

CITY OF SOUTH PASADENA, FLORIDA

Comprehensive Annual Financial Report

For The Year Ended September 30, 2018



CITY OF SOUTH PASADENA, FLORIDA

**Comprehensive
Annual Financial Report**

For The Year Ended September 30, 2018

PREPARED BY FINANCE DEPARTMENT

CITY OF SOUTH PASADENA,
FLORIDA

Commission Form of Government

CITY COMMISSION

MAX ELSON, MAYOR

ARTHUR PENNY
VICE-MAYOR

GAIL NEIDINGER

DAVID MAGENHEIMER

BEN THOMAS

CITY OFFICIALS

CITY CLERK / DIRECTOR OF
ADMINISTRATION
CARLEY LEWIS

CITY ATTORNEY
DAVID OTTINGER

FINANCE DIRECTOR
JAMES GRAHAM

FIRE CHIEF, PUBLIC
SAFETY DIRECTOR
DAVID MIXSON

DIRECTOR OF PUBLIC WORKS
GARRY ANDERSON

DIRECTOR OF COMMUNITY
IMPROVEMENT
NEAL SCHWARTZ

Introductory Section

CITY OF SOUTH PASADENA, FLORIDA

SEPTEMBER 30, 2018

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Letter of Transmittal



City of South Pasadena

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SOUTH PASADENA, FLORIDA 33707
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WWW.MYSOUTHPASADENA.COM

May 25, 2019

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, 2018, 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-Level 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 (MD&A). 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 MD&A 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 0.6 of a square mile, most of which is developed. The City's population of 5,245 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 within the City are primarily restaurants, banks, medical offices and retail grocery, gas, and merchandising outlets that serve the immediate residents of the City or traffic that is passing through to the Gulf Beaches. The City is also the home of the Palms of Pasadena Hospital. During fiscal year 2016, Palms of Pasadena Hospital invested close to \$9.5 million in renovations and invested another \$2.1 million during fiscal year 2017. A major bank completed construction on a new \$1.6 million standalone building on Pasadena Avenue. Two new restaurants also opened in the Pasadena Shopping Center. These projects have contributed to increased building permit revenue and the City looks forward to continued additions and improvements to the commercial properties located within the City..

After a five year period of dramatic reduction in property values, the City is in the fifth year of upward trending property values. Beginning in 2014 there has been positive growth in the commercial and secondary home market that had been particularly hard hit by the real estate downturn. Property values within the City have increased approximately 5.5% compared to the assessed values in 2017. Tourism in the City and surrounding areas has improved and the impact has had a positive influence 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. These rules are still in effect and had a tax stabilization effect from 2010 through 2014. Under the current rules, millage can be raised up to the State 10 mill cap with a unanimous vote from the City Commission. In 2016, the City's millage was raised to 3.25 mills where it remains today. This rate

is the millage rate that is required to maintain the City's General Fund reserves at approximately 6 – 7 months of operating expenses.

The amendment passed by the legislature in 2008, 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 currently a proposed 3rd Homestead Exemption (additional \$25,000) which, if passed, could cost the City approximately \$70,000 in Ad Valorem tax revenue. This Amendment was on the ballot for the November 6, 2018 General Election and was defeated.

Florida is dependent on sales tax dollars, and revenue projections for 2018 show continuing projected increases in conjunction with positive tourism numbers. 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. The "Penny for Pinellas" sales tax is a 1-percent sales tax paid by everyone who spends money in the County that has been in effect since 1990. The revenue is shared between the County and 24 cities to fund long-term, capital investments such as improved roads, bridges and trails, water quality and flood prevention, public safety equipment and vehicles, fire stations, parks and environmental land acquisition, and land for housing that is accessible to citizens at all income levels. Pinellas County voters chose to renew this surtax for the years 2020 to 2030 in November 2017. The estimated surtax revenues for fiscal year 2019 are projected at \$613,000. The Penny for Pinellas cumulative revenues for the next 12 years (2019-2030) is projected at \$9.4 million, assuming a 4% annual growth rate.

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 still presents certain challenges, the City continues to have sufficient annual revenue flows, which coupled with reserves, will cover expected expenditures. Capital Improvements Fund short-term cash and investment balances are adequate to cover anticipated expenditures for fiscal year 2019'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 cash investments are 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, 2018 totaled \$10,921,490.

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 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 fiscal year 2019 through fiscal year 2023. A summary of anticipated expenditures is as follows:

Expenditures	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Capital Improvement Fund	\$5,497,050	\$407,900	\$446,800	\$1,503,000	\$484,925
Sewer Fund	143,000	143,000	143,000	213,000	143,000
Reclaimed Water Fund	-	-	-	-	-

The Five Year Plan makes provision for construction of a new fire station in fiscal year 2019 and replacement of the City's Ladder Fire Truck (\$1,015,000) in fiscal year 2022. To date, the City is still in the search phase for the acquisition of an adequate property for the City fire station. It is likely that much of the 2019 capital budget will be rolled forward to fiscal year 2020.

MAJOR INITIATIVES

City beautification and creating a more pedestrian-friendly community are high on the City Commission's priority list for future initiatives, as well as renovation or replacement of the City's current fire station.

Over the past year the Commission has expanded its efforts to utilize Developer Agreements (and the new Planned Redevelopment District regulations) to encourage new business growth. Additionally, the City has utilized the City Code Enforcement division to clean up and / or demolish structures in violation of code for three vacant restaurant properties in the City. This will hopefully add to the beautification efforts and accelerate placing these properties back to active business status.

The City is still considering purchasing a property as a possible site for the new fire station. There is \$4,765,000 budgeted in fiscal year 2019 for this project, including land acquisition, design and construction. Staff will be investigating potential grant or bank loan funding to help pay for this project. The 2019 Capital Budget includes bank financing of \$2,125,000 over a fifteen year period with the City's initial up-front cash outlay of \$2,640,000.

CERTIFICATE OF ACHIEVEMENT

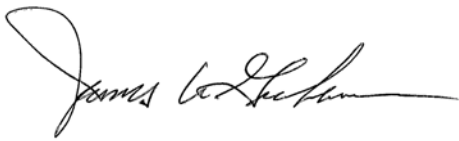
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Pasadena for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the twenty-sixth 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 initial "J" and "G".

