

Clerk of the Circuit Court and Comptroller  
Regular Public Meeting  
August 18, 2015

2. Reports received for filing:

- a. Housing Finance Authority Resolution No. 2015-07 adopting and approving a General Fund Fiscal Year 2015 Budget Amendment.
- b. City of South Pasadena Comprehensive Annual Financial Report for the year ended September 30, 2014.
- c. Quarterly Donation Listing of \$500 or more for the quarter ended June 30, 2015.
- d. Juvenile Welfare Board Quarterly Financial Statements for the period ending June 30, 2015.

# **CITY OF SOUTH PASADENA, FLORIDA**

## **Comprehensive Annual Financial Report**

**For The Year Ended September 30, 2014**



RECEIVED  
BOARD OF  
2015 JUL 15 PM 1:34  
BOARD OF COUNTY  
COMMISSIONERS  
HILLS COUNTY FLORIDA

**CITY OF SOUTH PASADENA, FLORIDA**

**Comprehensive  
Annual Financial Report**

**For The Year Ended September 30, 2014**

**PREPARED BY FINANCE DEPARTMENT**

CITY OF SOUTH PASADENA,  
FLORIDA

Commission Form of Government

CITY COMMISSION

DAN CALABRIA, MAYOR

ARTHUR PENNY  
VICE-MAYOR

BRUCE HOWRY

MAX ELSON

GAIL NEIDINGER

CITY OFFICIALS

CITY CLERK  
CARLEY LEWIS

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, 2014**

**TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	18
Statement of Activities	20
<b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	22
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position - Governmental Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities – Governmental Activities	25

## TABLE OF CONTENTS (Continued)

### Proprietary Fund Financial Statements

Balance Sheet – Business-type Activities – Enterprise Funds	26
Statement of Revenues, Expenses, and Changes in Net Position – Business-type Activities – Enterprise Funds	27
Statement of Cash Flows – Business-type Activities – Enterprise Funds	28

### Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position	29
Statement of Changes in Fiduciary Net Position	30

Notes to Financial Statements	31
-------------------------------	----

### REQUIRED SUPPLEMENTARY INFORMATION

#### Budgetary Comparison Schedule

General Fund	55
--------------	----

### COMBINING FINANCIAL STATEMENTS AND BUDGETARY COMPARISON SCHEDULES

#### Budgetary Comparison Schedules

Capital Improvements Fund	59
Sewer Fund	61
Reclaimed Water Fund	62

#### Fiduciary Funds

Combining Statement of Fiduciary Net Position	63
Combining Statement of Changes in Fiduciary Net Position	64

### OTHER SUPPLEMENTARY SCHEDULES

Comparative Balance Sheet – General Fund	65
Comparative Balance Sheet – Capital Improvements Fund	66
Reconciliation of Total Fund Balance for the Governmental Funds to Total Net Position for Governmental Activities	67
Reconciliation of Net Change in Fund Balances for the Governmental Funds to Change in Net Position for Governmental Activities	68

## **TABLE OF CONTENTS (Continued)**

### **STATISTICAL SECTION**

#### **Schedules of Financial Trends Information**

Schedule	1	- Net Position by Component - Last Ten Fiscal Years	70
Schedule	2	- Changes in Net Position - Last Ten Fiscal Years	72
Schedule	3	- Fund Balances, Governmental Funds - Last Ten Fiscal Years	74
Schedule	4	- Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	76
Schedule	5	- Program Revenue by Function / Program - Last Ten Fiscal Years	78
Schedule	6	- Tax Revenues by Source, General Fund - Last Ten Fiscal Years	80

#### **Schedules of Revenue Capacity Information**

Schedule	7	- Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	82
Schedule	8	- Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	84
Schedule	9	- Principal Property Tax Payers – Current Year and Nine Years Ago	86
Schedule	10	- Property Tax Levies and Collections – Last Ten Fiscal Years	87

#### **Schedules of Debt Capacity Information**

Schedule	11	- Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	89
Schedule	12	- Direct and Overlapping Governmental Activities Debt	90
Schedule	13	- Pledged Revenue Coverage - Last Ten Fiscal Years	91

#### **Schedules of Demographic and Economic Information**

Schedule	14	- Demographic and Economic Statistics - Last Ten Calendar Years	93
Schedule	15	- Principal Employers – Current Year and Nine Years Ago	94

#### **Schedules of Operating Information**

Schedule	16	- Full-time Equivalent City Government Employees by Function / Program – Last Ten Fiscal Years	95
Schedule	17	- Operating Indicators by Function / Program – Last Ten Fiscal Years	96
Schedule	18	- Capital Asset Statistics by Function / Program – Last Ten Fiscal Years	97

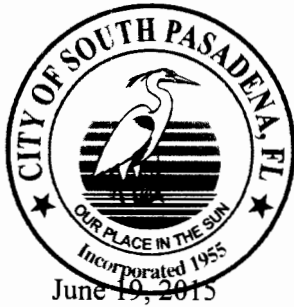


## TABLE OF CONTENTS (Continued)

### OTHER REPORTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	99
Independent Auditor's Management Letter	101
Independent Auditor's Report regarding Compliance Requirements in Rules of the Auditor General 10.556(10)	103

## Letter of Transmittal



# *City of South Pasadena*

7047 SUNSET DRIVE SOUTH  
SOUTH PASADENA, FLORIDA 33707  
PH: (727) 347-4171 FAX: (727) 345-0518  
WWW.MYSOUTHPASADENA.COM

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, 2014, 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, all of the funds 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 5,145 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. A Wal-Mart Grocery Store became the new anchor tenant in the Pasadena Shopping Center during fiscal year 2014.

After a four year period of dramatic reduction in property values, the City has started to see some growth in property values. The commercial and secondary home market that had been particularly hard hit by the real estate down turn has started to rebound. New commercial projects are being completed in multiple locations throughout the City. The end of the downturn has resulted in a positive impact on the tax revenues for FY14. Tourism has improved and the impact has had a positive impact on South Pasadena and Pinellas County Government to different degrees.

State lawmakers established property tax reduction as a major goal in 2007, 2008 and 2009. State lawmakers passed legislation that required cities and counties to lower the property tax to less than the prior year. The impact on South Pasadena was a reduction in property taxes compared to the prior year's revenue and has had a negative impact on each budget since. This legislation also restricted the growth of the property tax revenue in the future. The legislature also initiated a constitutional amendment that was approved in January 2008 that further limited tax revenue.

The amendment passed by the legislature, 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.

There is talk that this year the legislature will be looking at actions that will impact the business tax and communications tax. Florida is dependent on sales tax dollars, and revenue projections for 2015 are beginning to show a projected increase. Cities across Florida continue to evaluate the need for new user fees and higher impact fees in order to avoid tax increases but there has been a movement by the State Legislature to reduce or eliminate the ability of a city to increase other fees or taxes to compensate for the loss of property tax revenue. In South Pasadena, we are always looking for ways to get the most for each dollar spent.

#### 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 2015's capital items.

#### Cash Management Policies and Practices

The City's cash and investment management program involves a theory of keeping principal and interest earnings free from risk and maintaining reasonable liquidity to meet obligations. The investment cash is held at BB&T, Florida Municipal Investment Trust, Florida Surplus Asset Trust Fund (Florida SAFE), State Board of Administration Local Government Surplus Trust Fund (Florida PRIME), and Wells Fargo Securities.

The city's cash, pooled cash and cash equivalents balance on September 30, 2014 totaled \$10,292,215.

#### 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 2015 through FY 2019. A summary of anticipated expenditures is as follows:

<b>Expenditures</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Capital Improvements Fund	\$1,380,340	\$2,058,785	\$6,540,750	\$5,629,650	\$ 327,500
Sewer Fund	\$ 218,000	\$ 243,000	\$ 143,000	\$ 143,000	\$ 125,000
Reclaimed Water Fund	\$ -	\$ -	\$ -	\$ 20,000	\$ -

#### MAJOR INITIATIVES

In the above Capital Improvement Plan, fiscal years 2016, 2017 and 2018 include \$1,693,400, \$6,325,750 and \$5,370,250, respectively, 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 ACHIEVMENT

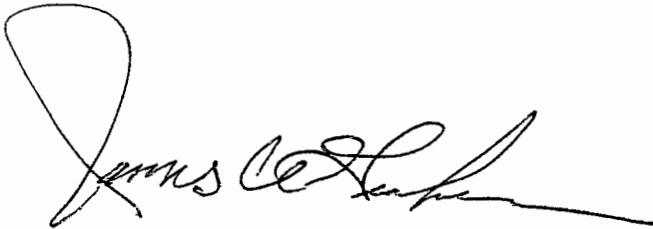
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Pasadena for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the twenty-second 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 horizontal stroke at the end.

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





Government Finance Officers Association

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

Presented to

**City of South Pasadena  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

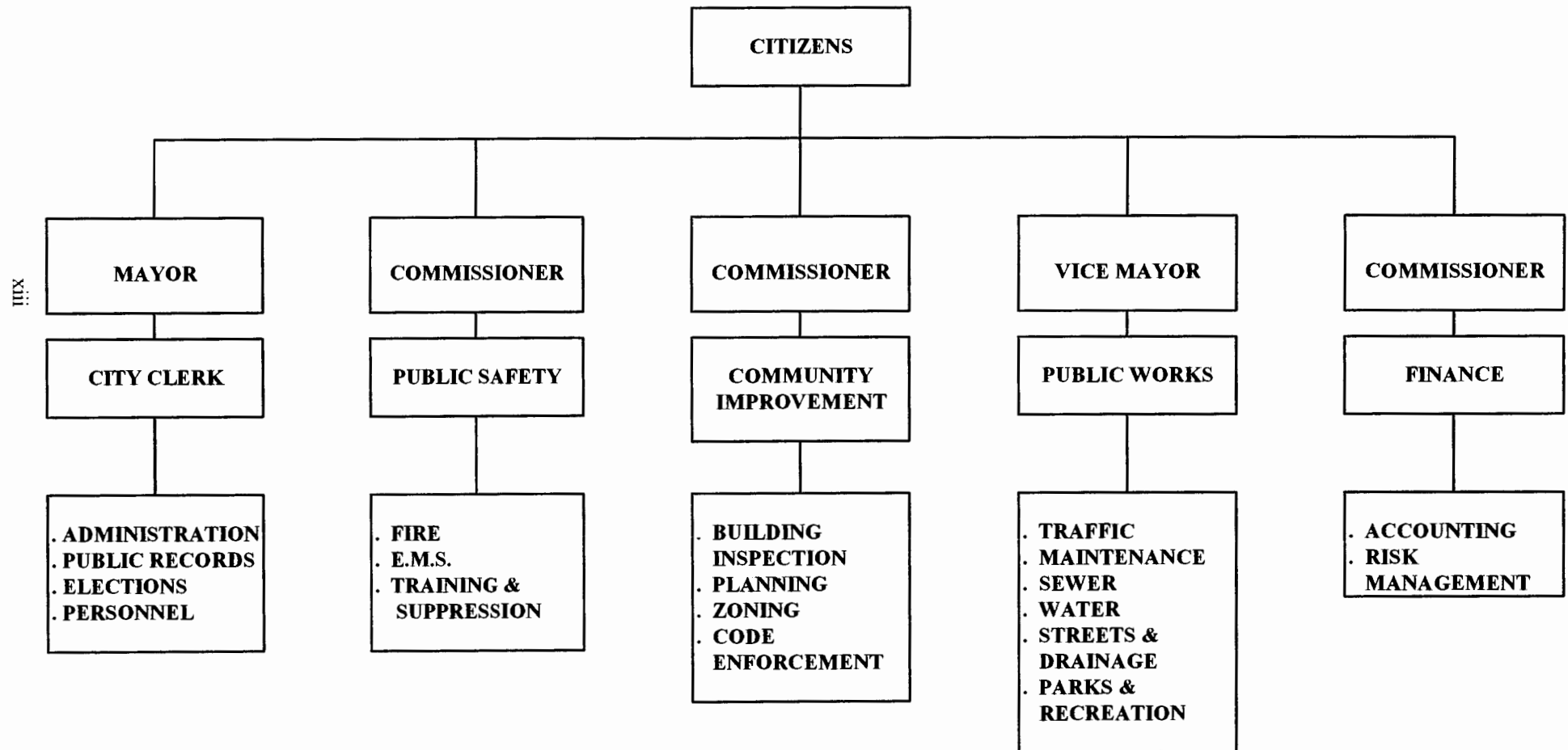
**September 30, 2013**

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, 2013 by the Government Finance Officers Association of the United States and Canada.

**CITY OF SOUTH PASADENA, FLORIDA**

**ORGANIZATIONAL CHART**



(BLANK)

## **Financial Section**

This section contains the following subsections:

### **Independent Auditor's Report**

### **Management's Discussion and Analysis**

### **Basic Financial Statements**

### **Required Supplementary Information**

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

### **Other Supplementary Schedules**

## **Independent Auditor's Report**

# WELLS, HOUSER & SCHATZEL, P.A.

CPA AND CONSULTING FIRM

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

## 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, 2014, 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, 2014, 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.

