.52	0.55	0.55	0.57	0.58	N/A

Notes:

Source: City of South Pasadena Fire and Public Works Departments.

N/A = not available

City of South Pasadena, Florida  
Schedule 18  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police	----- Provided by Pinellas County Sheriff's Department (Two patrol cars provide 24-hour protection) -----									
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23
Recreation										
Number of playgrounds	1	1	1	1	1	1	1	1	1	1
Parks (acres)	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32
Tennis courts	2	2	2	2	2	2	2	2	2	2
Water	----- Provided by the City of St. Petersburg -----									
Wastewater										
Sanitary sewers (miles)	7	7	7	7	7	7	7	7	7	7
Treatment capacity (mgd)	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67

Sources:

City of South Pasadena Finance and Public Works Departments.

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**Other Reports**

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

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

The Honorable Dan Calabria, Mayor  
and Members of the Board of Commissioners  
City of South Pasadena, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Pasadena, Florida (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 23, 2014.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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

*Wells, Houser & Schatzel, P.A.*

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

May 23, 2014



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Dan Calabria, Mayor  
and Members of the Board of Commissioners  
City of South Pasadena, Florida

We have audited the financial statements of the South Pasadena, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated May 23, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in this report, which is dated May 23, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

1. The Rules of the Auditor General Section 10.554 (1)(i) 1., requires that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
2. The Rules of the Auditor General Section 10.554 (1)(i) 2., requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of South Pasadena, Florida complied with Section 218.145, Florida Statutes.
3. The Rules of the Auditor General Section 10.554 (1)(i) 3., requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
4. The Rules of the Auditor General Section 10.554 (1)(i) 4., requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
5. The Rules of the Auditor General Section 10.554 (1)(i) 5. requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of South Pasadena, Florida, a municipal corporation, was established in 1955 by the voters' adoption of a Charter for the City pursuant to Chapter 31277 (1955) of the Laws of Florida. The City of South Pasadena, Florida has no component units.
6. Rules of the Auditor General Section 10.554 (1)(i) 6.a., requires a statement be included as to whether or not the local government entity has met one or more conditions described in Section 218.503(1), Florida Statutes,

"Determination of Financial Emergency" and identification of the specific condition(s) met. In connection with our audit, we determined that the City of South Pasadena, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

7. Rules of the Auditor General Section 10.554 (1)(i) 6.b., requires that we determine whether the annual financial report for the City of South Pasadena, Florida, for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
8. Pursuant to Sections 10.554 (1)(i) 6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of South Pasadena, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City Commission, management, and the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and Federal and State granting agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Wells, Houser & Schatzel, P.A.*

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

May 23, 2014