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, 2017

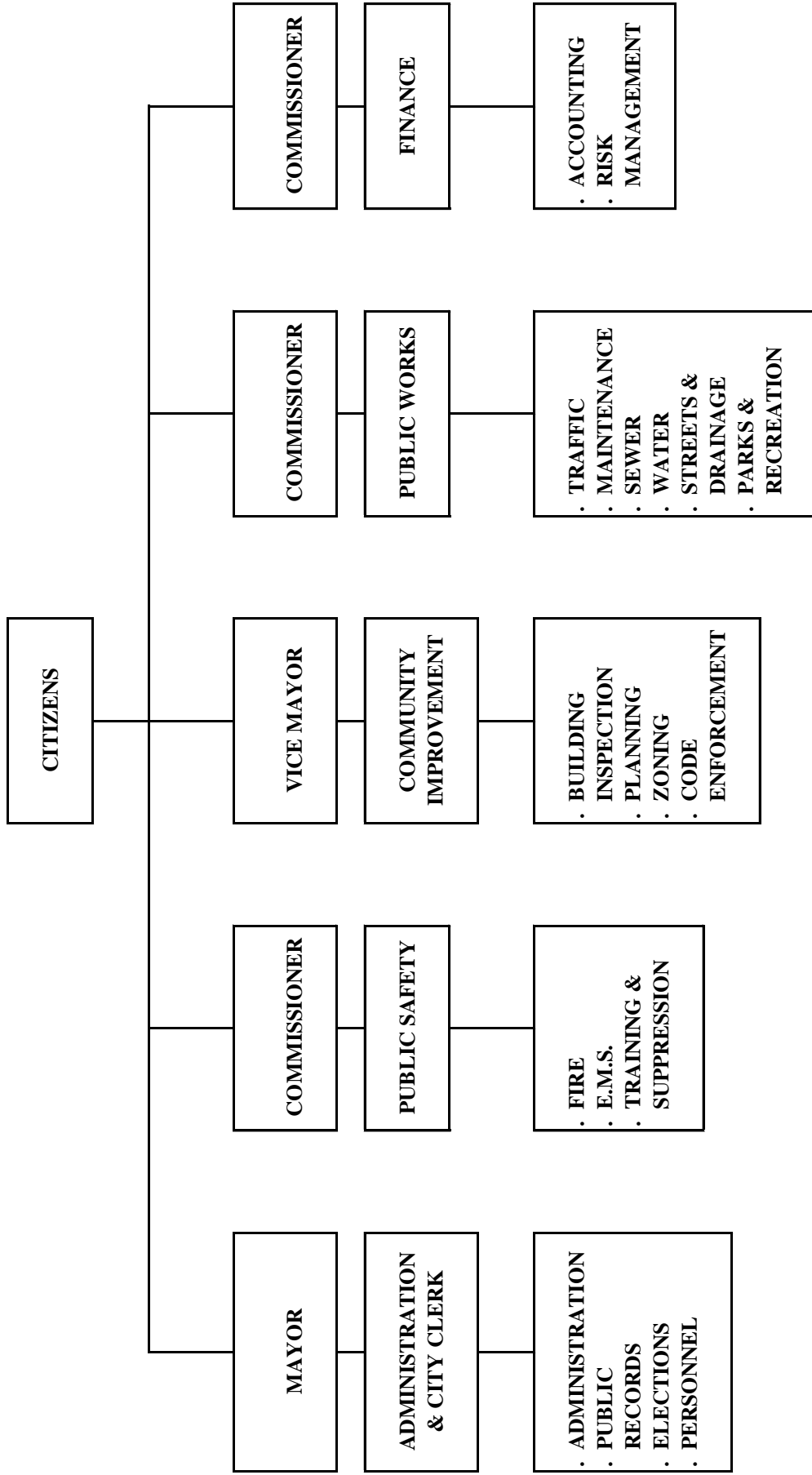
Christopher P. Morrill

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, 2017 by the Government Finance Officers Association of the United States and Canada.

CITY OF SOUTH PASADENA, FLORIDA

ORGANIZATIONAL CHART



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Financial Section

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining Financial Statements and Budgetary Comparison Schedules

Other Supplementary Schedules

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

The Honorable Max Elson, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

The prior year comparative information has been derived from the City's September 30, 2017 financial statements and, in our report dated June 21, 2018, we expressed an unmodified opinion on the respective statements of the governmental-activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (pages 3-15) 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) and the schedules of changes in net pension liability and net OPEB liability and contributions (pages 63 to 66), are not a required part of the basic financial statements but are required by accounting principles generally accepted in the United States of America.

The required budgetary comparison schedule, schedules of changes in net pension liability and contributions, combining financial statements and budgetary comparison schedules, the schedule of revenues and expenditures – Deepwater Horizon BP Oil Spill Settlement 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 schedules of changes in net pension liability and contributions, the combining financial statements and budgetary comparison schedules and the other supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2019, on our consideration of the City of South Pasadena, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Pasadena, Florida's internal control over financial reporting and compliance.

Wells, Houser & Schatzel, P.A.

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

May 25, 2019

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, 2018, City-wide assets and deferred outflows of resources, totaling \$22,484,033, exceeded City-wide liabilities and deferred inflows of resources, totaling \$4,845,539, by \$17,638,494. The excess of City-Wide assets over liabilities represents the net position (equity) of the City. The City's \$17,638,494 of net position consists of \$9,542,197 that is invested in capital assets (buildings, equipment, vehicles, sewer and reclaimed water systems, etc.), \$4,670,585 that is restricted for future infrastructure improvements (Penny for Pinellas), \$2,651 that is restricted for other purposes, and \$3,423,061 that is unrestricted for general use in operating the City. The City's unrestricted net position increased \$46,681 compared to the prior year. (Please see pages 18-19 for more detail.)
- For the fiscal year ended September 30, 2018, City-wide program revenues and general revenues, totaling \$7,179,330, was greater than expenses, totaling \$7,178,585, yielding an increase in net position (net gain) of \$745. This amount compares to a decrease in net position (net loss) of \$224,645 for fiscal year ended September 30, 2017. (Please see pages 20-21 for more detail.)
- The increase in net position for Governmental Activities (police, fire, public works, administration, etc.) for 2018 was \$33,321. There was a decrease in net position for the Business-type activities (sewer and reclaimed water operations) of \$32,576 in 2018. (Please see pages 20-21 for more detail.)
- General Fund revenues increased \$369,635 (7.5%) in fiscal year 2018 and were \$301,471 greater than the amount budgeted. The increase in revenues is primarily attributable to an increase in ad valorem taxes, building permit fees, emergency medical service revenue, and interest income. General Fund expenditures increased by \$253,129 (5.2%) in fiscal year 2018 and were \$218,565 less than the amount budgeted. The 2018 expenditures increased primarily as a result of increased personal services costs of \$217,757. The General Fund revenues of \$5,288,966 exceeded expenditures of \$5,084,010 by \$204,956 compared to fiscal year 2017 when the excess was \$88,450. The General Fund was budgeted as having a deficit of \$315,080 in 2018. The actual excess of revenues over expenditures of \$204,956 resulted in a favorable budget to actual variance of \$520,036. (Please see pages 59-62 for more detail.)

- Current unrestricted cash and investments totaled \$10,921,490 for fiscal year 2018 which represents an increase of \$208,255 over fiscal year 2017. When evaluating the availability of the City’s current cash and investments, the amount of restricted net position totaling \$4,673,236 needs to be considered.
- The City early-implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2017. This change in accounting principle resulted in the City having to record a Net Other Post Employments Benefit (OPEB) liability and deferred outflows of resources in the government-wide Statement of Net Position in the amounts of \$118,775 and \$6,110, respectively, as well as an OPEB expense in the amount of \$11,335 in the Statement of Activities. In fiscal year 2018, the City recorded an OPEB expense in the amount of \$10,531.

City Highlights

- The governmental funds’ revenue increased \$435,773 (7.9%) from \$5,537,777 in 2017 to \$5,973,550 in 2018 (please see page 24 for more detail). The largest sources of this increase were a \$158,319 increase in taxes, a \$116,254 increase in licenses and permits revenue and a \$109,064 increase in intergovernmental revenue.
- The total expenditures for the governmental funds of the City decreased \$478,761 (8.1%) from \$5,895,960 in 2017 to \$5,417,199 in 2018. There was an increase in current expenditures of \$343,188, but a decrease in capital outlay expenditures of \$821,949, as the City had some large projects during fiscal year 2017 such as making significant repairs to the Shore Drive Bridge, upgrading the alleyway near Begonia Avenue, refurbishing a Fire vehicle, installing a new roof on the Public Works / Community Improvement building, and purchasing various other equipment.
- In addition to the General Fund having a favorable budget to actual variance as discussed above, the Capital Improvements Fund achieved a favorable budget variance of \$1,435,905 while the Sewer and Reclaimed Water Funds achieved favorable budget-to-actual results of \$171,682 and \$99,147, respectively. The Capital Improvements Fund favorable budget variance was due to several large capital projects not being completed or undertaken in 2018 including fire department building improvements (\$193,080), dredging (\$120,117) and land acquisition (\$900,000). The Sewer Fund and Reclaimed Water Fund favorable budget variances do not take into consideration depreciation expense as this is a non-cash expense. The 2018 depreciation expense for the Sewer Fund and Reclaimed Water Fund was \$136,851 and \$102,949, respectively.