**WH&S**

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (pages 3-16) 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 59-62) 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 June 19, 2015, 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  
June 19, 2015



## 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 18).

### HIGHLIGHTS

#### Financial Highlights

- For the fiscal year ended September 30, 2014, City-wide expenses, totaling \$6,442,752, exceeded total program revenues and general revenues, totaling \$5,836,599 yielding a decrease in net position (net loss) of \$606,153. This amount compares to a decrease in net position (net loss) of \$529,970 for fiscal year ended September 30, 2013. (Please see pages 20-21 for more detail.)
- The decrease in net position for Governmental Activities (police, fire, public works, administration, etc.) for 2014 was \$508,085. There was a decrease in net position for the Business-type activities (sewer and reclaimed water operations) of \$98,068 in 2014. (Please see pages 20-21 for more detail.)
- For the fiscal year ended September 30, 2014, City-wide assets, totaling \$20,611,702, exceeded City-wide liabilities, totaling \$552,655, by \$20,059,047. The excess of City-Wide assets over liabilities represents the net position (equity) of the City. The City's \$20,059,047 of net position consists of \$10,042,391 that is invested in capital assets (buildings, equipment, vehicles, sewer and reclaimed water systems, etc.), \$4,347,410 that is restricted for future infrastructure improvements (Penny for Pinellas), \$3,113 that is restricted for other purposes, and \$5,666,133 that is unrestricted for general use in operating the City. The City's unrestricted net position decreased \$566,778 over the prior year. (Please see pages 18-19 for more detail.)
- General Fund revenues increased \$52,201 (1.2%) in fiscal year 2014 and were \$18,201 above the amount budgeted. General Fund expenditures increased by \$119,964 in fiscal year 2014 and were \$208,185 less than the amount budgeted. The General Fund expenditures of \$4,817,070 exceeded revenues of \$4,285,911 by \$531,159 (deficit) compared to an excess of expenditures over revenues of \$463,396 (deficit) in fiscal year 2013. The General Fund budgeted deficit was \$757,545; which is \$226,386 more than the actual deficit. (Please see pages 55-58 for more detail.)
- Current unrestricted cash and investments totaled \$10,292,215 for fiscal year 2014 which represents a decrease of \$315,322 over fiscal year 2013. Non-current unrestricted cash and investments totaling \$99,462 as of September 30, 2013 represented 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. The Fund B deposits were released to the City during fiscal year September 30, 2014 by the SBA. When evaluating the availability of the City's current cash and investments, the amount of restricted net position totaling \$4,350,523 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 \$757,545, there was a budgeted deficit in the Capital Improvements Fund of \$500,600 and a budgeted deficit in the Sewer Fund of \$75,320.
- The governmental funds' revenue increased 1.8% or \$86,606 from \$4,719,777 in 2013 to \$4,806,083 in 2014 (please see page 24 for more detail). The City experienced a decrease in Red Light fines totaling \$233,275 as revenues declined from \$681,818 in 2013 to \$448,543 in 2014. The decrease in Red Light fines of \$233,275 was \$26,457 more than the budgeted decline in this revenue source (please see page 56). Interest earnings continued to be very insignificant, totaling \$6,874 City-wide, and showing an 85.9% decrease compared to 2013. The increase in governmental funds' revenue in 2014 came about primarily as a result of the City receiving a settlement of \$54,000 for past due refuse franchise fees that was not budgeted and a \$52,283 increase in County Emergency Medical Services revenue.
- The total expenditures for the governmental funds of the City decreased by 12.6% or \$738,489. Expenditures decreased from \$5,867,724 in 2013 to \$5,129,235 in 2014 (please see page 24 for more detail). The decrease in expenditures is attributable to a reduction in capital outlay of \$824,344; the City purchased a custom aerial platform fire truck in fiscal year 2013 for \$855,389. The Governmental Funds' current operating expenditures totaled \$4,855,084 in 2014 compared to \$4,772,668 in 2013 for an \$82,416 increase.

## **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 18-21) 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 20-21) 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 22-25) 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 55).

While the Total column on the Business-type Fund Financial Statements (see pages 26-28) 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 23 & 25). 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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current assets	\$7,887,937	\$8,212,938	\$2,676,627	\$2,581,762	\$10,564,564	\$10,794,700
Non-current assets	-	78,161	-	21,301	-	99,462
Capital assets, net	7,106,491	7,304,979	2,940,647	3,111,889	10,047,138	10,416,868
<b>Total assets</b>	<b>\$14,994,428</b>	<b>\$15,596,078</b>	<b>\$5,617,274</b>	<b>\$5,714,952</b>	<b>\$20,611,702</b>	<b>\$21,311,030</b>
Current liabilities	\$ 343,249	\$ 427,026	\$ 67,283	\$ 66,893	\$ 410,532	\$ 493,919
Non-current liabilities	142,123	151,911	-	-	142,123	151,911
<b>Total liabilities</b>	<b>485,372</b>	<b>578,937</b>	<b>67,283</b>	<b>66,893</b>	<b>552,655</b>	<b>645,830</b>
Net Position:						
Net investments in capital assets	7,101,744	7,304,979	2,940,647	3,111,889	10,042,391	10,416,868
Restricted	4,350,523	4,015,421	-	-	4,350,523	4,015,421
Unrestricted	3,056,789	3,696,741	2,609,344	2,536,170	5,666,133	6,232,911
<b>Total net position</b>	<b>\$14,509,056</b>	<b>\$15,017,141</b>	<b>\$5,549,991</b>	<b>\$5,648,059</b>	<b>\$20,059,047</b>	<b>\$20,665,200</b>

(For more detailed information please see the Statement of Net Position (pages 18-19).

At the end of fiscal 2014, City-wide net position reflects a decrease of \$606,153 to \$20,059,047. Net position for Governmental Activities is \$14,509,056 (decrease of \$508,085) and net position from Enterprise or Business Activities is \$5,549,991 (decrease of \$98,068). Of the total net position, \$10,042,391 represents the City's net investment in capital assets and \$4,350,523 represents current and other assets restricted for specific purposes.

The Statement of Net Position on page 19 shows the specific restrictions to net position. The more significant restriction under the City's Governmental Activities includes \$4,347,410 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 \$10,292,215 in 2014 and \$10,607,537 in 2013 represent 49.9% and 49.8% of the total assets, respectively. At the end of 2014, current cash and investments available for governmental activities totaled \$7,702,293 (a \$413,219 or 5.1% decrease from 2013) and funds available in the business activity accounts totaled \$2,589,922 (a \$97,897 or 3.9% increase from 2013).

Capital assets, net of accumulated depreciation, totaling \$10,047,138, represent 48.7% of the City-wide total assets at September 30, 2014.

### **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 2014, as reported on page 19, City-wide unrestricted net position totaled \$5,666,133, an overall decrease of \$566,778 compared to the prior year. The unrestricted net position represents 28.2% of the City's total net position of \$20,059,047. In governmental activities, unrestricted net position decreased by \$639,952 to \$3,056,789. In business-type activities, unrestricted assets increased by \$73,174 to \$2,609,344.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Unrestricted Net position – Beginning of Year	\$3,696,741	\$4,263,985	\$2,536,170	\$2,411,657	\$6,232,911	\$6,675,642
Results of Operations (loss)	(508,085)	(424,427)	(98,068)	(105,543)	(606,153)	(529,970)
Adjustments- restricted assets						
Infrastructure	(336,102)	575,593	-	-	(336,102)	575,593
Scholarships	1,000	500	-	-	1,000	500
Book Value of Assets						
Disposed	16,133	2,163	-	-	16,133	2,163
Depreciation	<u>453,067</u>	<u>373,983</u>	<u>259,289</u>	<u>254,895</u>	<u>712,356</u>	<u>628,878</u>
Total adjustments	<u>134,098</u>	<u>952,239</u>	<u>259,289</u>	<u>254,895</u>	<u>393,387</u>	<u>1,207,134</u>
Adjusted Results of Operations	(373,987)	527,812	161,221	149,352	(212,766)	677,164
Capital lease obligation incurred	8,062	-	-	-	8,062	-
Principal payment on capital lease	(3,315)	-	-	-	(3,315)	-
Capital Expenditures	<u>(270,712)</u>	<u>(1,095,056)</u>	<u>(88,047)</u>	<u>(24,839)</u>	<u>(358,759)</u>	<u>(1,119,894)</u>
Unrestricted Net position - End of Year	<u><b>\$3,056,789</b></u>	<u><b>\$3,696,741</b></u>	<u><b>\$2,609,334</b></u>	<u><b>\$2,536,170</b></u>	<u><b>\$5,666,133</b></u>	<u><b>\$6,232,911</b></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,**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>REVENUES</b>						
<b>Program Revenues:</b>						
<b>Charges for services</b>						
Sewer Fees			\$ 842,519	\$ 859,051	\$ 842,519	\$ 859,051
Reclaimed Water Fees			189,090	189,530	189,090	189,530
Red Light Camera Fines	\$448,543	\$681,819			448,543	\$681,819
Police Fines & Forfeitures	5,139	7,024			5,139	7,024
Building Inspections\ Permits	253,067	207,204			253,067	207,204
Impact Fees	18,000	11,250			18,000	11,250
Local Business Tax	103,963	86,223			103,963	86,223
Hibiscus Hall Rents	6,750	8,050			6,750	8,050
<b>Operating Grants &amp; Contributions</b>						
Pinellas County EMS Contract	771,767	719,484			771,767	719,484
Contributions	1,000	1,500			1,000	1,500
<b>Capital Grants &amp; Contributions</b>						
Grant – Environmental\ Recycle	7,742	0			7,742	0
<b>General Revenues:</b>						
Property Taxes	712,589	687,009			712,589	687,009
Fire District Ad Valorem Taxes	0	(44,587)			0	(44,587)
Franchise Fees	502,227	439,881			502,227	439,881
Communications Service Tax	240,254	244,085			240,254	244,085
Other Utility Taxes	618,039	595,950			618,039	595,950
Sales Tax Infrastructure	494,915	463,895			494,915	463,895
State Revenue Sharing	157,524	156,238			157,524	156,238
Half-Cent Sales Tax	290,685	272,640			290,685	272,640
Local Option Gas Tax	77,058	75,514			77,058	75,514
Other Taxes	67,357	61,169			67,357	61,169
Investment income	5,471	48,316	1,403	540	6,874	48,856
Gain (Loss) fair value of investments	(9,093)	(26,865)	(2,496)	4,591	(11,589)	(22,274)
Miscellaneous	33,086	23,965			33,086	23,965
<b>Total Revenues</b>	<b><u>\$4,806,083</u></b>	<b><u>\$4,719,764</u></b>	<b><u>\$ 1,030,516</u></b>	<b><u>\$ 1,053,712</u></b>	<b><u>\$5,836,599</u></b>	<b><u>\$5,773,476</u></b>
<b>EXPENSES</b>						
<b>Program Activities</b>						
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 666,485	\$633,246			\$ 666,485	\$633,396
Public Safety- Police	1,022,502	1,011,206			1,022,502	1,011,206
Public Safety- Fire	2,240,521	2,152,151			2,240,521	2,152,151
Protective Inspections	331,803	301,625			331,803	301,475
Public Works and Parks	895,487	905,564			895,487	905,564
Culture & Recreation	67,662	60,482			67,662	60,482
Physical Environment	85,689	71,372			85,689	71,372
Human Services	3,895	8,545			3,895	8,545
Interest	124				124	
<b>Business-Type Activities:</b>						
<b>Sewer &amp; Reclaimed Water</b>						
Sewer			\$954,274	\$983,726	954,274	983,726
Reclaimed Water			174,310	175,529	174,310	175,529
<b>Total Expenses</b>	<b><u>\$5,314,168</u></b>	<b><u>\$5,144,191</u></b>	<b><u>\$1,128,584</u></b>	<b><u>\$1,159,255</u></b>	<b><u>\$6,442,752</u></b>	<b><u>\$ 6,303,446</u></b>
<b>Excess of Revenues over Expenses</b>	<b><u>\$(508,085)</u></b>	<b><u>\$(424,427)</u></b>	<b><u>\$(98,068)</u></b>	<b><u>\$(105,543)</u></b>	<b><u>\$(606,153)</u></b>	<b><u>\$(529,970)</u></b>
<b>Net position – Beginning 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>
<b>Net position- End of Year</b>	<b><u>\$14,509,056</u></b>	<b><u>\$15,017,141</u></b>	<b><u>\$5,549,991</u></b>	<b><u>\$5,648,059</u></b>	<b><u>\$20,059,047</u></b>	<b><u>\$20,665,200</u></b>

(The above information was taken from the Statement of Activities on pages 20-21.)

**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 64.2% of the City's 2014 operating budget compared to 64.7% of the City's 2013 operating budget, 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 2014 the General Fund operated with an excess of expenditures over revenues of \$531,159. The Capital Improvements Fund operated with an excess of revenues over expenditures of \$216,069.

The ending fund balance for the General Fund decreased to \$2,735,805 as of September 30, 2014. The Capital Improvements Fund ending fund balance increased to \$4,821,395 of which \$4,347,410 is restricted for infrastructure improvements (Penny for Pinellas).

### Revenues

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

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
<b>Revenues</b>				
Taxes (Property, Franchise & Utility)	\$2,091,109	\$1,933,588	\$ 157,521	8.2%
Licenses and Permits	355,998	293,115	62,883	21.5%
Intergovernmental Revenues	1,867,048	1,748,940	118,108	6.8%
Fines and Forfeitures	453,682	688,842	(235,160)	-34.1%
Interest Income	5,471	48,316	(42,845)	-88.7%
Change in fair value of investments	(9,093)	(26,865)	17,772	66.2%
Rental Hibiscus Hall	6,750	8,050	(1,300)	16.1%
Miscellaneous Revenues	<u>35,118</u>	<u>25,491</u>	<u>9,627</u>	<u>37.8%</u>
<b>Total Revenues</b>	<b>\$4,806,083</b>	<b>\$4,719,477</b>	<b>\$ 86,606</b>	<b>1.8%</b>

The breakdown of the net change in revenue by fund was a \$52,201 increase for the General Fund and a \$34,405 increase for the Capital Improvements Fund. (Please see page 24 for more detail.)

Within the General Fund a significant decrease occurred in total fines and forfeits in the amount of \$235,160. There was a decrease in red light fines of \$233,275 (34.2%) as this revenue source continues to decline. As previously discussed, refuse franchise fees increased \$52,875 as a result of the receiving a settlement of \$54,000 for prior year fees and County Emergency Medical Services fees increased \$52,283. (Please see pages 55-56 for additional detail.)

For fiscal 2014, the City Commission adopted a millage rate of 1.6985, which was the same rate adopted in the 2013 fiscal year. The total taxable values of property located within the City in fiscal year 2014 were \$434,856,383 compared to 2013 final taxable values of \$418,849,851. The higher property values resulted in property tax collections increasing \$25,580. The \$712,589 in collected property taxes represents collections of 96.5% of the expected assessed taxes of \$738,603.

Within the Capital Improvements Fund, infrastructure taxes increased \$31,020 (6.7%) to \$494,915.

## Expenditures

**Table 5 a**  
**Governmental Funds**  
**Expenditures**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
<b>Expenditures</b>				
General Government	\$ 642,915	\$ 601,174	\$ 41,741	6.9%
Public Safety	3,393,938	3,349,673	44,265	1.3%
Transportation & Public Works	788,780	794,919	(6,139)	-0.8%
Culture, Recreation, Environment	26,851	19,652	7,199	36.6%
Human Services	2,600	7,250	(4,650)	64.1%
Capital Outlay	270,712	1,095,056	(824,344)	-75.3%
Debt Service	<u>3,439</u>	<u>0</u>	<u>3,439</u>	-
<b>Total Expenditures</b>	<b>\$ 5,129,235</b>	<b>\$ 5,867,724</b>	<b>\$ (738,489)</b>	<b>-12.6%</b>

As discussed in the City Highlights, the decrease in expenditures is primarily attributable to a reduction in capital outlay of \$824,344. The City purchased a custom aerial platform fire truck in fiscal year 2013 for \$855,389 which represented 78% of the 2013 capital outlay expenditures.