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 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 59).

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 such as accrued compensated absences, net pension liability, and net Other Post Employment Obligation 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.

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GOVERNMENT-WIDE STATEMENTS

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	\$ 8,019,076	\$ 7,948,259	\$ 3,131,517	\$ 2,933,627	\$11,150,593	\$10,881,886
Non-current assets	-	-	-	-	-	-
Capital assets, net	<u>7,471,268</u>	<u>7,776,157</u>	<u>2,070,929</u>	<u>2,310,729</u>	<u>9,542,197</u>	<u>10,086,886</u>
Total assets	15,490,344	15,724,416	5,202,446	5,244,356	20,692,790	20,968,772
Deferred outflows of resources	<u>1,791,243</u>	<u>1,960,330</u>	-	-	<u>1,791,243</u>	<u>1,960,330</u>
Total assets and deferred outflows of resources	17,281,587	17,684,746	5,202,446	5,244,356	22,484,033	22,929,102
Current liabilities	182,454	665,012	71,283	80,617	253,737	745,629
Non-current liabilities	3,981,887	4,170,680	-	-	3,981,887	4,170,680
Total liabilities	<u>4,164,341</u>	<u>4,835,692</u>	<u>71,283</u>	<u>80,617</u>	<u>4,235,624</u>	<u>4,916,309</u>
Deferred inflows of resources	<u>609,915</u>	<u>375,044</u>	-	-	<u>609,915</u>	<u>375,044</u>
Total liabilities and deferred inflows of resources	4,774,256	5,210,736	71,283	80,617	4,845,539	5,291,353
Net Position:						
Net investments in capital assets	7,471,268	7,776,157	2,070,929	2,310,729	9,542,197	10,086,886
Restricted	4,673,236	4,174,483	-	-	4,673,236	4,174,483
Unrestricted	<u>362,827</u>	<u>523,370</u>	<u>3,060,234</u>	<u>2,853,010</u>	<u>3,423,061</u>	<u>3,376,380</u>
Total net position	<u>\$12,507,331</u>	<u>\$12,474,010</u>	<u>\$ 5,131,163</u>	<u>\$ 5,163,739</u>	<u>\$17,638,494</u>	<u>\$17,637,749</u>

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

At the end of fiscal 2018, the City-wide net position reflects an increase of \$745 to \$17,638,494. Net position for Governmental Activities is \$12,507,331 (increase of \$33,321) and net position from Enterprise or Business Activities is \$5,131,163 (decrease of \$32,576). Of the total net position, \$9,542,197 represents the City's net investment in capital assets and \$4,673,236 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 \$4,670,585 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 \$10,921,490 in 2018 and \$10,713,235 in 2017 represent 48.6% and 46.7% of the total assets and deferred outflows, respectively. At the end of 2018, current cash and investments available for governmental activities totaled \$7,891,060 (a \$14,294 or 0.2% increase from 2017) and funds available in the business activity accounts totaled \$3,030,430 (a \$193,961 or 6.8% increase from 2017).

Capital assets, net of accumulated depreciation, totaling \$9,542,197 represent 42.4% of the City-wide total assets and deferred outflows of resources at September 30, 2018.

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 – will impact (increase/decrease) current assets and unrestricted net position.

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

Spending Borrowed Proceeds on New Capital Assets – 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 – 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 – 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 – 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 2018, as reported on page 19, City-wide unrestricted net position totaled \$3,423,061, an increase of \$46,681 compared to the prior year. The unrestricted net position represents 19.4% of the City's total net position of \$17,638,494. In governmental activities, unrestricted net position decreased by \$160,543 to \$362,827. In business-type activities, unrestricted assets increased by \$207,224 to \$3,060,234.

Table 2
Change in Unrestricted Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unrestricted Net Position – Beginning of Year	\$ 523,370	\$ 860,223	\$ 2,853,010	\$ 2,734,889	\$ 3,376,380	\$ 3,595,112
Prior Period Adjustment	-	(101,330)	-	-	-	(101,330)
Unrestricted Net Position – Beginning of Year as Restated	523,370	758,893	2,853,010	2,734,889	3,376,380	3,493,782
Results of Operations (loss)	33,321	(103,026)	(32,576)	(121,619)	745	(224,645)
Adjustments- restricted assets						
Infrastructure	(498,754)	396,193	-	-	(498,754)	396,193
Scholarships	-	(1,000)	-	-	-	(1,000)
Book Value of Assets Disposed	16,192	42,877	-	-	16,192	42,877
Depreciation	510,661	473,345	239,800	239,740	750,461	713,085
Total adjustments	28,099	911,415	239,800	239,740	267,899	1,151,155
Adjusted Results of Operations	\$ 61,420	\$ 808,389	\$ 207,224	\$ 118,121	\$ 268,644	\$ 926,510
Principal payment on capital	-	-	-	-	-	-
Capital Expenditures	(221,963)	(1,043,912)	-	-	(221,963)	(1,043,912)
Unrestricted Net Position - End of Year	\$ 362,827	\$ 523,370	\$ 3,060,234	\$ 2,853,010	\$ 3,423,061	\$ 3,376,380

Statement of Activities

The Statement of Activities is presented below with a comparison of the current year and prior year revenues and expenses as reported on the Statement of Activities on pages 20-21.

Table 3
Statement of Activities
As of September 30,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for services						
Sewer Fees			\$ 977,692	\$ 945,215	\$ 977,692	\$ 945,215
Reclaimed Water Fees			188,558	188,596	188,558	188,596
Red Light Camera Fines	\$ 8,891	\$ 20,800			8,891	20,800
Police Fines & Forfeitures	12,171	5,942			12,171	5,942
Building Inspections / Permits	371,514	263,541			371,514	263,541
Impact Fees	5,641	600			5,641	600
Local Business Tax	105,383	97,102			105,383	97,102
Hibiscus Hall Rents	9,950	8,600			9,950	8,600
Operating Grants & Contributions						
Pinellas County EMS Contract	813,282	743,612			813,282	743,612
Capital Grants & Contributions						
Grant – Environmental/ Recycle	5,990	-			5,990	-
General Revenues:						
Property Taxes	1,820,247	1,730,425			1,820,247	1,730,425
Franchise Fees	509,999	473,192			509,999	473,192
Communications Service Tax	247,881	233,979			247,881	233,979
Other Utility Taxes	663,585	650,481			663,585	650,481
Sales Tax Infrastructure	609,637	581,267			609,637	581,267
State Revenue Sharing	161,955	161,033			161,955	161,033
Half-Cent Sales Tax	329,118	321,020			329,118	321,020
Local Option Gas Tax	75,738	81,739			75,738	81,739
Other Taxes	60,288	58,273			60,288	58,273
Investment income	97,760	48,881	39,170	18,542	136,930	67,423
Gain (Loss) fair value of investments	13,951	8,176			13,951	8,176
Miscellaneous	50,569	53,814			50,569	53,814
Total Revenues	\$ 5,973,550	\$ 5,542,477	\$ 1,205,420	\$ 1,152,353	\$ 7,178,970	\$ 6,694,830
EXPENSES						
Program Activities						
Primary Government:						
Governmental Activities:						
General Government	887,455	\$ 840,118			\$ 887,455	\$ 840,118
Public Safety- Police	786,522	772,949			786,522	772,949
Public Safety- Fire	2,633,364	2,558,760			2,633,364	2,558,760
Protective Inspections	397,196	369,852			397,196	369,852
Public Works and Parks	1,014,262	926,658			1,014,262	926,658
Culture & Recreation	54,475	62,164			54,475	62,164
Physical Environment	156,794	110,779			156,794	110,779
Human Services	10,162	4,223			10,162	4,223
Business-Type Activities:						
Sewer & Reclaimed Water						
Sewer			1,025,922	1,082,192	1,025,922	1,082,192
Reclaimed Water			212,074	191,780	212,074	191,780
Total Expenses	\$ 5,940,229	\$ 5,645,503	\$ 1,237,996	\$ 1,273,972	\$ 7,178,225	\$ 6,919,475
Excess of Revenues over Expenses	\$ 33,321	\$ (103,026)	\$ (32,576)	\$ (121,619)	\$ 745	\$ (224,645)
Net Position – Beginning of Year	12,474,010	12,678,366	5,163,739	5,285,358	17,637,749	17,963,724
Prior Period Adjustment	-	(101,330)	-	-	-	(101,330)
Net Position – Beginning of Year as Restated	12,474,010	12,577,036	5,163,739	5,285,358	17,637,749	17,862,394
Net Position- End of Year	\$12,507,331	\$12,474,010	\$ 5,131,163	\$ 5,163,739	\$17,638,494	\$17,637,749

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.)