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 2014, the Capital Improvements Fund included \$38,014 of non-capital operating expenses.

The table below provides a reconciliation of the expenditures reported under the governmental funds approach totaling \$5,129,235 to the total expenses reported in the Statement of Activities for the same governmental activities totaling \$5,314,168.

The main differences will be for adjustments to governmental activities expenses for non-cash depreciation of \$453,067 and the removing of capital expenditures totaling \$270,712 that are not included in the Statement of Activities.

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

	<u>2014</u>	<u>2013</u>
<b>Expenditures Governmental Fund Approach</b>	<b>\$5,129,235</b>	<b>\$5,867,724</b>
Less: Cash Outlay for Capital Asset Purchases	(270,712)	(1,095,056)
Add: Depreciation Capital Assets	453,067	373,983
Add: Un-depreciated cost of disposed assets	16,133	2,163
Less: Decrease in Non-Cash Expense—		
Compensated Absences	(9,894)	(4,121)
Less: Principal payment on debt	(3,315)	0
Less: Change in Non-Cash Pension Benefit	<u>(346)</u>	<u>(502)</u>
<b>Expenditures – Statement of Activities</b>	<b>\$5,314,168</b>	<b>\$5,144,191</b>

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

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Increase (Decrease)</u>
<b>Nonspendable:</b>			
Inventories and prepaids	\$ 23,357	\$ 26,281	\$ (2,924)
<b>Restricted for:</b>			
Scholarships	1,651	2,651	(1,000)
<b>Assigned to:</b>			
Future budgetary appropriations	754,970	744,110	10,860
<b>Unassigned</b>	<u>1,955,827</u>	<u>2,493,922</u>	<u>(538,095)</u>
<b>Total General Fund Balance</b>	\$2,735,805	\$3,266,964	\$ (531,159)

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

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Increase (Decrease)</u>
<b>Restricted for:</b>			
Infrastructure	\$4,347,410	\$4,011,308	\$ 336,102
EMS & Other Equipment	<u>1,462</u>	<u>1,462</u>	<u>0</u>
Total Restricted	4,348,872	4,012,770	336,102
<b>Assigned to:</b>			
Capital improvement projects	<u>472,523</u>	<u>592,556</u>	<u>(120,033)</u>
<b>Total Fund Balance</b>	\$4,821,395	\$4,605,326	\$ 216,069

### **Business Type Funds**

The net position of the Sewer and Reclaimed Water enterprise funds decreased \$98,068 in fiscal year 2014 as compared to a decrease of \$105,543 in fiscal year 2013. The net income, or loss, for the enterprise funds, which includes investment earnings, was an \$112,710 loss for the sewer operations and a \$14,642 profit for reclaimed water operations. The net position for the Sewer Fund decreased 3.2% to \$3,370,189 at September 30, 2014 and the net position for the Reclaimed Water Fund increased .7% to \$2,179,802. (Please see page 27 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 2014, the Sewer Fund showed a net operating loss before investment earnings of \$111,755 compared to an operating loss of \$124,675 for 2013.

For 2014 the Reclaimed Water fund showed a net operating profit of \$14,780 before investment earnings compared to 2013 when reclaimed water showed a net operating profit of \$14,001.

The Sewer fund was also allocated an administrative service charge from the General Fund in the amount of \$23,155. This is the third 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.

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 2014 were \$653,625, up 2.3% from the 2013 charges of \$638,855. 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 2014 was \$41,880, up slightly from the 2013 allocation of \$36,230. The amount of 2014 non-cash depreciation charges in the Sewer Fund was \$156,341.

The Reclaimed Water operating expenses for 2014 include non-cash depreciation charges of \$102,948. The amount of salary allocations from the General Fund was \$33,400, a slight increase from the 2013 charge of \$30,140. The cost of acquiring reclaimed water from Pinellas County was \$16,634 in 2014 compared to \$21,167 in 2013.

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

The General Fund budget was amended during fiscal year 2014: inflows (revenues) were decreased \$45,650 and outflows (expenditures) were decreased \$32,215. The final amount of budgeted revenues (amounts available for appropriation) was \$4,267,710. Actual revenues for fiscal year 2014 were \$4,285,911 which results in a favorable variance of \$18,201. The final amount of budgeted expenditures (charges to appropriations) for 2014 was \$5,025,255. The amount of actual expenditures was \$4,817,070 which represents a favorable variance of \$208,185. The overall favorable budget variance for fiscal year 2014 is \$226,386. (Please see pages 55-58 for more detailed information.)

The difference of \$757,545 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 2014 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.

General Fund budget variances were as follows:

- There was a favorable budget variance for refuse franchise fees in the amount of \$52,298 as a result of the City receiving a \$54,000 settlement for prior year franchise fees.
- Overall, the actual amount of revenues for licenses and building permits was \$6,802 below budget.
- The total amount of intergovernmental revenues was over budget by \$19,731. This positive variance is due primarily to the Local ½ cent sales tax being over budget by \$11,685.
- Fines and forfeits were \$27,318 under budget primarily as a result of red light fines being less than budget by \$26,457.
- Interest earnings were \$2,013 compared to a budget of \$15,600 or under budget by \$13,587. When combined with change in value (unrealized loss) on securities, net

investment income was under budget by \$18,737.

### Expenditures

Actual expenditures were 95.9% of the amount budgeted.

The following is a brief review of General Fund variances from the final budget for fiscal 2014:

- The Legislative Department activities utilized 91.2% of its operating budget and had a positive variance of \$11,748.
- The Finance and Administration Department utilized 90.2% of its operating budget and had a positive variance of \$56,426. The positive variances included personal services of \$22,179 and other services and charges of \$30,260.
- The Fire Department utilized 94.9% of its operating budget and had a positive variance of \$109,874 primarily in the area of personal services in the amount of \$107,269.
- The Community Improvement Department (Protective Inspections) utilized 94.7% of its operating budget and had a positive variance of \$17,406. The positive variance was primarily attributable to personal services (\$10,302) and other services and charges (\$5,178).
- Public Works / Transportation Department utilized 99.9% of its operating budget and had a positive variance of \$1,014.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of September 30, 2014, the City had \$19,777,298 (total cost) invested in a variety of capital assets as compared to \$19,596,314 as September 30, 2013. This represents a net increase (at cost) of \$180,984 or .1% 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>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</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			-	855,389
Structures and Improvements	4,208,225	4,174,988	0	0	4,208,255	4,174,988
Infrastructure	3,146,830	3,088,508	6,990,702	6,902,655	10,137,532	9,991,163
Furniture, Fixtures and Equipment	<u>3,372,358</u>	<u>2,416,129</u>	<u>0</u>	<u>0</u>	<u>3,372,358</u>	<u>2,416,129</u>
Total Cost of Assets	12,786,596	12,594,197	6,990,702	6,902,655	19,777,298	19,496,852
Less: Accumulated Depreciation	<u>(5,680,105)</u>	<u>(5,289,218)</u>	<u>(4,050,055)</u>	<u>(3,790,766)</u>	<u>(9,730,160)</u>	<u>(9,079,984)</u>
<b>Total</b>	<b>\$ 7,106,491</b>	<b>\$ 7,304,979</b>	<b>\$ 2,940,647</b>	<b>\$ 3,111,889</b>	<b>\$10,047,138</b>	<b>\$10,416,868</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 42-43.)

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Beginning Balance as reported Last Year</b>	\$7,304,979	\$3,111,889	\$ 10,416,868
Additions	270,712	88,047	358,759
Retirements	(78,313)	0	(78,313)
Depreciation	(453,067)	(259,289)	(712,356)
Accumulated Depreciation Retirements	62,180	0	62,180
<b>Ending Balance</b>	<u><b>\$7,106,491</b></u>	<u><b>\$2,940,647</b></u>	<u><b>\$10,047,138</b></u>

This year's major additions are:

**Governmental Activities:**

Pasadena Isle paving	\$ 69,000
Fire equipment – Firehawk MY SCBA	69,980
Fire equipment – 3 phase 230 volt 60HZ CO monitor	23,955
Public Works - 2014 Chevrolet pick-up truck	25,255
Fire station roof	23,402
Fire station air conditioner	9,835
<b>Total</b>	<u><b>\$ 229,488</b></u>

**Business-type activities:**

Sewer fund – CIPP lining	\$ 78,770
Sewer fund – transfer switches	8,827
<b>Total</b>	<u><b>\$ 87,597</b></u>

**Debt Outstanding**

The City incurred a capital lease obligation during fiscal year 2014 in the amount of \$8,062 for the purchase of equipment. The outstanding balance of the capital lease obligation as of September 30, 2014 was \$4,747. The obligation will be fully retired by November 2015.

**ECONOMIC FACTORS**

Fiscal 2014 continued to face the same fiscal and economic challenges of the past several years. Although the economy is gradually improving, fiscal 2014 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 fourth 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 are beginning to increase which marks a reversal of the downward trend that had continued for a number of years;
- 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;

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 gain in revenue totals about \$27,000 for fiscal 2014.

During fiscal year 2014 building permit activity continued to increase as construction activity remains constant. 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.

The City does not have a formal fund balance policy. Historically, six to nine months of expenditure coverage has been deemed as a reasonable General Fund balance. The September 30, 2014 unassigned and assigned General Fund balance totaling \$2,710,797 equates to a 6.75 months of expenditure coverage. The projected 2015 deficit spending of \$754,970 leaves a projected September 30, 2015 fund balance of \$1,955,827 which is approximately 5 months of expenditures based on fiscal 2014 expenditures.

The future funding for Emergency Medical Services (EMS) is one of the City's biggest financial challenges. EMS funding increased \$52,283 to \$771,767 in fiscal year 2014. However, under a current Pinellas County proposal, EMS funding levels will remain constant for fiscal years 2015, 2016 and 2017. The City has joined forces with other municipalities to seek alternative solutions to the EMS funding issue.

### **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.



(BLANK)

## CITY OF SOUTH PASADENA, FLORIDA

## STATEMENT OF NET POSITION

September 30, 2014

With Comparative Total Amounts for September 30, 2013

	2014			2013
	Governmental Activities	Business-type Activities	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, cash equivalents and pooled cash and investments	\$ 7,702,293	\$ 2,589,922	\$ 10,292,215	\$ 10,607,537
Receivables - other	67,387	741	68,128	13,966
Due from other governments	64,793	83,991	148,784	116,090
Inventory of supplies	9,799	-	9,799	9,078
Prepaid expense	43,665	1,973	45,638	48,029
Total current assets	<u>7,887,937</u>	<u>2,676,627</u>	<u>10,564,564</u>	<u>10,794,700</u>
<b>NON-CURRENT ASSETS</b>				
Cash, cash equivalents and pooled cash and investments - non-current portion	-	-	-	99,462
Land and land rights	2,059,183	-	2,059,183	2,059,183
Structures and improvements	4,208,225	-	4,208,225	4,174,988
Infrastructure	3,146,830	6,990,702	10,137,532	9,991,163
Furniture, fixtures and equipment	3,372,358	-	3,372,358	2,416,129
Capital projects in process	-	-	-	855,389
Accumulated depreciation	(5,680,105)	(4,050,055)	(9,730,160)	(9,079,984)
Total non-current assets	<u>7,106,491</u>	<u>2,940,647</u>	<u>10,047,138</u>	<u>10,516,330</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,994,428</u>	<u>\$ 5,617,274</u>	<u>\$ 20,611,702</u>	<u>\$ 21,311,030</u>

	2014			2013
	Governmental Activities	Business-type Activities	Total	Total
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 175,679	\$ 67,283	\$ 242,962	\$ 267,967
Accrued liabilities	44,890	-	44,890	126,151
Due to other governments	-	-	-	9,960
Current portion of:				
Capital lease obligation	4,061	-	4,061	-
Accrued compensated absences	38,558	-	38,558	37,978
Unearned revenue	80,061	-	80,061	51,863
Total current liabilities	<u>343,249</u>	<u>67,283</u>	<u>410,532</u>	<u>493,919</u>
<b>NON-CURRENT LIABILITIES</b>				
Capital lease obligation	686	-	686	-
Accrued compensated absences	141,437	-	141,437	151,911
Total non-current liabilities	<u>142,123</u>	<u>-</u>	<u>142,123</u>	<u>151,911</u>
<b>TOTAL LIABILITIES</b>	<u>485,372</u>	<u>67,283</u>	<u>552,655</u>	<u>645,830</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,101,744	2,940,647	10,042,391	10,416,868
Restricted:				
Infrastructure	4,347,410	-	4,347,410	4,011,308
Equipment	1,462	-	1,462	1,462
Scholarships	1,651	-	1,651	2,651
Unrestricted	3,056,789	2,609,344	5,666,133	6,232,911
<b>TOTAL NET POSITION</b>	<u>14,509,056</u>	<u>5,549,991</u>	<u>20,059,047</u>	<u>20,665,200</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 14,994,428</u>	<u>\$ 5,617,274</u>	<u>\$ 20,611,702</u>	<u>\$ 21,311,030</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, 2014

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

FUNCTIONS / PROGRAMS	2014			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 666,485	\$ 103,963	\$ -	\$ -
Public safety - Police	1,022,502	453,682	-	-
Public safety - Fire	2,240,521	-	771,767	-
Public safety - Protective inspections	331,803	271,067	-	-
Transportation - Public works	895,487	-	-	-
Human services	3,895	-	-	-
Culture and recreation	67,662	6,750	1,000	7,742
Physical environment	85,689	-	-	-
Interest	124	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,314,168</u>	<u>835,462</u>	<u>772,767</u>	<u>7,742</u>
BUSINESS-TYPE ACTIVITIES				
Sewer	954,274	842,519	-	-
Reclaimed water	174,310	189,090	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,128,584</u>	<u>1,031,609</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 6,442,752</u>	<u>\$ 1,867,071</u>	<u>\$ 772,767</u>	<u>\$ 7,742</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

2014			2013
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Total
\$ (562,522)	\$ -	\$ (562,522)	\$ (547,023)
(568,820)	-	(568,820)	(322,363)
(1,468,754)	-	(1,468,754)	(1,432,667)
(60,736)	-	(60,736)	(83,171)
(895,487)	-	(895,487)	(905,564)
(3,895)	-	(3,895)	(8,545)
(52,170)	-	(52,170)	(50,932)
(85,689)	-	(85,689)	(71,372)
(124)	-	(124)	-
<u>(3,698,197)</u>	<u>-</u>	<u>(3,698,197)</u>	<u>(3,421,637)</u>
-	(111,755)	(111,755)	(124,675)
-	14,780	14,780	14,001
<u>-</u>	<u>(96,975)</u>	<u>(96,975)</u>	<u>(110,674)</u>
<u>(3,698,197)</u>	<u>(96,975)</u>	<u>(3,795,172)</u>	<u>(3,532,311)</u>
712,589	-	712,589	642,422
502,227	-	502,227	439,881
618,039	-	618,039	595,950
240,254	-	240,254	244,085
494,915	-	494,915	463,895
290,685	-	290,685	272,640
77,058	-	77,058	75,514
67,357	-	67,357	61,169
157,524	-	157,524	156,238
5,471	1,403	6,874	48,856
(9,093)	(2,496)	(11,589)	(22,274)
33,086	-	33,086	23,965
<u>3,190,112</u>	<u>(1,093)</u>	<u>3,189,019</u>	<u>3,002,341</u>
<u>(508,085)</u>	<u>(98,068)</u>	<u>(606,153)</u>	<u>(529,970)</u>
<u>15,017,141</u>	<u>5,648,059</u>	<u>20,665,200</u>	<u>21,195,170</u>
<u>\$ 14,509,056</u>	<u>\$ 5,549,991</u>	<u>\$ 20,059,047</u>	<u>\$ 20,665,200</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, 2014

With Comparative Total Amounts for September 30, 2013

	2014			2013
	General	Capital Improvements	Total Governmental Funds	Total
<b>ASSETS</b>				
Cash, cash equivalents and pooled cash and investments	\$ 2,852,463	\$ 4,849,830	\$ 7,702,293	\$ 8,193,673
Receivables - other	66,152	1,235	67,387	13,966
Due from other governments	28,511	36,282	64,793	27,418
Inventory of supplies	9,799	-	9,799	9,078
Prepaid expenditures	13,558	-	13,558	17,203
<b>TOTAL ASSETS</b>	<b>\$ 2,970,483</b>	<b>\$ 4,887,347</b>	<b>\$ 7,857,830</b>	<b>\$ 8,261,338</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 109,727	\$ 65,952	\$ 175,679	\$ 201,074
Accrued liabilities	44,890	-	44,890	126,151
Due to other governments	-	-	-	9,960
Deferred revenue	80,061	-	80,061	51,863
<b>TOTAL LIABILITIES</b>	<b>234,678</b>	<b>65,952</b>	<b>300,630</b>	<b>389,048</b>
<b>FUND BALANCES</b>				
Fund balances				
Nonspendable:				
Inventories and prepaids	23,357	-	23,357	26,281
Restricted for:				
Infrastructure	-	4,347,410	4,347,410	4,011,308
Equipment	-	1,462	1,462	1,462
Scholarships	1,651	-	1,651	2,651
Assigned to:				
Capital improvement projects	-	472,523	472,523	592,556
Future budgetary appropriations	754,970	-	754,970	744,110
Unassigned	1,955,827	-	1,955,827	2,493,922
<b>TOTAL FUND BALANCES</b>	<b>2,735,805</b>	<b>4,821,395</b>	<b>7,557,200</b>	<b>7,872,290</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,970,483</b>	<b>\$ 4,887,347</b>	<b>\$ 7,857,830</b>	<b>\$ 8,261,338</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, 2014

Fund Balances - total governmental funds \$ 7,557,200

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. 30,107

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

Governmental capital assets	\$ 12,786,596	
Less: Accumulated depreciation	<u>(5,680,105)</u>	
		7,106,491

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

Capital lease	(4,747)	
Compensated absences	<u>(179,995)</u>	
		<u>(184,742)</u>

Net position of governmental activities.		<u><u>\$ 14,509,056</u></u>
--	--	-----------------------------

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, 2014

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

	2014			2013
	General	Capital Improvements	Total Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 2,073,109	\$ 18,000	\$ 2,091,109	\$ 1,933,588
Licenses and permits	355,998	-	355,998	293,115
Intergovernmental revenue	1,364,391	502,657	1,867,048	1,748,940
Fines and forfeits	453,682	-	453,682	688,842
Interest	2,013	3,458	5,471	48,316
Change in fair value of investments	(5,150)	(3,943)	(9,093)	(26,865)
Rent	6,750	-	6,750	8,050
Miscellaneous revenues	35,118	-	35,118	25,491
<b>TOTAL REVENUES</b>	<b>4,285,911</b>	<b>520,172</b>	<b>4,806,083</b>	<b>4,719,477</b>
<b>EXPENDITURES</b>				
Current:				
General government	642,541	374	642,915	601,174
Public safety	3,383,957	9,981	3,393,938	3,349,673
Transportation - public works	761,121	27,659	788,780	794,919
Human services	2,600	-	2,600	7,250
Culture and recreation	26,851	-	26,851	19,652
Capital outlay:				
General government	-	11,033	11,033	17,376
Public safety	-	152,106	152,106	956,001
Transportation - public works	-	107,573	107,573	121,679
Debt Service:				
Principal reductions	-	3,315	3,315	-
Interest	-	124	124	-
<b>TOTAL EXPENDITURES</b>	<b>4,817,070</b>	<b>312,165</b>	<b>5,129,235</b>	<b>5,867,724</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(531,159)</b>	<b>208,007</b>	<b>(323,152)</b>	<b>(1,148,247)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of surplus capital assets	-	-	-	287
Capital lease obligation incurred	-	8,062	8,062	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>8,062</b>	<b>8,062</b>	<b>287</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(531,159)</b>	<b>216,069</b>	<b>(315,090)</b>	<b>(1,147,960)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>3,266,964</b>	<b>4,605,326</b>	<b>7,872,290</b>	<b>9,020,250</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 2,735,805</b>	<b>\$ 4,821,395</b>	<b>\$ 7,557,200</b>	<b>\$ 7,872,290</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, 2014

Net change in fund balances - total governmental funds \$ (315,090)

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

\$ 270,712

Less: Current year depreciation

(453,067)

(182,355)

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

(16,133)

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

346

Capital lease obligations incurred are reported as other financings sources in the governmental funds since they provide resources to enable the City to purchase capital assets, but these obligations increase long-term liabilities in the statement of net position.

(8,062)

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

3,315

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

9,894

Change in net position of governmental activities.

\$ (508,085)

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

## CITY OF SOUTH PASADENA, FLORIDA

BALANCE SHEET  
PROPRIETARY FUNDS

September 30, 2014

With Comparative Total Amounts for September 30, 2013

	Business-type Activities - Enterprise Funds			
	2014			2013
	Sewer	Reclaimed Water	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Pooled cash and cash equivalents	\$ 1,521,658	\$ 1,068,264	\$ 2,589,922	\$ 2,492,025
Receivables - other	370	371	741	-
Due from other governments	68,265	15,726	83,991	88,672
Prepaid expense	1,973	-	1,973	1,065
Total current assets	<u>1,592,266</u>	<u>1,084,361</u>	<u>2,676,627</u>	<u>2,581,762</u>
<b>NON-CURRENT ASSETS</b>				
Pooled cash and cash equivalents - non-current portion	-	-	-	21,301
Capital Assets:				
Infrastructure	3,902,230	3,088,472	6,990,702	6,902,655
Less: Accumulated depreciation	(2,060,792)	(1,989,263)	(4,050,055)	(3,790,766)
Total non-current assets	<u>1,841,438</u>	<u>1,099,209</u>	<u>2,940,647</u>	<u>3,133,190</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,433,704</u>	<u>\$ 2,183,570</u>	<u>\$ 5,617,274</u>	<u>\$ 5,714,952</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 63,515	\$ 3,768	\$ 67,283	\$ 66,893
Total current liabilities	<u>63,515</u>	<u>3,768</u>	<u>67,283</u>	<u>66,893</u>
<b>TOTAL LIABILITIES</b>	<u>63,515</u>	<u>3,768</u>	<u>67,283</u>	<u>66,893</u>
<b>NET POSITION</b>				
Investment in capital assets	1,841,438	1,099,209	2,940,647	3,111,889
Unrestricted	<u>1,528,751</u>	<u>1,080,593</u>	<u>2,609,344</u>	<u>2,536,170</u>
<b>TOTAL NET POSITION</b>	<u>3,370,189</u>	<u>2,179,802</u>	<u>5,549,991</u>	<u>5,648,059</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,433,704</u>	<u>\$ 2,183,570</u>	<u>\$ 5,617,274</u>	<u>\$ 5,714,952</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, 2014

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

	Business-type Activities - Enterprise Funds		
	2014		2013
	Sewer	Reclaimed Water	Total
OPERATING REVENUES			
Charges for services	\$ 842,519	\$ 189,090	\$ 1,031,609
TOTAL OPERATING REVENUES	842,519	189,090	1,031,609
OPERATING EXPENSES			
Supervisory services	41,880	33,400	75,280
Utilities	8,881	-	8,881
City of St. Petersburg:			
Sewer processing	653,625	-	653,625
Administration charge	6,315	1,260	7,575
Pinellas County:			
Reclaimed water	-	16,634	16,634
Audit and consulting	3,220	310	3,530
Insurance	7,869	-	7,869
Repairs, maintenance, renewals and replacements	48,996	7,183	56,179
Administrative service charge	23,155	12,575	35,730
Miscellaneous	3,992	-	3,992
Depreciation	156,341	102,948	259,289
TOTAL OPERATING EXPENSES	954,274	174,310	1,128,584
OPERATING INCOME (LOSS)	(111,755)	14,780	(96,975)
NON-OPERATING REVENUE			
Interest earned	780	623	1,403
Change in fair value of investments	(1,735)	(761)	(2,496)
CHANGES IN NET POSITION	(112,710)	14,642	(98,068)
NET POSITION - BEGINNING OF YEAR	3,482,899	2,165,160	5,648,059
NET POSITION - END OF YEAR	\$ 3,370,189	\$ 2,179,802	\$ 5,549,991

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, 2014

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

	Business-type Activities - Enterprise Funds			
	2014			2013
	Sewer	Reclaimed Water	Total	Total
INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 847,123	\$ 189,167	\$ 1,036,290	\$ 1,059,493
Cash payments to suppliers for goods and services	(732,249)	(26,554)	(758,803)	(808,336)
Cash payments to employees for services	(41,880)	(33,400)	(75,280)	(66,370)
Cash paid for general government allocated expenses	(23,155)	(12,575)	(35,730)	(34,570)
NET CASH PROVIDED BY OPERATING ACTIVITIES	49,839	116,638	166,477	150,217
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(87,597)	(450)	(88,047)	(24,840)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(87,597)	(450)	(88,047)	(24,840)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on cash and cash equivalents	410	252	662	540
Increase (decrease) in fair value of cash equivalents	(1,735)	(761)	(2,496)	4,591
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,325)	(509)	(1,834)	5,131
NET INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS	(39,083)	115,679	76,596	130,508
POOLED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,560,741	952,585	2,513,326	2,382,818
POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,521,658	\$ 1,068,264	\$ 2,589,922	\$ 2,513,326
POOLED CASH AND CASH EQUIVALENTS IS COMPRISED OF:				
Current pooled cash and cash equivalents	\$ 1,521,658	\$ 1,068,264	\$ 2,589,922	\$ 2,492,025
Non-current pooled cash and cash equivalents	-	-	-	21,301
	\$ 1,521,658	\$ 1,068,264	\$ 2,589,922	\$ 2,513,326
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (111,755)	\$ 14,780	\$ (96,975)	\$ (110,674)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	156,341	102,948	259,289	254,895
Changes in assets and liabilities:				
(Increase) Decrease in Due From Other Governments	4,604	77	4,681	10,912
(Increase) Decrease in Prepaid Expense	(908)	-	(908)	(67)
Increase (Decrease) in Accounts Payable	1,557	(1,167)	390	(4,849)
TOTAL ADJUSTMENTS	161,594	101,858	263,452	260,891
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 49,839	\$ 116,638	\$ 166,477	\$ 150,217

There were no non-cash investing or financing activities for the years ended September 30, 2014 or 2013

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, 2014

With Comparative Amounts for September 30, 2013

	Employee Retirement Funds	
		(Restated)
	2014	2013
<b>ASSETS</b>		
Cash	\$ 122	\$ 122
Investments, at fair value		
Money market funds	154,614	216,733
U. S. Government and Federal		
Agency securities and bonds	811,652	745,491
Corporate bonds	1,851,609	1,425,799
Equities - common stock	3,745,840	3,830,282
Trustees' mutual funds	1,058,222	1,091,061
	<u>7,621,937</u>	<u>7,309,366</u>
Receivables	<u>40,252</u>	<u>34,700</u>
<b>TOTAL ASSETS</b>	<u>7,662,311</u>	<u>7,344,188</u>
<b>LIABILITIES</b>		
Accounts payable	9,213	7,750
Employer prepaid contribution	<u>5,092</u>	<u>8,502</u>
<b>TOTAL LIABILITIES</b>	<u>14,305</u>	<u>16,252</u>
<b>NET POSITION</b>		
Held in Trust for Pension Benefits		
and Other Purposes	<u>\$ 7,648,006</u>	<u>\$ 7,327,936</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, 2014

With Comparative Amounts for the Year Ended September 30, 2013

	Employee Retirement Funds	
	(Restated)	
	2014	2013
ADDITIONS		
Contributions		
Employer	\$ 198,910	\$ 221,798
Employee	231,301	118,976
Total contributions	<u>430,211</u>	<u>340,774</u>
Intergovernmental revenue		
State excise tax rebate	48,975	47,102
Investment earnings		
Net increase in fair		
value of investments	579,980	542,957
Interest and dividends	203,504	177,639
Total investment earnings	<u>783,484</u>	<u>720,596</u>
Less investment expense	<u>(54,669)</u>	<u>(47,285)</u>
Net investment earnings	<u>728,815</u>	<u>673,311</u>
TOTAL ADDITIONS	<u>1,208,001</u>	<u>1,061,187</u>
DEDUCTIONS		
Benefits	542,143	191,642
Participant distributions	314,333	-
Professional services	27,935	16,215
Trustee expenses	<u>3,520</u>	<u>2,844</u>
TOTAL DEDUCTIONS	<u>887,931</u>	<u>210,701</u>
CHANGE IN NET POSITION	320,070	850,486
NET POSITION - BEGINNING OF YEAR	<u>7,327,936</u>	<u>6,477,450</u>
NET POSITION - END OF YEAR	<u>\$ 7,648,006</u>	<u>\$ 7,327,936</u>

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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

**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, 2014

**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, 2014

**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.

**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. The General Fund budgeted appropriations were amended during the fiscal year ended September 30, 2014 resulting in a \$32,215 reduction of the appropriations. The Capital Improvements Fund budgeted appropriations were also amended during the fiscal year ended September 30, 2014 resulting in a \$1,115,000 reduction in appropriations.
- 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 as a result are not consistent with GAAP.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

**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 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 money market accounts, funds invested with the State Board of Administration, funds invested with the Florida Municipal Investment Trust (FMIT), and funds invested with the Florida Surplus Asset Fund Trust (Florida SAFE). 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, 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 in the Florida Prime Trust Fund are valued at amortized cost. Deposits with the FMIT and Florida SAFE 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.