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 or decrease authorized staffing. Staffing costs (salary and related benefits) in the General Fund represented 70.4% of the City's 2018 operating budget compared to 69.6% of the City's 2017 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

The ending fund balance for the General Fund increased to \$2,890,965 as of September 30, 2018. The Capital Improvements Fund ending fund balance increased to \$4,911,463 of which \$4,670,585 is restricted for infrastructure improvements (Penny for Pinellas).

Revenues

Table 4
Governmental Funds
Revenues

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Revenues				
Taxes (Property, Franchise & Utility)	\$ 3,246,996	\$ 3,088,677	\$ 158,319	5.13%
Licenses and Permits	476,897	360,643	116,254	32.24%
Intergovernmental Revenues	2,056,008	1,946,944	109,064	5.60%
Fines and Forfeitures	21,062	26,742	(5,680)	-21.24%
Interest Income	97,760	48,881	48,879	100.00%
Change in fair value of investments	13,951	8,176	5,775	70.63%
Rental Hibiscus Hall	9,950	8,600	1,350	15.70%
Miscellaneous Revenues	50,926	49,114	1,812	3.69%
Total Revenues	\$ 5,973,550	\$ 5,537,777	435,773	7.87%

The breakdown of the net change in revenue by fund was an increase of \$369,275 for the General Fund and a \$66,498 increase for the Capital Improvements Fund. (Please see page 24 for more detail.)

As previously discussed, the increase in revenues is primarily attributable to an increase in ad valorem taxes, building permit fees and intergovernmental revenue. (Please see pages 59-60 for additional detail.)

For fiscal 2018, the City had a millage rate of 3.2500, which was the same as 2017. The total taxable value of property located within the City in fiscal year 2018 was \$580,794,192 compared to 2017 final taxable values of \$550,090,073. The increase in property values resulted in property tax collections increasing \$89,822.

Within the Capital Improvements Fund, infrastructure taxes increased \$28,370 to \$609,637.

Expenditures

Table 5a
Governmental Funds
Expenditures

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Expenditures				
General Government	\$ 771,751	\$ 736,468	\$ 35,283	4.79%
Public Safety	3,540,403	3,312,183	228,220	6.89%
Transportation & Public Works	754,024	757,592	(3,568)	-0.47%
Culture, Recreation, Environment	25,825	27,577	(1,752)	-6.35%
Physical Environment	99,233	14,228	85,005	597.45%
Human Services	4,000	4,000	-	0.00%
Capital Outlay	221,963	1,043,912	(821,949)	-78.74%
Debt Service	-	-	-	0.00%
Total Expenditures	\$ 5,417,199	\$ 5,895,960	(478,761)	-8.12%

As discussed in the City Highlights, the City had some large projects during fiscal year 2017, such as making significant repairs to the Shore Drive Bridge, upgrading the alleyway near Begonia Avenue, refurbishing a Fire vehicle, installing a new roof, and purchasing various other equipment. Due to the completion of these projects in 2017, in fiscal year 2018, capital outlay expenditures decreased significantly.

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 2018, the Capital Improvements Fund included \$111,226 of non-capital operating expenses.

The following table provides a reconciliation of the expenditures reported under the governmental funds approach totaling \$5,417,199 to the total expenses reported in the Statement of Activities for the same governmental activities totaling \$5,940,229.

The main differences will be for adjustments to governmental activities expenses for non-cash depreciation of \$510,661 and change in non-cash pension benefits of \$183,824, as well as the removal of capital expenditures totaling \$221,963 that are not included in the Statement of Activities.

Table 5b
Reconciliation to Statement of Activities

	<u>2018</u>	<u>2017</u>
Expenditures Governmental Fund Approach	\$ 5,417,199	\$ 5,895,960
Less: Cash Outlay for Capital Asset Purchases	(221,963)	(1,043,912)
Add: Depreciation Capital Assets	510,661	473,345
Add: Un-depreciated cost of disposed assets	16,192	42,877
Change in non-cash expense—		
Compensated Absences	24,145	(10,957)
Change in non-cash Other Post Employment Benefits	10,531	11,335
Change in non-cash pension benefits	183,824	276,855
Proceeds from sale of capital assets offset	(360)	-
Expenditures – Statement of Activities	\$ 5,940,229	\$ 5,645,503

Table 6
General Fund – Change in Fund Balance

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Nonspendable:			
Inventories and prepaids	\$ 38,991	\$ 32,486	\$ 6,505
Restricted for:			
Scholarships	2,651	2,651	-
Assigned to:			
Future budgetary appropriations	126,280	160,230	(33,950)
Unassigned	2,723,043	2,490,642	232,401
Total General Fund Balance	\$ 2,890,965	\$ 2,686,009	\$ 204,956

Table 7
Capital Improvements Fund – Change in Fund Balance

	<u>2018</u>	<u>2017</u>	<u>Increase</u> <u>(Decrease)</u>
Restricted for:			
Infrastructure	\$ 4,670,585	\$ 4,171,832	\$ 498,753
Assigned to:			
Capital improvement projects	<u>240,878</u>	<u>387,876</u>	<u>(146,998)</u>
Total Fund Balance	\$ 4,911,463	\$ 4,559,708	\$ 351,755

Business Type Funds

The net position of the Sewer and Reclaimed Water enterprise funds decreased \$32,576 in fiscal year 2018 compared to a decrease of \$121,619 in fiscal year 2017. The net loss for the enterprise funds, which is net of investment earnings, including a loss of \$28,774 for the sewer operations and a loss of \$3,802 for reclaimed water operations. The net position for the Sewer Fund decreased 0.97% to \$2,938,291 at September 30, 2018 and the net position for the Reclaimed Water Fund decreased 0.17% to \$2,192,872. (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 2018, the Sewer Fund showed a net operating loss before investment earnings of \$48,230 compared to an operating loss of \$136,977 for 2017.

For 2018 the Reclaimed Water fund showed a net operating loss of \$23,516 before investment earnings compared to 2017 when the fund had a net operating loss of \$3,184.

The Sewer fund was also allocated an administrative service charge from the General Fund in the amount of \$26,150. This is the seventh 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 2018 were \$743,924, which is an increase of 4.1% from the 2017 charges of \$714,481. 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 2018 was \$50,750, an increase of 2.5% from the allocation in 2017 which was \$49,500. The amount of 2018 non-cash depreciation charges in the Sewer Fund was \$136,851.

The amount of salary allocations to the Reclaimed Water Fund from the General Fund was \$40,795, a 3.7% increase from the amount allocated in 2017 in the amount of \$39,350. The cost of acquiring reclaimed water from Pinellas County was \$25,690 in 2018 compared to \$25,609 in 2017. The Reclaimed Water operating expenses for 2018 include non-cash depreciation charges of \$102,949.