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, 2014

**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 \$4,350,523 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, 2014

**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, 2014

**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, 2013, 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, 2014 was \$2,177,670 excluding \$600 of petty cash funds that are maintained. The amounts on deposit in money market type accounts as of September 30, 2014 that do not qualify as public funds totaled \$2,148,869.

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) Florida Surplus Asset Fund Trust; c) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; d) 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, 2014

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

The City's investments carried at fair value as of September 30, 2014, are:

Investment	Maturity	Fair Value	Rating
State Board of Administration – Florida Prime	N/A	\$1,649,081	AAAm
Florida Municipal Investment Trust – 0-2 and 1-3 Year High Quality Bond Funds	N/A	1,115,355	AAA
Florida SAFE Investment Pool	N/A	1,200,640	AAAm
Florida SAFE Term Series – Certificates of Deposit	10/14 to 4/15	2,000,000	Non-rated
Total investments		<u>\$5,965,076</u>	

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

**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, 2014, 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, 2014, 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, 2014, is as follows:

Petty cash	\$ 600
Deposits – public funds	2,177,670
Deposits – non-public funds	2,148,869
Investments	5,965,076
Total	<u>\$ 10,292,215</u>
As reported in Statement of Net Position:	
Cash, cash equivalents and pooled cash and investments	<u>\$ 10,292,215</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, 2014

**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, 2014:

<u>Fifth Third Bank Retirement Funds:</u>	<u>Fair Value</u>	<u>Rating</u>
<b>Deposits</b>		
Federated Prime Cash Obligations Fund		
Service Shares	\$ 154,614	N/A
<b>Investments</b>		
Bonds		
U.S. Government Bonds Federal		
Agency Securities and Bonds	811,652	N/A
Corporate Bonds	1,851,609	*
Equities - Common Stock and Mutual Funds	3,745,840	N/A
Total Deposits and Investments	<u>\$ 6,563,175</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, 2014, was \$1,058,222.

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, 2014:

<u>General Fund</u>	
Pinellas County	
Red Light Tickets	\$ 2,734
Local Option Gas Tax	6,534
Sales Tax - Infrastructure	36,282
State of Florida	
Communications Service Tax	<u>19,243</u>
Total – governmental activities	<u>\$ 64,793</u>

## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

City of St. Petersburg – sewer service fees	\$ 68,265
---	-----------

Reclaimed Water Fund

City of St. Petersburg – reclaimed water fees	15,726
Total – business-type activities	83,991
Total	<u>\$ 148,784</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, 2014, was as follows:

	Ending Balance 9-30-13	Additions	Deletions	Ending Balance 9-30-14
<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	4,174,988	33,237	-	4,208,225
Infrastructure	3,088,508	72,542	14,220	3,146,830
Furniture, fixtures and equipment	2,416,129	1,020,322	64,093	3,372,358
Total at historical cost	<u>12,594,197</u>	<u>1,126,101</u>	<u>933,702</u>	<u>12,786,596</u>
<u>Less accumulated depreciation for:</u>				
Structures and improvements	1,959,763	135,226	-	2,094,989
Infrastructure	1,484,404	102,230	949	1,585,685
Furniture, fixtures and equipment	1,845,051	215,611	61,231	1,999,431
Total accumulated depreciation	<u>5,289,218</u>	<u>453,067</u>	<u>62,180</u>	<u>5,680,105</u>
Capital assets, net	<u>\$7,304,979</u>	<u>673,034</u>	<u>871,522</u>	<u>\$7,106,491</u>
	Ending Balance 9-30-13	Additions	Deletions	Ending Balance 9-30-14
<b>Business-type Activities</b>				
<u>Depreciable assets:</u>				
Infrastructure – sewer system	\$ 3,814,633	\$ 87,597	\$ -	\$ 3,902,230
Infrastructure – reclaimed water system	3,088,022	450	-	3,088,472
Total at historical cost	<u>6,902,655</u>	<u>88,047</u>	<u>-</u>	<u>6,990,702</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure – sewer system	1,904,451	156,341	-	2,060,792
Infrastructure – reclaimed water system	1,886,315	102,948	-	1,989,263
Total accumulated depreciation	<u>3,790,766</u>	<u>259,289</u>	<u>-</u>	<u>4,050,055</u>
Capital assets, net	<u>\$ 3,111,889</u>	<u>\$(171,242)</u>	<u>\$ -</u>	<u>\$ 2,940,647</u>

## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

Depreciation was charged to governmental activities as follows:

General government	\$ 34,458
Public safety – fire	185,476
Public safety – protective inspections	18,000
Transportation – public works	100,610
Human services	1,295
Culture and recreation	40,811
Physical environment	72,417
	<u>\$ 453,067</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, 2014: Local business taxes received in advance that pertain to fiscal year ended September 30, 2015 in the amount of \$80,061.

**NOTE F- LONG-TERM DEBT**

Long-term debt as of September 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Capital lease obligation	\$ -	\$ 8,062	\$ 3,315	\$ 4,747	\$ 4,061
Accrued compensated absences	189,889	28,084	37,978	179,995	38,558
	<u>\$ 189,889</u>	<u>\$ 36,146</u>	<u>\$ 41,293</u>	<u>\$ 184,742</u>	<u>\$ 42,619</u>

Long-term debt for the governmental activities is comprised of the following as of September 30, 2014:

Capital Leases: The City currently leases computer equipment under a lease-purchase agreement that expires in November, 2015. The lease terms require the City to pay any taxes, insurance and maintenance expenses related to the leased computer equipment.

The present value of future minimum lease payments is:

\$ 4,747

Accrued Compensated Absences: The vested portion of accumulated vacation and sick leave benefits due employees:

179,995

Total Governmental Activities Long-Term Debt

\$ 184,742

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2014, are as follows:

<u>Capital lease obligation</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,061	\$ 66	\$ 4,127
2016	686	2	688
	<u>\$ 4,747</u>	<u>\$ 68</u>	<u>\$ 4,815</u>

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

**NOTE F- LONG-TERM DEBT**

The following is an analysis of the leased property under capital lease:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Governmental Activities:			
Computer equipment	<u>\$ 8,062</u>	<u>\$ 1,344</u>	<u>\$ 6,718</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.

Restatement

The accompanying Statement of Net Position and Statement of Changes in Net Position for the Firefighters' Retirement Fund as of and for the year ended September 30, 2013 have been restated for a prior period correction. The correction resulted in additions - employer contributions being reduced by \$8,502 and the recording of a liability for employer prepaid contribution in the same amount. The effect of the prior period correction was to reduce the net position of the Firefighters' Retirement Fund by \$8,502 as of September 30, 2013.

1. General Information About the Plan

*Plan Administration:* The Plan is administered by a 5 member Board of Trustees that is comprised of two Commission appointees, two members of the department that are elected by the membership, and a fifth member who is elected by the other four members and appointed by Commission.

*Membership in the Plan:* Membership of the plan as of September 30, 2014:

<u>Group</u>	
Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members:	<u>11</u>
Total	<u>30</u>

*Basis of Accounting:* The plans' financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and expenses are recognized when due and payable in accordance with the terms of the plan. The plan does not issue separate financial statements. The financial statements for the Plan are presented within this footnote and also presented on pages 63 and 64 as part of the combining financial statements.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

*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, 2014.

*Plan Description and Benefits Provided:* Employees who are classified as full-time Firefighters participate in the plan as a condition of employment. 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. Benefits vest upon completing ten years of credited service and the members will receive the vested portion of their benefits at age 55.

The Plan also provides death and disability benefits for participants with coverage beginning from the date of employment. Service incurred disability benefits are accrued to the date of disability but not less than 42% of average final compensation. Pre-retirement death benefits are based on monthly accrued benefit and are paid to the designated beneficiary for a 10 year period.

*Investments:* The following was the Board's adopted asset allocation policy and related long-term expected rate of return as of September 30, 2014:

Asset Class	Target Allocation	Expected Return
Domestic Equity	45%	7.5%
International Equity	15%	8.5%
Domestic Fixed Income	35%	2.5%
Global Fixed Income	5%	3.5%
Total	100%	

For the year ended September 30, 2014 the annual money-weighted rate of return on Plan investments net of investment expense was 10.35%. The money-weighted rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

*Net Pension Liability:*

Total Pension Liability	\$ 8,392,248
Plan Fiduciary Net Position	(6,598,999)
Sponsor's Net Pension Liability	\$ 1,793,249
Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	78.63%

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

*Comparison of net pension liability using alternative discount rates:*

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 2,563,274	\$ 1,793,249	\$ 1,135,761

2. **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	37.5%
Plan members	6%
Annual Pension Cost	\$247,541
Contributions made	\$247,885
Actuarial valuation date	October 1, 2014
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	7.75%
Post retirement benefit increases	0.0%
Projected salary increases	Service based 4% to 10%
Inflation rate	3.0%
Discount rate	7.75
Mortality basis	RP 2000 -Combined Healthy - Sex Distinct

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.

3. **Three Year Trend Information** as reported in the most recent actuarial valuation report as of October 1, 2014:

Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
9/30/14	\$ 247,451	100%	\$ (30,107)
9/30/13	281,329	100%	(29,761)
9/30/12	278,951	100%	(29,259)

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, 2014 actuarial valuation report is provided in the table below.

## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

	9/30/12	9/30/13	9/30/14
Actuarially Determined Contribution (A)	\$279,610	\$281,331	\$247,887
Interest on NPO	(2,288)	(2341)	(2,381)
Adjustment to (A)	1,629	1,839	2,035
Annual Pension Cost	278,951	281,329	247,541
Contributions Made	279,610	281,831	247,887
Increase in NPO	(659)	(502)	(346)
NPO Beginning of Year	(28,600)	(29,259)	(29,761)
NPO End of Year	<u>\$(29,259)</u>	<u>\$(29,761)</u>	<u>\$ (30,107)</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.

## 4. Schedule of Funding Progress - as reported in the October 1, 2014 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)
10/01/14	\$6,226,849	\$8,553,696	\$2,326,847	72.79%	\$661,032	352.00%
10/01/13	5,922,887	8,239,886	2,316,999	71.88%	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%

## 5. Schedule of Contributions from the Employer and Other Contributing Entities as reported in the October 1, 2014 actuarial valuation report:

Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2014	\$ 247,887	\$ 198,912	\$ 48,975	100.00%
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%

(This space left blank intentionally)

## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

6. The financial statements for the Firefighters' Retirement Fund as of and for the year ended September 30, 2014 are as follows:

Statement of Net Position  
September 30, 2014

Assets	
Cash	\$ 122
Investments, at fair value	6,563,715
Receivables	40,252
Total Assets	<u>6,604,089</u>
Liabilities	
Accounts payable	9,213
Employer prepaid contribution	5,092
Total Liabilities	<u>14,305</u>
Net Position	
Held in Trust for Pension Benefits	<u>\$ 6,589,784</u>

Statement of Changes in Net Position  
For the year Ended September 30, 2014

Additions	
Contributions	
Employer	\$ 198,910
Employee	39,662
Total contributions	<u>238,572</u>
Intergovernmental revenue	
State excise tax rebate	48,975
Investment earnings	
Net increase in fair value of investments	490,125
Interest and dividends	203,504
Total investment earnings	693,629
Less investment expense	(54,669)
Net investment earnings	<u>638,960</u>
Total additions	<u>\$ 926,507</u>
Deductions	
Benefits	\$ 542,143
Professional services	27,935
Trustee expenses	3,520
Total deductions	<u>573,598</u>
Change in Net Position	352,909
Net Position – October 1, 2013 (as restated)	<u>6,236,875</u>
Net Position – September 30, 2014	<u>\$ 6,589,784</u>



CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

7. 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, 2014 in the amount of \$48,975 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.

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, 2014, 2013, and 2012 was \$75,951, \$59,458, and \$58,937, 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, 2013 the contribution rates were 6.95% (regular members) and 18.31% (senior management members). As of July 1, 2014 these rates changed to 7.37% (regular members) and 21.14% (senior management members). The City's contributions to FRS for the years ended September 30, 2014, 2013, and 2012 were \$37,876, \$22,684, and \$22,592, respectively, equal to the required contributions for each year.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

**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 (\$8,471) 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.

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.

## CITY OF SOUTH PASADENA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

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

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 9/30/14	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/13
Annual Required Contribution (ARC)	\$ 5,624	\$ 5,486
Interest on net OPEB obligation	65	65
Adjustment to ARC	(65)	(65)
Annual OPEB cost	5,624	5,486
Expected employer contribution	3,609	3,872
Increase in net OPEB obligation	2,015	1,614
Net OPEB obligation beginning of year	6,456	4,842
Net OPEB obligation end of year	\$ 8,471	\$ 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)
10/01/13	\$ -	\$ 48,428	\$ 48,428	0.0%	\$ 2,308,494	2.10%
10/01/12	-	49,234	49,234	0.0%	2,234,928	2.20%
10/01/11	-	47,620	47,620	0.0%	2,315,430	2.06%
10/01/10	-	46,006	46,006	0.0%	2,304,777	2.00%
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
9/30/14	10/01/13	\$ 5,624	\$ 3,609	64.2%	\$ 8,471
9/30/13	10/01/10	5,486	3,872	70.6%	6,456
9/30/12	10/01/10	5,486	3,872	70.6%	4,842

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

*Required Actuarial Information*

Contribution Rate	4.5%
Actuarial valuation date	10/1/13
Annual OPEB Cost	\$ 5,624
Contributions made	\$ 3,609
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	6.60%
* - Includes inflation at	2.50%

**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, 2014, 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 \$722,765. The City has renewed its contract with the Pinellas County Sheriff's Department to provide law enforcement services, effective October 1, 2014, continuing until September 30, 2015. The amount of the contract with the Pinellas County Sheriff's Department for the 2014 – 2015 year is \$740,785.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

**NOTE K – COMMITMENTS AND CONTINGENCIES (continued)**

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, 2014, was \$653,625.

**NOTE L – SUBSEQUENT EVENTS**

The City has evaluated whether any other events have occurred subsequent to September 30, 2014, and before the issuance of the financial statements, that would have an impact on the City's financial condition as of September 30, 2014 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 June 19, 2015, which is the date that the financial statements were available to be issued.