Budgetary Highlights – General Fund

The General Fund budget was amended during fiscal year 2018: inflows (revenues) were not adjusted overall and outflows (expenditures) were increased \$154,850. The amount of budgeted revenues (amounts available for appropriation) was \$4,987,495. Actual revenues for fiscal year 2018 were \$5,288,966 which results in a favorable variance of \$301,471. The final amount of budgeted expenditures (charges to appropriations) for 2018 was \$5,302,575. The amount of actual expenditures was \$5,084,010 which represents a favorable variance of \$218,565. The overall favorable budget variance for fiscal year 2018 is \$520,036. (Please see pages 59-62 for more detailed information).

The difference of \$315,080 between the finalized 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 2018 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-to-actual variances include the following:

- Building permit revenues were \$111,242 higher than anticipated.
- County emergency medical services revenue was \$70,282 higher than anticipated.
- Property tax revenue was \$22,758 lower than anticipated, but overall tax revenue was \$42,107 higher than the amount budgeted.

Expenditures

Actual expenditures were 95.9% of the amount budgeted.

The following is an overview of General Fund variances from the final budget for fiscal 2018:

- The activities of the Legislative Department utilized 89.5% of its operating budget and had a positive variance of \$13,623 that is primarily attributable to other services and charges being \$14,704 under budget.
- The Finance and Administration Department utilized 97.2% of its operating budget and had a positive variance of \$18,692. The positive variance included other services and charges being \$18,941 below the budgeted amount.
- The Fire Department utilized 94.8% of its operating budget and had a positive variance of \$132,712 that is primarily attributable to personal services being \$99,009 under budget.
- The Community Improvement Department (Protective Inspections) utilized 90.2% of its operating budget and had a positive variance of \$35,784. The positive variance included other services and charges being \$18,655 below the budgeted amount.
- Public Works / Transportation Department utilized 98.7% of its operating budget and had a positive variance of \$9,691 that is primarily attributable to other services and charges being \$8,412 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2018, the City had \$21,267,829 (total cost) invested in a variety of capital assets as compared to \$21,217,072 as September 30, 2017. This represents a net increase (at cost) of \$50,757 or 0.2% from the end of last year. All capital additions in fiscal year 2018 were purchased out of the Capital Improvement fund.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and land rights	\$ 2,059,183	\$ 2,059,183	\$ -	\$ -	\$ 2,059,183	\$ 2,059,183
Construction and projects in progress	12,429	-	-	-	12,429	-
Structures and Improvements	4,280,266	4,281,226	-	-	4,280,266	4,281,226
Infrastructure	4,457,180	4,450,163	7,092,079	7,092,079	11,549,259	11,542,242
Furniture, Fixtures and Equipment	3,366,692	3,334,421	-	-	3,366,692	3,334,421
Total Cost of Assets	<u>14,175,750</u>	<u>14,124,993</u>	<u>7,092,079</u>	<u>7,092,079</u>	<u>21,267,829</u>	<u>21,217,072</u>
Less: Accumulated Depreciation	<u>(6,704,482)</u>	<u>(6,348,836)</u>	<u>(5,021,150)</u>	<u>(4,781,350)</u>	<u>(11,725,632)</u>	<u>(11,130,186)</u>
Total	\$ 7,471,268	\$ 7,776,157	\$ 2,070,929	\$ 2,310,729	\$ 9,542,197	\$10,086,886

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 page 43.)

Table 9
Change in Capital Assets – (Net)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning balance as reported last year	\$ 7,776,157	\$ 2,310,729	\$ 10,086,886
Additions	221,963	-	221,963
Retirements	(171,206)	-	(171,206)
Depreciation	(510,661)	(239,800)	(750,461)
Accumulated depreciation retirements	155,015	-	155,015
Ending Balance	<u>\$ 7,471,268</u>	<u>\$ 2,070,929</u>	<u>\$ 9,542,197</u>

This year's major additions are:

Governmental Activities:

Gutters / Downspouts - City Hall	\$ 20,775
Asphalt overlaid and striped - Sunset to Grevilla	25,710
2018 Nissan Pathfinder - CID	24,763
2018 Ford F1E - Stormwater Truck	26,776
	<u>\$ 98,024</u>

ECONOMIC FACTORS

Fiscal year 2018 demonstrated economic improvement as tax and certain intergovernmental revenues continued to increase. Real estate values maintained an upward trend for the fifth year after several years of decreasing values. For the current 2018 fiscal year, taxable values increased 5.5%, or \$30.7 million, to \$580,794,192.

The economic outlook for the City continues to look good. Construction activity within the City experienced continued growth with increased building and related permitting revenue. A major bank completed construction of a standalone location on Pasadena Avenue. Two new restaurants also opened in the Pasadena Shopping Center with another restaurant and a major auto parts retailer scheduled to open in fiscal year 2019.

The City does not have a formal fund balance policy. The September 30, 2018 unassigned General Fund balance totaling \$2,723,043 equates to 6.4 months of expenditure coverage.

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.

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Basic Financial Statements

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

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CITY OF SOUTH PASADENA, FLORIDA

STATEMENT OF NET POSITION

September 30, 2018

With Comparative Total Amounts for September 30, 2017

	2018			2017
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
CURRENT ASSETS				
Cash, cash equivalents and pooled cash and investments	\$ 7,891,060	\$ 3,030,430	\$ 10,921,490	\$ 10,713,235
Receivables - other	9,991	119	10,110	15,484
Due from other governments	79,034	98,429	177,463	118,814
Inventory of supplies	9,686	-	9,686	8,437
Prepaid expense	29,305	2,539	31,844	25,916
Total current assets	<u>8,019,076</u>	<u>3,131,517</u>	<u>11,150,593</u>	<u>10,881,886</u>
NON-CURRENT ASSETS				
Land and land rights	2,059,183	-	2,059,183	2,059,183
Structures and improvements	4,280,266	-	4,280,266	4,281,226
Infrastructure	4,457,180	7,092,079	11,549,259	11,542,242
Furniture, fixtures and equipment	3,366,692	-	3,366,692	3,334,421
Construction and projects in process	12,429	-	12,429	-
Accumulated depreciation	<u>(6,704,482)</u>	<u>(5,021,150)</u>	<u>(11,725,632)</u>	<u>(11,130,186)</u>
Total non-current assets	<u>7,471,268</u>	<u>2,070,929</u>	<u>9,542,197</u>	<u>10,086,886</u>
TOTAL ASSETS	15,490,344	5,202,446	20,692,790	20,968,772
DEFERRED OUTFLOWS OF RESOURCES				
Net Other Post Employment Benefits	1,246	-	1,246	6,110
Defined benefit pension plans				
Firefighters' Retirement Fund	900,567	-	900,567	1,007,559
Florida Retirement System	889,430	-	889,430	946,661
DEFERRED OUTFLOWS OF RESOURCES	<u>1,791,243</u>	<u>-</u>	<u>1,791,243</u>	<u>1,960,330</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 17,281,587</u></u>	<u><u>\$ 5,202,446</u></u>	<u><u>\$ 22,484,033</u></u>	<u><u>\$ 22,929,102</u></u>