(BLANK)

## 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, 2014

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

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final	(Budgetary Basis)		Actual
RESOURCES (INFLOWS)					
Taxes					
Ad valorem taxes	\$ 720,500	\$ 720,500	\$ 712,589	\$ (7,911)	\$ 687,009
Ad valorem taxes - Fire district	-	-	-	-	(44,587)
Utility taxes	590,150	610,150	618,039	7,889	595,950
Communications Service tax	245,000	245,000	240,254	(4,746)	244,085
Electric franchise	435,000	435,000	436,028	1,028	426,267
Gas franchise	4,300	4,300	3,901	(399)	4,191
Refuse franchise	10,000	10,000	62,298	52,298	9,423
Total taxes	2,004,950	2,024,950	2,073,109	48,159	1,922,338
Licenses and permits					
Local business tax	91,250	91,250	103,963	12,713	86,223
Building permits	95,000	233,350	192,481	(40,869)	141,177
Fines - work done without permit	13,500	13,500	20,494	6,994	32,799
Electrical permits	6,000	6,000	12,340	6,340	8,188
Sewer, plumbing and gas permits	7,200	7,200	7,790	590	10,890
Mechanical permits	10,000	10,000	15,730	5,730	13,288
Planning and zoning fees	1,000	1,000	1,000	-	250
Grease management permits	500	500	2,200	1,700	300
Total licenses and permits	224,450	362,800	355,998	(6,802)	293,115
Intergovernmental revenue					
County Emergency Medical Services Authority	771,765	771,765	771,767	2	719,484
State revenue sharing	156,000	156,000	157,524	1,524	156,238
Local 1/2 cent sales tax	279,000	279,000	290,685	11,685	272,640
State pro-rata share of alcoholic beverage licenses	6,700	6,700	10,718	4,018	6,632
State mobile home licenses distribution	3,000	3,000	3,482	482	3,263
State municipal tax refund	1,100	1,100	1,146	46	1,052
State excise tax rebate - Fire Pension	41,875	48,975	48,976	1	47,102
Local option gas tax	75,000	75,000	77,058	2,058	75,514
Fire Fighters supplemental compensation	3,120	3,120	3,035	(85)	3,120
Total intergovernmental revenue	1,337,560	1,344,660	1,364,391	19,731	1,285,045

(continued)



## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2014 (continued)

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

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with	
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)	Actual
RESOURCES (INFLOWS) (continued)					
Fines and forfeits -					
Police fines	\$ 6,000	\$ 6,000	\$ 5,139	\$ (861)	\$ 7,024
Red light fines	690,000	475,000	448,543	(26,457)	681,818
	696,000	481,000	453,682	(27,318)	688,842
Interest	15,600	15,600	2,013	(13,587)	33,735
Change in fair value of investments	-	-	(5,150)	(5,150)	(22,906)
Rent	8,000	8,000	6,750	(1,250)	8,050
Miscellaneous	26,800	30,700	35,118	4,418	25,491
	746,400	535,300	492,413	(42,887)	733,212
AMOUNTS AVAILABLE FOR APPROPRIATION	4,313,360	4,267,710	4,285,911	18,201	4,233,710
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General government					
Legislative					
Personal services	22,685	22,685	34,551	(11,866)	51,423
Other services and charges	82,400	102,400	81,863	20,537	55,632
Travel and conventions	8,000	8,000	5,440	2,560	4,929
Supplies	1,050	1,050	533	517	835
Capital outlay	-	-	-	-	3,572
	114,135	134,135	122,387	11,748	116,391
Finance and administration					
Personal services	450,020	450,020	427,841	22,179	404,908
Other services and charges	59,550	59,550	29,290	30,260	23,304
Insurance	23,360	23,360	23,200	160	21,491
Supplies	5,500	5,500	5,098	402	4,570
Maintenance	750	750	65	685	7
Utilities	13,500	13,500	15,629	(2,129)	12,440
Audit and accounting	14,700	14,700	10,340	4,360	10,873
Telephone	9,200	9,200	8,691	509	9,631
	576,580	576,580	520,154	56,426	487,224
Total general government	690,715	710,715	642,541	68,174	603,615

(continued)

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2014 (continued)

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

	2014			Variance with Final Budget Positive (Negative)	2013
	Budgeted Amounts		Actual Amounts		
	Budget	Final	(Budgetary Basis)	(Negative)	Actual
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Public Safety					
Law enforcement					
Pinellas County Sheriff -					
Department contract	\$ 722,770	\$ 722,770	\$ 722,765	\$ 5	\$ 717,330
American Traffic Solutions -					
Service fees - red light fines	305,000	305,000	299,737	5,263	293,876
	<u>1,027,770</u>	<u>1,027,770</u>	<u>1,022,502</u>	<u>5,268</u>	<u>1,011,206</u>
Fire department					
Personal services	1,959,160	1,897,170	1,789,901	107,269	1,792,653
Other services and charges	116,345	116,345	112,007	4,338	123,662
Insurance	42,675	42,675	43,748	(1,073)	39,137
Supplies	8,900	8,900	6,444	2,456	6,928
Maintenance	43,000	43,000	46,422	(3,422)	44,614
Utilities	20,300	20,300	19,021	1,279	18,441
Small tools and equipment	100	100	496	(396)	91
Traffic signals	25,500	25,500	25,991	(491)	24,711
Telephone	5,125	5,125	5,211	(86)	4,181
	<u>2,221,105</u>	<u>2,159,115</u>	<u>2,049,241</u>	<u>109,874</u>	<u>2,054,418</u>
Protective inspections					
Personal services	287,030	287,030	276,728	10,302	251,133
Other services and charges	30,830	30,830	25,652	5,178	22,646
Supplies	4,200	4,200	4,203	(3)	3,866
Insurance	5,110	5,110	5,157	(47)	4,661
Maintenance	1,250	1,250	474	776	1,090
Capital outlay	1,200	1,200	-	1,200	-
	<u>329,620</u>	<u>329,620</u>	<u>312,214</u>	<u>17,406</u>	<u>283,396</u>
Total public safety	<u>3,578,495</u>	<u>3,516,505</u>	<u>3,383,957</u>	<u>132,548</u>	<u>3,349,020</u>
Transportation - public works					
Personal services	567,300	570,400	576,152	(5,752)	533,198
Other services and charges	64,035	64,035	55,956	8,079	64,333
Insurance	39,400	39,400	39,731	(331)	35,903
Supplies	6,500	6,500	7,943	(1,443)	6,793
Maintenance	29,000	29,000	29,477	(477)	25,851
Telephone	3,625	5,800	5,616	184	3,910
Utilities	47,000	47,000	46,246	754	47,581
Total transportation	<u>756,860</u>	<u>762,135</u>	<u>761,121</u>	<u>1,014</u>	<u>717,569</u>

(continued)

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2014 (continued)

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

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with	
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)	Actual
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Human services - welfare and other services	\$ 7,250	\$ 7,250	\$ 2,600	\$ 4,650	\$ 7,250
Culture and recreation					
Library	16,500	21,000	21,345	(345)	14,275
Culture services	1,250	1,250	1,250	-	1,250
Special events	6,400	6,400	4,256	2,144	4,127
Total culture and recreation	24,150	28,650	26,851	1,799	19,652
TOTAL CHARGES TO APPROPRIATIONS	5,057,470	5,025,255	4,817,070	208,185	4,697,106
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(744,110)	(757,545)	(531,159)	226,386	(463,396)
FUND BALANCE - BEGINNING OF YEAR	3,266,964	3,266,964	3,266,964	-	3,730,360
FUND BALANCE - END OF YEAR	\$ 2,522,854	\$ 2,509,419	\$ 2,735,805	\$ 226,386	\$ 3,266,964

**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, 2014

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

	2014				2013
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
RESOURCES (INFLOWS)					
Taxes, licenses and permits -					
Impact fees/assessments	\$ -	\$ -	\$ 18,000	\$ 18,000	\$ 11,250
Intergovernmental revenue					
Infrastructure tax	475,600	475,600	494,915	19,315	463,895
Physical environment grants	-	-	7,742	7,742	-
Interest	12,800	12,800	3,458	(9,342)	14,581
Change in fair value of investments			(3,943)	(3,943)	(3,959)
Sale of assets	-	-	-	-	287
Proceeds from capital lease	-	-	8,062	8,062	-
Other income	-	10,100	-	(10,100)	-
AMOUNTS AVAILABLE FOR APPROPRIATION	488,400	498,500	528,234	29,734	486,054
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General government					
Finance and administration					
Supplies	-	-	374	(374)	1,131
Public Safety					
Fire Department					
Maintenance	-	-	9,981	(9,981)	-
Protective Inspections					
Supplies	-	-	-	-	653
Total Public Safety	-	-	9,981	(9,981)	653
Physical environment					
Visioning	-	-	16,379	(16,379)	29,990
Maintenance	-	-	11,280	(11,280)	47,360
	-	-	27,659	(27,659)	77,350
Total current charges to appropriations	-	-	38,014	(38,014)	79,134
Capital outlay					
General government					
Legislative					
Equipment	11,200	11,200	746	10,454	-
Finance and administration					
Equipment	14,700	14,700	10,287	4,413	13,804
Total general government	25,900	25,900	11,033	14,867	13,804
Public Safety					
Fire Department					
Building improvements	\$ 175,000	\$ 30,000	\$ 33,237	\$ (3,237)	\$ -
Equipment	148,150	148,150	112,944	35,206	70,136
Vehicle	475,000	5,000	5,925	(925)	884,938
	798,150	183,150	152,106	31,044	955,074

(continued)

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS FUND

For the Year Ended September 30, 2014 (continued)

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

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final	(Budgetary Basis)		Actual
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Protective inspections					
Equipment	8,550	8,550	-	8,550	927
	8,550	8,550	-	8,550	927
Total Public Safety	806,700	191,700	152,106	39,594	956,001
Transportation - public works					
Building improvements	19,000	19,000	4,985	14,015	7,224
Equipment	7,500	7,500	4,791	2,709	5,305
Vehicle	30,000	30,000	25,256	4,744	-
Highways and streets	1,000,000	500,000	72,541	427,459	109,150
Total Transportation - public works	1,056,500	556,500	107,573	448,927	121,679
Physical environment					
Visioning / beautification	150,000	150,000	-	150,000	-
Flood control	75,000	75,000	-	75,000	-
Total Physical environment	225,000	225,000	-	225,000	-
Total capital outlay charges to appropriations	2,114,100	999,100	270,712	728,388	1,091,484
Debt service					
Principal reductions	-	-	3,315	(3,315)	-
Interest	-	-	124	(124)	-
Total debt service charges to appropriations	-	-	3,439	(3,439)	-
TOTAL CHARGES TO APPROPRIATIONS	2,114,100	999,100	312,165	686,935	1,170,618
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(1,625,700)	(500,600)	216,069	716,669	(684,564)
FUND BALANCE - BEGINNING OF YEAR	4,605,326	4,605,326	4,605,326	-	5,289,890
FUND BALANCE - END OF YEAR	\$ 2,979,626	\$ 4,104,726	\$ 4,821,395	\$ 716,669	\$ 4,605,326

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.

\$ 528,234

Differences - budget to GAAP:

Capital lease obligation incurred

(8,062)

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

\$ 520,172

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
SEWER FUND

For the Year Ended September 30, 2014

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

	2014			Variance with Final Budget Positive (Negative)	2013
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services	\$ 862,000	\$ 862,000	\$ 842,519	\$ (19,481)	\$ 859,051
Interest earned	400	400	780	380	354
Change in fair value of investments	-	-	(1,735)	(1,735)	3,193
AMOUNT AVAILABLE FOR APPROPRIATION	862,400	862,400	841,564	(20,836)	862,598
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Supervisory services	41,880	41,880	41,880	-	36,230
Utilities	8,800	8,800	8,881	(81)	8,498
City of St. Petersburg:					
Sewer processing	671,500	671,500	653,625	17,875	638,855
Sewer administration charge	6,315	6,315	6,315	-	6,314
Insurance	7,700	7,700	7,869	(169)	7,033
Audit	3,220	3,220	3,220	-	2,822
Repairs, maintenance, renewals and replacement	170,700	170,700	48,996	121,704	105,381
Administrative service charge	23,155	23,155	23,155	-	22,490
Miscellaneous	4,450	4,450	3,992	458	4,142
TOTAL CHARGES TO APPROPRIATIONS	937,720	937,720	797,933	139,787	831,765
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ (75,320)	\$ (75,320)	\$ 43,631	\$ 118,951	\$ 30,833

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.

\$ 797,933

Differences - budget to GAAP:

Depreciation

156,341

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

\$ 954,274

## CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
RECLAIMED WATER

For the Year Ended September 30, 2014

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

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final	(Budgetary Basis)		Actual
RESOURCES (INFLOWS)					
Charges for services	\$ 189,600	\$ 189,600	\$ 189,090	\$ (510)	\$ 189,530
Interest earned	250	250	623	373	186
Change in fair value of investments	-	-	(761)	(761)	1,398
AMOUNT AVAILABLE FOR APPROPRIATION	189,850	189,850	188,952	(898)	191,114
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Supervisory services	33,400	33,400	33,400	-	30,140
City of St. Petersburg:					
Administration charge	1,260	1,260	1,260	-	1,260
Pinellas County:					
Reclaimed water	21,000	21,000	16,634	4,366	21,167
Audit	310	310	310	-	315
Consultants	1,000	1,000	-	1,000	-
Repairs, maintenance, renewals and replacement	120,305	120,305	7,183	113,122	7,633
Administrative service charge	12,575	12,575	12,575	-	12,080
TOTAL CHARGES TO APPROPRIATIONS	189,850	189,850	71,362	118,488	72,595
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ -	\$ 117,590	\$ 117,590	\$ 118,519

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.

\$ 71,362

Differences - budget to GAAP:

Depreciation

102,948

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

\$ 174,310



CITY OF SOUTH PASADENA, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

September 30, 2014

With Comparative Total Amounts for September 30, 2013

	Employee Retirement Funds		Totals	
	Firefighters' Retirement	Employees' Deferred Compensation	2014	(Restated) 2013
<b>ASSETS</b>				
Cash	\$ 122	\$ -	\$ 122	\$ 122
Investments, at fair value				
Money market funds	154,614	-	154,614	216,733
U. S. Government and Federal				
Agency securities and bonds	811,652	-	811,652	745,491
Corporate bonds	1,851,609	-	1,851,609	1,425,799
Equities - common stock	3,745,840	-	3,745,840	3,830,282
Trustees' mutual funds	-	1,058,222	1,058,222	1,091,061
	<u>6,563,715</u>	<u>1,058,222</u>	<u>7,621,937</u>	<u>7,309,366</u>
Receivables	<u>40,252</u>	<u>-</u>	<u>40,252</u>	<u>34,700</u>
<b>TOTAL ASSETS</b>	<u>6,604,089</u>	<u>1,058,222</u>	<u>7,662,311</u>	<u>7,344,188</u>
<b>LIABILITIES</b>				
Accounts payable	9,213	-	9,213	7,750
Employer prepaid contribution	<u>5,092</u>	<u>-</u>	<u>5,092</u>	<u>8,502</u>
<b>TOTAL LIABILITIES</b>	<u>14,305</u>	<u>-</u>	<u>14,305</u>	<u>16,252</u>
<b>NET POSITION</b>				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 6,589,784</u>	<u>\$ 1,058,222</u>	<u>\$ 7,648,006</u>	<u>\$ 7,327,936</u>

## CITY OF SOUTH PASADENA, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended September 30, 2014

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

	Employee Retirement Funds		Totals	
	Firefighters' Retirement	Employees' Deferred Compensation	2014	(Restated) 2013
ADDITIONS				
Contributions				
Employer	\$ 198,910	\$ -	\$ 198,910	\$ 221,798
Employee	39,662	191,639	231,301	118,976
Total contributions	<u>238,572</u>	<u>191,639</u>	<u>430,211</u>	<u>340,774</u>
Intergovernmental revenue				
State excise tax rebate	48,975	-	48,975	47,102
Investment earnings				
Net increase in fair value of investments	490,125	89,855	579,980	542,957
Interest and dividends	203,504	-	203,504	177,639
Total investment earnings	<u>693,629</u>	<u>89,855</u>	<u>783,484</u>	<u>720,596</u>
Less investment expense	<u>(54,669)</u>	<u>-</u>	<u>(54,669)</u>	<u>(47,285)</u>
Net investment earnings	<u>638,960</u>	<u>89,855</u>	<u>728,815</u>	<u>673,311</u>
TOTAL ADDITIONS	<u>926,507</u>	<u>281,494</u>	<u>1,208,001</u>	<u>1,061,187</u>
DEDUCTIONS				
Benefits	542,143	-	542,143	191,642
Participant distributions	-	314,333	314,333	-
Professional services	27,935	-	27,935	16,215
Trustee expenses	<u>3,520</u>	<u>-</u>	<u>3,520</u>	<u>2,844</u>
TOTAL DEDUCTIONS	<u>573,598</u>	<u>314,333</u>	<u>887,931</u>	<u>210,701</u>
CHANGE IN NET POSITION	352,909	(32,839)	320,070	850,486
NET POSITION - BEGINNING OF YEAR	<u>6,236,875</u>	<u>1,091,061</u>	<u>7,327,936</u>	<u>6,477,450</u>
NET POSITION - END OF YEAR	<u>\$ 6,589,784</u>	<u>\$ 1,058,222</u>	<u>\$ 7,648,006</u>	<u>\$ 7,327,936</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,	
	2014	2013
<b>ASSETS</b>		
Cash, cash equivalents and pooled cash and investments	\$ 2,852,463	\$ 3,452,036
Receivables - other	66,152	12,802
Due from other governments	28,511	27,418
Inventory of supplies	9,799	9,078
Prepaid expenditures	13,558	17,203
<b>TOTAL ASSETS</b>	<b>\$ 2,970,483</b>	<b>\$ 3,518,537</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 109,727	\$ 63,599
Accrued liabilities	44,890	126,151
Due to other governments	-	9,960
Deferred revenue	80,061	51,863
<b>TOTAL LIABILITIES</b>	<b>234,678</b>	<b>251,573</b>
<b>FUND BALANCES</b>		
Fund balances		
Nonspendable:		
Inventories and prepaids	23,357	26,281
Restricted for:		
Scholarships	1,651	2,651
Assigned to:		
Future budgetary appropriations	754,970	744,110
Unassigned	1,955,827	2,493,922
<b>TOTAL FUND BALANCES</b>	<b>2,735,805</b>	<b>3,266,964</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,970,483</b>	<b>\$ 3,518,537</b>

CITY OF SOUTH PASADENA, FLORIDA

COMPARATIVE BALANCE SHEET  
CAPITAL IMPROVEMENTS FUND

	September 30,	
	2014	2013
ASSETS		
Cash equivalents and pooled cash and investments	\$ 4,849,830	\$ 4,741,637
Receivables - other	1,235	1,164
Due from other governments	36,282	-
TOTAL ASSETS	<u>\$ 4,887,347</u>	<u>\$ 4,742,801</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 65,952	\$ 137,475
TOTAL LIABILITIES	<u>65,952</u>	<u>137,475</u>
FUND BALANCES		
Fund balances		
Restricted for:		
Infrastructure	4,347,410	4,011,308
EMS and other equipment	1,462	1,462
Assigned to:		
Capital improvement projects	472,523	592,556
TOTAL FUND BALANCES	<u>4,821,395</u>	<u>4,605,326</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,887,347</u>	<u>\$ 4,742,801</u>

## CITY OF SOUTH PASADENA, FLORIDA

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

September 30, 2014

	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	\$ 7,702,293	\$ -	\$ -	\$ 7,702,293
Receivables - other	67,387	-	-	67,387
Due from other governments	64,793	-	-	64,793
Inventory of supplies	9,799	-	-	9,799
Prepaid expenditures	13,558	-	30,107	43,665
Land and land rights	-	2,059,183	-	2,059,183
Structures and improvements	-	4,208,225	-	4,208,225
Infrastructure	-	3,146,830	-	3,146,830
Furniture, fixtures and equipment	-	3,372,358	-	3,372,358
Accumulated depreciation	-	(5,680,105)	-	(5,680,105)
<b>TOTAL ASSETS</b>	<u>\$ 7,857,830</u>	<u>\$ 7,106,491</u>	<u>\$ 30,107</u>	<u>\$ 14,994,428</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 175,679	\$ -	\$ -	\$ 175,679
Accrued liabilities	44,890	-	-	44,890
Current portion of:				
Capital lease obligation	-	4,061	-	4,061
Accrued compensated absences	-	38,558	-	38,558
Deferred / unearned revenue	80,061	-	-	80,061
Non-current portion of:				
Capital lease obligation	-	686	-	686
Accrued compensated absences	-	141,437	-	141,437
<b>TOTAL LIABILITIES</b>	<u>300,630</u>	<u>184,742</u>	<u>-</u>	<u>485,372</u>
<b>TOTAL FUND BALANCES / NET POSITION</b>	<u>7,557,200</u>	<u>6,921,749</u>	<u>30,107</u>	<u>14,509,056</u>
<b>TOTAL LIABILITIES AND FUND BALANCES / NET POSITION</b>	<u>\$ 7,857,830</u>	<u>\$ 7,106,491</u>	<u>\$ 30,107</u>	<u>\$ 14,994,428</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, 2014

	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	\$ 2,091,109	\$ -	\$ -	\$ (2,091,109)	\$ -
Licenses and permits	355,998	-	-	(355,998)	-
Intergovernmental revenue	1,867,048	-	-	(1,867,048)	-
Fines and forfeits	453,682	-	-	(453,682)	-
Interest	5,471	-	-	(5,471)	-
Change in fair value of investments	(9,093)	-	-	9,093	-
Rent	6,750	-	-	(6,750)	-
Miscellaneous revenues	35,118	-	-	(35,118)	-
Charges for services	-	-	-	835,462	835,462
Operating grants and contributions	-	-	-	772,767	772,767
Capital grants	-	-	-	7,742	7,742
General revenues	-	-	-	3,190,112	3,190,112
<b>TOTAL REVENUES</b>	<b>4,806,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,806,083</b>
<b>EXPENDITURES</b>					
Current					
General government	642,915	34,458	(10,888)	-	666,485
Public safety	3,393,938	-	-	(3,393,938)	-
Public safety - police	-	-	-	1,022,502	1,022,502
Public safety - fire	-	185,997	(4,352)	2,058,876	2,240,521
Public safety - protective inspections	-	18,000	1,589	312,214	331,803
Transportation - public works	788,780	102,950	3,757	-	895,487
Human services	2,600	1,295	-	-	3,895
Culture and recreation	26,851	40,811	-	-	67,662
Physical environment	-	85,689	-	-	85,689
Capital outlay	270,712	(270,712)	-	-	-
Debt service					
Principal reductions	3,315	-	(3,315)	-	-
Interest	124	-	-	-	124
<b>TOTAL EXPENDITURES</b>	<b>5,129,235</b>	<b>198,488</b>	<b>(13,209)</b>	<b>(346)</b>	<b>5,314,168</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease obligation incurred	8,062	-	(8,062)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>8,062</b>	<b>-</b>	<b>(8,062)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE / NET POSITION</b>	<b>\$ (315,090)</b>	<b>\$ (198,488)</b>	<b>\$ 5,147</b>	<b>\$ 346</b>	<b>\$ (508,085)</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.

(BLANK)

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

	2005	2006	2007	2008
<b>Governmental activities</b>				
Net investment in capital assets	\$ 6,339,558	\$ 6,378,379	\$ 6,628,502	\$ 6,871,867
Restricted	2,648,305	3,133,966	3,345,971	3,529,710
Unrestricted	4,560,891	4,921,592	5,079,201	4,909,993
Total governmental activities net position	<u>\$ 13,548,754</u>	<u>\$ 14,433,937</u>	<u>\$ 15,053,674</u>	<u>\$ 15,311,570</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 2,230,371	\$ 2,357,234	\$ 2,789,754	\$ 2,978,958
Restricted	339,447	328,551	315,090	298,857
Unrestricted	2,193,964	2,412,777	2,322,291	2,386,928
Total business-type activities net position	<u>\$ 4,763,782</u>	<u>\$ 5,098,562</u>	<u>\$ 5,427,135</u>	<u>\$ 5,664,743</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 8,569,929	\$ 8,735,613	\$ 9,418,256	\$ 9,850,825
Restricted	2,987,752	3,462,517	3,661,061	3,828,567
Unrestricted	6,754,855	7,334,369	7,401,492	7,296,921
Total primary government activities net position	<u>\$ 18,312,536</u>	<u>\$ 19,532,499</u>	<u>\$ 20,480,809</u>	<u>\$ 20,976,313</u>

2009	2010	2011	2012	2013	2014
\$ 6,741,535	\$ 6,644,902	\$ 6,590,600	\$ 6,586,069	\$ 7,304,979	\$ 7,101,744
3,870,885	4,277,160	4,469,039	4,591,514	4,015,421	4,350,523
4,685,491	4,335,758	4,137,629	4,263,985	3,696,741	3,056,789
<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>	<u>\$ 14,509,056</u>
\$ 3,243,496	\$ 3,735,955	\$ 3,595,599	\$ 3,341,945	\$ 3,111,889	\$ 2,940,647
279,628	-	-	-	-	-
2,240,933	2,156,710	2,169,926	2,411,657	2,536,170	2,609,344
<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>	<u>\$ 5,549,991</u>
\$ 9,985,031	\$ 10,380,857	\$ 10,186,199	\$ 9,928,014	\$ 10,416,868	\$ 10,042,391
4,150,513	4,277,160	4,469,039	4,591,514	4,015,421	4,350,523
6,926,424	6,492,468	6,307,555	6,675,642	6,232,911	5,666,133
<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>	<u>\$ 20,059,047</u>

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

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

2009	2010	2011	2012	2013	2014
\$ 626,397	\$ 646,309	\$ 632,581	\$ 579,191	\$ 633,246	\$ 666,485
670,902	695,345	872,692	1,010,719	1,011,206	1,022,502
1,999,598	2,086,546	2,211,481	2,278,934	2,152,151	2,240,521
278,272	277,489	277,825	268,300	301,625	331,803
859,168	825,073	809,117	880,690	905,564	895,487
6,722	2,686	10,047	5,383	8,545	3,895
63,507	62,924	62,617	61,770	60,482	67,662
68,468	74,036	82,823	72,674	71,372	85,689
-	-	-	-	-	124
4,573,034	4,670,408	4,959,183	5,157,661	5,144,191	5,314,168
794,435	794,932	1,034,150	905,442	983,726	954,274
171,260	149,743	163,405	174,684	175,529	174,310
965,695	944,675	1,197,555	1,080,126	1,159,255	1,128,584
\$ 5,538,729	\$ 5,615,083	\$ 6,156,738	\$ 6,237,787	\$ 6,303,446	\$ 6,442,752
\$ 276,992	\$ 291,302	\$ 818,064	\$ 1,084,571	\$ 1,001,570	\$ 835,462
770,101	656,854	670,060	712,569	720,984	772,767
-	172,746	21,735	165,536	-	7,742
1,047,093	1,120,902	1,509,859	1,962,676	1,722,554	1,615,971
1,062,291	1,052,759	1,064,157	1,057,446	1,048,581	1,031,609
1,062,291	1,052,759	1,064,157	1,057,446	1,048,581	1,031,609
\$ 2,109,384	\$ 2,173,661	\$ 2,574,016	\$ 3,020,122	\$ 2,771,135	\$ 2,647,580
\$ (3,525,941)	\$ (3,549,506)	\$ (3,449,324)	\$ (3,194,985)	\$ (3,421,637)	\$ (3,698,197)
96,596	108,084	(133,398)	(22,680)	(110,674)	(96,975)
\$ (3,429,345)	\$ (3,441,422)	\$ (3,582,722)	\$ (3,217,665)	\$ (3,532,311)	\$ (3,795,172)
\$ 1,066,677	\$ 1,022,599	\$ 1,014,015	\$ 1,066,851	\$ 642,422	\$ 712,589
490,758	507,853	477,513	458,889	439,881	502,227
539,555	606,605	597,352	571,598	595,950	618,039
247,518	227,099	243,932	269,547	244,085	240,254
518,829	453,033	416,235	440,385	463,895	494,915
273,144	253,967	260,530	260,555	272,640	290,685
75,862	75,305	74,272	74,294	75,514	77,058
81,487	59,767	60,076	55,801	61,169	67,357
155,417	155,324	155,245	155,655	156,238	157,524
99,469	83,035	71,253	58,642	48,316	5,471
(59,395)	42,086	(3,883)	(8,348)	(26,865)	(9,093)
22,961	19,742	20,732	35,416	23,965	33,086
3,512,282	3,506,415	3,387,272	3,439,285	2,997,210	3,190,112
19,532	2,303	10	715	540	1,403
(16,814)	18,221	6,248	10,042	4,591	(2,496)
2,718	20,524	6,258	10,757	5,131	(1,093)
\$ 3,515,000	\$ 3,526,939	\$ 3,393,530	\$ 3,450,042	\$ 3,002,341	\$ 3,189,019
\$ (13,659)	\$ (43,091)	\$ (62,052)	\$ 244,300	\$ (424,427)	\$ (508,085)
99,314	128,608	(127,140)	(11,923)	(105,543)	(98,068)
\$ 85,655	\$ 85,517	\$ (189,192)	\$ 232,377	\$ (529,970)	\$ (606,153)