	2018		2017	
	Governmental Activities	Business-type Activities	Total	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 32,172	\$ 71,283	\$ 103,455	\$ 615,458
Due to other governments	4,364	-	4,364	-
Accrued liabilities	102,253	-	102,253	91,830
Current portion of:				
Accrued compensated absences	43,665	-	43,665	38,341
Total current liabilities	<u>182,454</u>	<u>71,283</u>	<u>253,737</u>	<u>745,629</u>
NON-CURRENT LIABILITIES				
Net Other Post Employment Benefits	124,442	-	124,442	118,775
Accrued compensated absences	162,919	-	162,919	144,097
Net pension liability				
Firefighters' Retirement Fund	2,201,777	-	2,201,777	2,479,368
Florida Retirement System	<u>1,492,749</u>	<u>-</u>	<u>1,492,749</u>	<u>1,428,440</u>
Total non-current liabilities	<u>3,981,887</u>	<u>-</u>	<u>3,981,887</u>	<u>4,170,680</u>
TOTAL LIABILITIES	4,164,341	71,283	4,235,624	4,916,309
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - local business tax receipts	77,859	-	77,859	75,871
Defined benefit pension plans				
Firefighters' Retirement Fund	397,509	-	397,509	228,533
Florida Retirement System	<u>134,547</u>	<u>-</u>	<u>134,547</u>	<u>70,640</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>609,915</u>	<u>-</u>	<u>609,915</u>	<u>375,044</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>4,774,256</u>	<u>71,283</u>	<u>4,845,539</u>	<u>5,291,353</u>
NET POSITION				
Net investment in capital assets	7,471,268	2,070,929	9,542,197	10,086,886
Restricted:				
Infrastructure	4,670,585	-	4,670,585	4,171,832
Scholarships	2,651	-	2,651	2,651
Unrestricted	<u>362,827</u>	<u>3,060,234</u>	<u>3,423,061</u>	<u>3,376,380</u>
TOTAL NET POSITION	<u>12,507,331</u>	<u>5,131,163</u>	<u>17,638,494</u>	<u>17,637,749</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 17,281,587</u>	<u>\$ 5,202,446</u>	<u>\$ 22,484,033</u>	<u>\$ 22,929,102</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, 2018

With Comparative Total Amounts for the Year Ended September 30, 2017

FUNCTIONS / PROGRAMS	2018			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 887,455	\$ 105,383	\$ -	\$ -
Public safety - Police	786,522	21,062	-	-
Public safety - Fire	2,633,364	-	813,282	-
Public safety - Protective inspections	397,196	377,155	-	-
Transportation - Public works	915,029	-	-	-
Human services	10,162	-	-	-
Culture and recreation	54,475	9,950	5,990	-
Physical environment	256,027	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	5,940,229	513,550	819,272	-
BUSINESS-TYPE ACTIVITIES				
Sewer	1,025,922	977,692	-	-
Reclaimed water	212,074	188,558	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	1,237,996	1,166,250	-	-
TOTAL	\$ 7,178,225	\$ 1,679,800	\$ 819,272	\$ -

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 position

Net position - beginning of year

Prior period adjustment - Note L

Net position - beginning of year - as restated

Net position - end of year

2018			2017
Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Total
\$ (782,072)	\$ -	\$ (782,072)	\$ (743,016)
(765,460)	-	(765,460)	(746,207)
(1,820,082)	-	(1,820,082)	(1,815,148)
(20,041)	-	(20,041)	(104,913)
(915,029)	-	(915,029)	(912,430)
(10,162)	-	(10,162)	(3,223)
(38,535)	-	(38,535)	(53,564)
(256,027)	-	(256,027)	(125,007)
<u>(4,607,407)</u>	<u>-</u>	<u>(4,607,407)</u>	<u>(4,503,508)</u>
-	(48,230)	(48,230)	(136,977)
-	(23,516)	(23,516)	(3,184)
<u>-</u>	<u>(71,746)</u>	<u>(71,746)</u>	<u>(140,161)</u>
<u>(4,607,407)</u>	<u>(71,746)</u>	<u>(4,679,153)</u>	<u>(4,643,669)</u>
1,820,247	-	1,820,247	1,730,425
509,999	-	509,999	473,192
663,585	-	663,585	650,481
247,881	-	247,881	233,979
609,637	-	609,637	581,267
329,118	-	329,118	321,020
75,738	-	75,738	81,739
60,288	-	60,288	58,273
161,955	-	161,955	161,033
97,760	39,170	136,930	67,423
13,951	-	13,951	8,176
50,569	-	50,569	52,016
<u>4,640,728</u>	<u>39,170</u>	<u>4,679,898</u>	<u>4,419,024</u>
<u>33,321</u>	<u>(32,576)</u>	<u>745</u>	<u>(224,645)</u>
<u>12,474,010</u>	<u>5,163,739</u>	<u>17,637,749</u>	<u>17,963,724</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,330)</u>
<u>12,474,010</u>	<u>5,163,739</u>	<u>17,637,749</u>	<u>17,862,394</u>
<u>\$ 12,507,331</u>	<u>\$ 5,131,163</u>	<u>\$ 17,638,494</u>	<u>\$ 17,637,749</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, 2018
With Comparative Total Amounts for September 30, 2017

	2018		2017	
	General	Capital Improvements	Total Governmental Funds	Total
ASSETS				
Cash, cash equivalents and pooled cash and investments	\$ 3,016,990	\$ 4,874,070	\$ 7,891,060	\$ 7,876,766
Receivables - other	9,776	215	9,991	12,458
Due from other governments	34,264	44,770	79,034	26,549
Inventory of supplies	9,686	-	9,686	8,437
Prepaid expenditures	29,305	-	29,305	24,049
TOTAL ASSETS	\$ 3,100,021	\$ 4,919,055	\$ 8,019,076	\$ 7,948,259
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 28,944	\$ 3,228	\$ 32,172	\$ 534,841
Due to other governments	-	4,364	4,364	-
Accrued liabilities	102,253	-	102,253	91,830
TOTAL LIABILITIES	131,197	7,592	138,789	626,671
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - local business tax receipts	77,859	-	77,859	75,871
TOTAL DEFERRED INFLOWS	77,859	-	77,859	75,871
TOTAL LIABILITIES AND DEFERRED INFLOWS	209,056	7,592	216,648	702,542
FUND BALANCES				
Fund balances				
Non-spendable:				
Inventories and prepaids	38,991	-	38,991	32,486
Restricted for:				
Infrastructure	-	4,670,585	4,670,585	4,171,832
Scholarships	2,651	-	2,651	2,651
Assigned to:				
Capital improvement projects	-	240,878	240,878	387,876
Future budgetary appropriations	126,280	-	126,280	160,230
Unassigned	2,723,043	-	2,723,043	2,490,642
TOTAL FUND BALANCES	2,890,965	4,911,463	7,802,428	7,245,717
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 3,100,021	\$ 4,919,055	\$ 8,019,076	\$ 7,948,259

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, 2018

Fund Balances - total governmental funds \$ 7,802,428

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

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

Governmental capital assets	\$ 14,175,750	
Less: Accumulated depreciation	<u>(6,704,482)</u>	
		7,471,268

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

Compensated absences	(206,584)	
Net Other Post Employment Benefit liability	(124,442)	
Net pension liability	<u>(3,694,526)</u>	
		(4,025,552)

Deferred outflows and inflows of resources related to pensions are not reported in the governmental funds but will be recognized in pension expense on a long-term basis and are therefore reported in the statement of net position.