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

	2005	2006	2007	2008
General Fund				
Reserved	\$ 24,241	\$ 26,081	\$ 24,909	\$ 53,566
Unreserved	3,708,411	4,130,119	4,266,034	4,139,306
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<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	\$ 2,725,899	\$ 3,612,536	\$ 3,339,074	\$ 3,522,563
Unreserved				
Capital project fund	885,304	411,490	909,301	840,485
Restricted	-	-	-	-
Assigned to:				
Capital improvement projects	-	-	-	-
Total all other governmental funds	<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>	<u>2014</u>
\$ 29,366	\$ -	\$ -	\$ -	\$ -	\$ -
4,026,902	-	-	-	-	-
-	43,268	27,766	25,720	26,281	23,357
-	6,151	4,151	3,151	2,651	1,651
-	183,205	169,155	680,055	744,110	754,970
-	3,520,386	3,453,879	3,021,434	2,493,922	1,955,827
<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>	<u>\$ 2,735,805</u>
\$ 3,863,734	\$ -	\$ -	\$ -	\$ -	\$ -
758,828	-	-	-	-	-
-	4,271,009	4,464,888	4,588,363	4,012,770	4,348,872
-	782,241	675,133	701,527	592,556	472,523
<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>	<u>\$ 4,821,395</u>



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

	2005	2006	2007	2008
<b>Revenues</b>				
Taxes	\$ 2,204,145	\$ 2,375,850	\$ 2,369,947	\$ 2,265,973
Licenses and permits	328,660	314,859	215,309	177,981
Intergovernmental revenue	1,649,149	1,750,729	1,725,790	2,056,563
Fines and forfeitures	22,423	28,929	42,012	50,571
Interest	192,472	370,163	467,469	225,449
Change in fair value of investments	-	-	-	(75,461)
Rent	4,875	3,150	4,200	4,325
Miscellaneous revenue	46,339	23,645	18,567	45,710
Total revenues	<u>4,448,063</u>	<u>4,867,325</u>	<u>4,843,294</u>	<u>4,751,111</u>
<b>Expenditures</b>				
General government	575,841	592,780	573,767	577,334
Public safety	2,206,784	2,416,252	2,578,230	2,751,340
Transportation - public works	570,936	594,124	692,697	732,415
Human services	1,255	7,271	4,452	3,166
Culture and recreation	81,227	41,338	35,641	25,113
Physical environment	42,431	55,722	39,379	79,294
Capital outlay	358,680	323,467	560,036	565,847
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>3,837,154</u>	<u>4,030,954</u>	<u>4,484,202</u>	<u>4,734,509</u>
Excess of revenues over (under) expenditures	610,909	836,371	359,092	16,602
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of surplus capital assets	-	-	-	-
Capital lease obligation incurred	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	610,909	836,371	359,092	16,602
Fund balances - beginning of year	6,700,241	7,343,855	8,180,226	8,539,318
Prior Period Adjustment	32,705	-	-	-
Fund balances - end of year	<u>\$ 7,343,855</u>	<u>\$ 8,180,226</u>	<u>\$ 8,539,318</u>	<u>\$ 8,555,920</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%

2009	2010	2011	2012	2013	2014
\$ 2,344,508	\$ 2,365,656	\$ 2,333,562	\$ 2,366,885	\$ 1,933,588	\$ 2,091,109
257,317	276,742	190,715	181,551	293,115	355,998
1,874,840	1,887,228	1,658,153	1,864,795	1,748,940	1,867,048
15,215	7,958	621,130	895,869	688,842	453,682
99,469	83,036	71,253	58,642	48,316	5,471
(59,395)	42,086	(3,883)	(8,348)	(26,865)	(9,093)
4,300	6,500	5,975	6,875	8,050	6,750
23,121	19,842	20,976	35,692	25,491	35,118
<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>	<u>4,806,083</u>
586,664	588,213	594,869	547,153	601,174	642,915
2,837,001	2,930,898	3,243,016	3,451,446	3,349,673	3,393,938
751,621	710,605	703,806	756,921	794,919	788,780
3,750	1,750	8,540	4,088	7,250	2,600
22,542	21,959	21,652	20,805	19,652	26,851
23,403	26,392	29,288	7,008	-	-
211,484	281,801	307,998	389,262	1,095,056	270,712
-	-	-	-	-	3,315
-	-	-	-	-	124
<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>	<u>5,129,235</u>
122,910	127,430	(11,288)	225,278	(1,148,247)	(323,152)
-	-	-	-	287	-
-	-	-	-	-	8,062
-	210,458	-	-	-	-
-	(210,458)	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>8,062</u>
122,910	127,430	(11,288)	225,278	(1,147,960)	(315,090)
8,555,920	8,678,830	8,806,260	8,794,972	9,020,250	7,872,290
<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>	<u>\$ 7,557,200</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.1%

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

	2005	2006	2007	2008
<b>Function / Program</b>				
Governmental activities :				
Charges for services				
General government	\$ 90,933	\$ 92,042	\$ 91,401	\$ 91,249
Public safety - Police	22,423	28,929	42,012	50,571
Public safety - Protective inspections	237,727	222,817	123,909	86,732
Culture and recreation	4,875	3,150	4,200	4,325
Total charges for services	<u>355,958</u>	<u>346,938</u>	<u>261,522</u>	<u>232,877</u>
Operating grants and contributions				
General government	2,007	-	-	-
Public safety - Fire	444,451	461,534	482,508	733,981
Culture and recreation	-	3,291	-	-
Physical environment	-	-	-	4,232
Total operating grants and contributions	<u>446,458</u>	<u>464,825</u>	<u>482,508</u>	<u>738,213</u>
Capital grants and contributions				
Public safety - Police	-	-	-	3,167
Public safety - Fire	-	-	-	-
Culture and recreation	50,000	-	-	117,912
Physical environment	-	2,775	4,126	10,600
Total capital grants and contributions	<u>50,000</u>	<u>2,775</u>	<u>4,126</u>	<u>131,679</u>
Sub-total governmental activities	<u>852,416</u>	<u>814,538</u>	<u>748,156</u>	<u>1,102,769</u>
Business-type activities:				
Charges for services				
Sewer	836,364	945,225	921,253	902,525
Reclaimed water	192,475	191,964	188,590	187,333
Total charges for services	<u>1,028,839</u>	<u>1,137,189</u>	<u>1,109,843</u>	<u>1,089,858</u>
Sub-total business-type activities	<u>1,028,839</u>	<u>1,137,189</u>	<u>1,109,843</u>	<u>1,089,858</u>
Total primary government revenues	<u>\$ 1,881,255</u>	<u>\$ 1,951,727</u>	<u>\$ 1,857,999</u>	<u>\$ 2,192,627</u>

2009	2010	2011	2012	2013	2014
\$ 88,433	\$ 88,484	\$ 101,182	\$ 84,193	\$ 86,223	\$ 103,963
15,215	7,958	621,131	895,870	688,843	453,682
169,044	188,360	89,776	97,633	218,454	271,067
4,300	6,500	5,975	6,875	8,050	6,750
<u>276,992</u>	<u>291,302</u>	<u>818,064</u>	<u>1,084,571</u>	<u>1,001,570</u>	<u>835,462</u>
-	-	-	-	-	-
765,882	652,831	670,060	712,569	719,484	771,767
-	-	-	-	1,500	1,000
4,219	4,023	-	-	-	-
<u>770,101</u>	<u>656,854</u>	<u>670,060</u>	<u>712,569</u>	<u>720,984</u>	<u>772,767</u>
-	6,677	-	-	-	-
-	160,000	-	-	-	-
-	4,354	-	-	-	7,742
-	1,715	21,735	165,536	-	-
-	172,746	21,735	165,536	-	7,742
<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>	<u>1,615,971</u>
875,654	863,487	874,603	868,014	859,051	842,519
186,637	189,272	189,554	189,432	189,530	189,090
<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>1,031,609</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>1,031,609</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>	<u>\$ 2,647,580</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
2014	\$ 712,589	\$ 502,227	\$ 618,039	\$ 240,254	\$ 2,073,109
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

## **Schedules of Revenue Capacity Information**

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

(BLANK)

City of 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
2014	\$ 416,957,697	\$ 70,357,296	\$ 2,871,130	\$ 35,902,406	\$ 209,611
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

Source:

Pinellas County Property Appraiser



Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 30,385,089	\$ 556,683,229	\$ 121,826,846	\$ 434,856,383	1.6985
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

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
2014	1.6985	5.2755	0.0000	0.0622	5.3377	N/A	5.3120	2.7480	8.0600
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

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	0.0160	0.8981	0.3818	N/A	2.2117	18.0384
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

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Fountains Boca Ciega SL LLC / Fountains Property, Inc.- Majestic Towers	\$ 22,614,217	1	5.20%	\$ 22,476,650	1	5.26%
Palms of Pasadena Hospital, Inc.	22,536,094	2	5.18%	18,210,030	2	4.26%
Waters Pointe Apartments LLC	19,000,000	3	4.37%	-	-	0.00%
V.V. FL, Inc. (Pasadena Shopping Center)	11,901,151	4	2.74%	11,339,900	3	2.66%
Causeway Village MHC LLC	7,560,180	5	1.74%	-	-	0.00%
Publix Super Markets	6,485,418	6	1.49%	-	-	0.00%
Serenity at St. Petersburg LLC	5,940,000	7	1.37%	-	-	0.00%
Florida Power Corp. / Duke Energy	5,379,385	8	1.24%	4,517,850	8	1.06%
Denasan LLC (Sweetbay)	4,175,000	9	0.96%	-	-	0.00%
N M E Hospitals Inc. (Pasadena Professional Medical Building)	4,000,000	10	0.92%	-	-	0.00%
Quality Self-Storage Pasadena Land Trust	-	-	0.00%			0.00%
Bank Boston Trust Company	-	-	0.00%	8,400,000	4	1.97%
Pasadena Apartments Partnership	-	-	0.00%	7,800,000	5	1.83%
Frances W. Russell Trust	-	-	0.00%	5,625,000	6	1.32%
Albertson's, Inc.	-	-	0.00%	4,578,290	7	1.07%
Pasadena Partners	-	-	0.00%	3,550,000	9	0.83%
Verizon Florida, Inc.	-	-	0.00%	3,546,600	10	0.83%
Total Principal Taxpayers	109,591,445		25.20%	90,044,320		15.82%
All Other Taxpayers	325,264,938		74.80%	336,926,580		84.18%
Total	<u>\$ 434,856,383</u>		<u>100.00%</u>	<u>\$ 426,970,900</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
2014	\$ 738,603	\$ 712,589	96.48%
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%

Note:

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

Source:

Pinellas County Property Appraiser

(BLANK)

## **Schedules of Debt Capacity Information**

These schedules present information to help the reader 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			
2014	\$ -	-	0.00%	\$ -
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

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, 2014

<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)	\$ 5,611,232	0.775%	\$ 43,501
Pinellas County School Board (2)	\$ 19,075,000	0.775%	147,878
City direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 191,379</u></u>

Note:

(1) The City's share is calculated based on the ratio of the 2014 City Taxable Value of \$434,856,383 to the County's Taxable Value of \$56,092,698,300

(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 *
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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

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.

(BLANK)

## **Schedules of Demographic and Economic Information**

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

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)
2014	5,145	\$ 1,076,828,322	\$ 31,656	69.3	103,596	5.60%
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%

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

Employer	2014		2005	
	Employees	Rank	Employees	Rank
Raymond James Financial	3,500	1	3,022	3
Home Shopping Network	2,800	2	4,000	1
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>18,500</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Legislative	0.0	0.0	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	3.0	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	15.0	18.0	15.0	16.0	15.0	15.0	15.0	15.0	15.0
Fire Inspections	0.0	0.0	0.0	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	2.0	3.0	3.0	3.0
Bldg/Parks/Facility Maint.	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Building Permitting/Licensing										
Administration	3.0	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	1.0
Code Enforcement	-	-	-	-	-	-	-	-	-	-
	<u>37.0</u>	<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>

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>2014</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>
Fire										
EMS responses	2,219	2,023	2,008	2,271	2,164	2,189	2,111	2,216	2,117	1,862
Fire dept. responses	627	661	626	749	744	601	594	615	584	475
Water										
New connections	-	-	-	-	-	-	-	-	3	1
Avg. daily consumption (thousands of gallons)	478	473	475	483	481	503	534	535	565	567
Sewer										
Average daily flow (mgd)	0.51	0.52	0.51	0.51	0.52	0.52	0.55	0.55	0.57	0.58

Notes:

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

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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.

(BLANK)

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2015.

**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

June 19, 2015

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

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

**Report of the Financial Statements**

We have audited the financial statements of the City of South Pasadena, Florida, as of and for the year ended September 30, 2014, and have issued our report thereon dated June 19, 2015.

**Auditor's Responsibility**

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.

**Other Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 19, 2015, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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.

**Official Title and Legal Authority**

The Rules of the Auditor General Section 10.554 (1)(i) 4. 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, is a municipal corporation and 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.

**Financial Condition**

Rules of the Auditor General Section 10.554 (1)(i) 5.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.

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

**Annual Financial Report**

Rules of the Auditor General Section 10.554 (1)(i) 5.b., requires that we determine whether the annual financial report for the City of South Pasadena, Florida, for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

**Special District Component Units**

Rules of the Auditor General Section 10.554(1)(i) 5.d., requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided in the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that there were no special district component units.

**Other Matters**

The Rules of the Auditor General Section 10.554 (1)(i) 2., 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.

The Rules of the Auditor General Section 10.554 (1)(i) 3., requires that we address violations or noncompliance with 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.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, City Commission members, and applicable management, 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

June 19, 2015



**INDEPENDENT AUDITOR'S REPORT  
REGARDING COMPLIANCE REQUIREMENTS IN RULES  
OF THE AUDITOR GENERAL 10.556(10)**

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

We have examined the City of South Pasadena, Florida's (the City's) compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of South Pasadena, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

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

June 19, 2015

(This page left blank intentionally)