Deferred outflows of resources related to Other Post Employment Benefits	1,246	
Deferred outflows of resources related to pensions	1,789,997	
Deferred inflows of resources related to pensions	<u>(532,056)</u>	
		<u>1,259,187</u>

Net position of governmental activities. \$ 12,507,331

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, 2018
With Comparative Total Amounts for the Year Ended September 30, 2017

	2018			2017
	General	Capital Improvements	Total Governmental Funds	Total
REVENUES				
Taxes	\$ 3,241,712	\$ 5,284	\$ 3,246,996	\$ 3,088,677
Licenses and permits	476,897	-	476,897	360,643
Intergovernmental revenue	1,440,381	615,627	2,056,008	1,946,944
Fines and forfeits	21,062	-	21,062	26,742
Interest	41,449	56,311	97,760	48,881
Change in fair value of investments	6,229	7,722	13,951	8,176
Rent	9,950	-	9,950	8,600
Miscellaneous revenues	50,926	-	50,926	49,114
TOTAL REVENUES	<u>5,288,606</u>	<u>684,944</u>	<u>5,973,550</u>	<u>5,537,777</u>
EXPENDITURES				
Current:				
General government	771,135	616	771,751	736,468
Public safety	3,535,356	5,047	3,540,403	3,312,183
Transportation - public works	747,694	6,330	754,024	757,592
Physical environment	-	99,233	99,233	14,228
Human services	4,000	-	4,000	4,000
Culture and recreation	25,825	-	25,825	27,577
Capital outlay:				
General government	-	6,197	6,197	4,882
Public safety	-	114,986	114,986	130,703
Transportation - public works	-	98,912	98,912	874,809
Physical environment	-	1,868	1,868	33,518
TOTAL EXPENDITURES	<u>5,084,010</u>	<u>333,189</u>	<u>5,417,199</u>	<u>5,895,960</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	204,596	351,755	556,351	(358,183)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	360	-	360	4,700
TOTAL OTHER FINANCING SOURCES (USES)	<u>360</u>	<u>-</u>	<u>360</u>	<u>4,700</u>
NET CHANGE IN FUND BALANCES	204,956	351,755	556,711	(353,483)
FUND BALANCES - BEGINNING OF YEAR	<u>2,686,009</u>	<u>4,559,708</u>	<u>7,245,717</u>	<u>7,599,200</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,890,965</u>	<u>\$ 4,911,463</u>	<u>\$ 7,802,428</u>	<u>\$ 7,245,717</u>

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, 2018

Net change in fund balances - total governmental funds \$ 556,711

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	\$ 221,963	
Less: Current year depreciation	<u>(510,661)</u>	(288,698)

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		(16,192)
--	--	----------

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

Change in compensated absences	(24,145)	
Current year cost - Other Post Employment Benefits	(10,531)	
Pension expense	<u>(183,824)</u>	<u>(218,500)</u>

Change in net position of governmental activities.		<u><u>\$ 33,321</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF SOUTH PASADENA, FLORIDA

BALANCE SHEET
 PROPRIETARY FUNDS

September 30, 2018
 With Comparative Total Amounts for September 30, 2017

	Business-type Activities - Enterprise Funds			
	2018			2017
	Sewer	Reclaimed Water	Total	Total
ASSETS				
CURRENT ASSETS				
Pooled cash and cash equivalents	\$ 1,536,406	\$ 1,494,024	\$ 3,030,430	\$ 2,836,469
Receivables - other	55	64	119	3,026
Due from other governments	82,678	15,751	98,429	92,265
Prepaid expense	2,539	-	2,539	1,867
Total current assets	<u>1,621,678</u>	<u>1,509,839</u>	<u>3,131,517</u>	<u>2,933,627</u>
NON-CURRENT ASSETS				
Capital Assets:				
Infrastructure	4,003,607	3,088,472	7,092,079	7,092,079
Less: Accumulated depreciation	(2,620,031)	(2,401,119)	(5,021,150)	(4,781,350)
Total non-current assets	<u>1,383,576</u>	<u>687,353</u>	<u>2,070,929</u>	<u>2,310,729</u>
TOTAL ASSETS	<u>\$ 3,005,254</u>	<u>\$ 2,197,192</u>	<u>\$ 5,202,446</u>	<u>\$ 5,244,356</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 66,963	\$ 4,320	\$ 71,283	\$ 80,617
Total current liabilities	<u>66,963</u>	<u>4,320</u>	<u>71,283</u>	<u>80,617</u>
TOTAL LIABILITIES	<u>66,963</u>	<u>4,320</u>	<u>71,283</u>	<u>80,617</u>
NET POSITION				
Investment in capital assets	1,383,576	687,353	2,070,929	2,310,729
Unrestricted	1,554,715	1,505,519	3,060,234	2,853,010
TOTAL NET POSITION	<u>2,938,291</u>	<u>2,192,872</u>	<u>5,131,163</u>	<u>5,163,739</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,005,254</u>	<u>\$ 2,197,192</u>	<u>\$ 5,202,446</u>	<u>\$ 5,244,356</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, 2018

With Comparative Total Amounts for the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			2017 Total
	2018		Total	
	Sewer	Reclaimed Water		
OPERATING REVENUES				
Charges for services	\$ 977,692	\$ 188,558	\$ 1,166,250	\$ 1,133,811
TOTAL OPERATING REVENUES	977,692	188,558	1,166,250	1,133,811
OPERATING EXPENSES				
Supervisory services	50,750	40,795	91,545	88,850
Utilities	8,775	-	8,775	8,788
City of St. Petersburg:				
Sewer processing	743,924	-	743,924	714,481
Administration charge	4,480	851	5,331	7,574
Pinellas County:				
Reclaimed water	-	25,690	25,690	25,609
Audit and consulting	2,910	370	3,280	3,640
Insurance	9,466	-	9,466	8,325
Repairs, maintenance, renewals and replacements	38,597	27,544	66,141	132,586
Administrative service charge	26,150	13,875	40,025	40,370
Miscellaneous	4,019	-	4,019	4,009
Depreciation	136,851	102,949	239,800	239,740
TOTAL OPERATING EXPENSES	1,025,922	212,074	1,237,996	1,273,972
OPERATING INCOME (LOSS)	(48,230)	(23,516)	(71,746)	(140,161)
NON-OPERATING REVENUE				
Interest earned	19,456	19,714	39,170	18,542
CHANGES IN NET POSITION	(28,774)	(3,802)	(32,576)	(121,619)
NET POSITION - BEGINNING OF YEAR	2,967,065	2,196,674	5,163,739	5,285,358
NET POSITION - END OF YEAR	\$ 2,938,291	\$ 2,192,872	\$ 5,131,163	\$ 5,163,739

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

CITY OF SOUTH PASADENA, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDSFor the Year Ended September 30, 2018
With Comparative Total Amounts for the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			2017 Total
	2018		Total	
	Sewer	Reclaimed Water		
INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 971,537	\$ 188,549	\$ 1,160,086	\$ 1,123,404
Cash payments to suppliers for goods and services	(822,701)	(53,931)	(876,632)	(895,719)
Cash payments to employees for services	(50,750)	(40,795)	(91,545)	(88,850)
Cash paid for general government allocated expenses	(26,150)	(13,875)	(40,025)	(40,370)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	71,936	79,948	151,884	98,465
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on cash and cash equivalents	19,401	22,676	42,077	18,681
NET CASH PROVIDED BY INVESTING ACTIVITIES	19,401	22,676	42,077	18,681
NET INCREASE (DECREASE) IN POOLED CASH AND CASH EQUIVALENTS	91,337	102,624	193,961	117,146
POOLED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,445,069	1,391,400	2,836,469	2,719,323
POOLED CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,536,406	\$ 1,494,024	\$ 3,030,430	\$ 2,836,469
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (48,230)	\$ (23,516)	\$ (71,746)	\$ (140,161)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	136,851	102,949	239,800	239,740
Changes in assets and liabilities:				
(Increase) Decrease in Due From Other Governments	(6,155)	(9)	(6,164)	(10,407)
(Increase) Decrease in Prepaid Expense	(672)	-	(672)	(486)
Increase (Decrease) in Accounts Payable	(9,858)	524	(9,334)	9,779
TOTAL ADJUSTMENTS	120,166	103,464	223,630	238,626
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 71,936	\$ 79,948	\$ 151,884	\$ 98,465

There were no non-cash investing or financing activities for the years ended September 30, 2018 or 2017

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, 2018
With Comparative Amounts for September 30, 2017

	<u>Employee Retirement Funds</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 122	\$ 122
Investments, at fair value		
Short term investments / money market funds	738,700	116,576
U. S. government and agency fixed income securities	710,673	978,581
Corporate bonds	1,162,113	1,582,044
Equities - common stock	3,764,142	3,922,043
Trustees' mutual funds	1,477,704	1,244,386
	<u>7,853,332</u>	<u>7,843,630</u>
Receivables	<u>150,667</u>	<u>104,720</u>
TOTAL ASSETS	<u>8,004,121</u>	<u>7,948,472</u>
LIABILITIES		
Accounts payable	13,409	13,694
Employer prepaid contribution	531	7,867
	<u>13,940</u>	<u>21,561</u>
TOTAL LIABILITIES	<u>13,940</u>	<u>21,561</u>
NET POSITION		
Restricted for pensions	<u>\$ 7,990,181</u>	<u>\$ 7,926,911</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, 2018
With Comparative Amounts for the Year Ended September 30, 2017

	<u>Employee Retirement Funds</u>	
	<u>2018</u>	<u>2017</u>
ADDITIONS		
Contributions		
Employer	\$ 347,477	\$ 298,315
Employee	185,612	113,414
Total contributions	<u>533,089</u>	<u>411,729</u>
Intergovernmental revenue		
State excise tax rebate	44,492	43,205
Investment earnings		
Net change in fair value of investments	410,083	794,641
Interest and dividends	175,411	169,791
Total investment earnings (loss)	<u>585,494</u>	<u>964,432</u>
Less investment expense	<u>(41,981)</u>	<u>(42,136)</u>
Net investment earnings (loss)	<u>543,513</u>	<u>922,296</u>
TOTAL ADDITIONS	<u>1,121,094</u>	<u>1,377,230</u>
DEDUCTIONS		
Benefits	1,008,454	999,844
Participant distributions	14,734	167,280
Professional services	30,852	30,705
Trustee expenses	3,784	3,815
TOTAL DEDUCTIONS	<u>1,057,824</u>	<u>1,201,644</u>
CHANGE IN NET POSITION	63,270	175,586
NET POSITION - BEGINNING OF YEAR	<u>7,926,911</u>	<u>7,751,325</u>
NET POSITION - END OF YEAR	<u>\$ 7,990,181</u>	<u>\$ 7,926,911</u>

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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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 revenue

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

4. Basis of Accounting

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

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

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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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, 2018 resulting in a \$154,850 increase in appropriations. The Capital Improvements Fund budgeted appropriations were also amended during the fiscal year ended September 30, 2018 resulting in a \$27,500 increase 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.

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.

Prepaid expenses: Payments made to vendors that will benefit periods beyond September 30, 2018 are recorded as prepaid items under the consumption method of accounting.

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, donated works of art or similar items, and capital assets received in a service concession arrangement are capitalized at their acquisition 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:

<u>Category</u>	<u>Useful Life</u>
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, 2018

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 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 in excess of 700 hours 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 and Net Other Postemployment Benefits (OPEB) Liability: The City provides post retirement health insurance benefits to employees upon completion of 10 years of service. The City does not provide any life insurance benefits. The City adopted GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* for fiscal year ended September 30, 2017. As a result of the implementation of GASB Statement 75, the City reported a restatement for the change in accounting principle as of October 1, 2016. The impact of the implementation and prior period adjustment for fiscal year ended September 30, 2017 is presented in Note L.

Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions and Other Postemployment Benefits (OPEB): Deferred inflows of resources and deferred outflows of resources related to pension plans that are derived from the difference between projected and actual earnings on the respective plan investments are amortized to pension expense over a closed five year period. Deferred inflows of resources and deferred outflows of resources related to pensions and OPEB that are derived from differences between expected and actual experience with regard to economic or demographic factors (difference between expected and actual experience) in the measurement of the respective pension plan's total pension liability or changes of assumptions about future economic or demographic factors or of other inputs are amortized to pension or OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions or OPEB through the respective pension or OPEB plan (active and inactive employees) determined as of the beginning of the measurement period. Contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions. This contribution is included as an increase in the respective pension plan fiduciary net position in the subsequent fiscal year.

Net Pension Liability: The City adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for fiscal year ended September 30, 2015. As a result of the implementation of GASB Statements 68 and 71, the City reported a restatement for the change in accounting principle as of October 1, 2014 for the Firefighters' Retirement Fund and for the

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

City's proportionate interest in the Florida Retirement System cost-sharing – multiple employer plan. The Net Pension Liability as defined by GASB 68 is the difference between the actuarial present value of projected pension benefits attributable to a participant's past services and the respective pension plan's fiduciary net position. The City did not have the information necessary to adopt GASB Statements 68 and 71 as of October 1, 2013 for the City's proportionate interest in the Florida Retirement System. To facilitate the understanding of the impact of GASB Statements 68 and 71, the City therefore used the same implementation date for the Firefighters' Retirement Fund.

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 \$4,673,236 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 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 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, 2018 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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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, 2107, 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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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

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, 2018 was \$1,886,555 excluding \$600 of petty cash funds that are maintained. The amounts on deposit in money market type accounts as of September 30, 2018 that do not qualify as public funds totaled \$1,635,793.

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: 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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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

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. As of September 30, 2018, the weighted average maturity of Florida Prime investments was 33 days.

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. An elected five member Board of Trustees oversees all actions and decides on general policies. The trust is administered by Florida Management and Administrative Services, LLC and the investment advisor is Prudent Man Advisors, Inc. 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 Florida SAFE Fund and the Term Series portfolios are treated as “2a-7 like” pools in accordance with GASB Statements No. 31 and No. 59 and is valued using the pooled share price (amortized cost), which approximates fair value. As of September 30, 2018, the weighted average maturity of FL SAFE Fund investments was 51 days. The Florida SAFE Fund and the Term Series portfolios seek to maintain a constant net value per share of \$1.00.

Fair Value of Investments – The City categorizes its fair value of investments within the fair value hierarchy established by generally accepted accounting principles pursuant to GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are other than quoted prices that are derived from or corroborated by observable market data through correlation or by other means, and Level 3 are significant unobservable inputs.

Interest Rate Risk – In compliance with the City’s investment policy, as of September 30, 2018, 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. The City minimizes interest rate risk with regard to external investment pools by investing in investment pools that maintain a short average maturity period.

Credit Risk – In compliance with the City’s investment policy, as of September 30, 2018, 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.

The City’s investments carried at fair value with recurring fair value measurements as of September 30, 2018, are:

Investment	Maturity	Fair Value Measurement	Fair Value	Rating
State Board of Administration – Florida Prime	N/A	Net Asset Value	\$2,255,515	AAAm (S&P)
Florida Municipal Investment Trust – 0-2 and 1-3 Year High Quality Bond Funds	N/A	Level 2 inputs	1,148,049	AAA / V1(Fitch)
Florida SAFE Investment Pool	N/A	Net Asset Value	1,219,978	AAAm (S&P)
Florida SAFE Term Series – Certificates of Deposit	10/18	Net Asset value	2,775,000	Non-rated
Total investments			\$7,398,542	

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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.

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, 2018, is as follows:

Petty cash	\$	600
Deposits – public funds		1,886,555
Deposits – non-public funds		1,635,793
Investments		7,398,542
Total	<u>\$</u>	<u>10,921,490</u>
As reported in Statement of Net Position:		
Cash, cash equivalents and pooled cash and investments	<u>\$</u>	<u>10,921,490</u>

Firefighters’ Retirement Fund

Deposits

Regions 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.

The Firefighters’ Retirement Plan held the following deposits and investments with recurring fair value measurements as of September 30, 2018:

Regions Bank Retirement Funds:	Fair Value Measurement	Fair Value	Rating
Deposits			
Federated Prime Cash Obligations Fund			
Service Shares	N/A	\$ 738,700	N/A
Investments			
Bonds			
U.S. government and agency fixed income securities	Level 2 inputs	710,673	N/A
Corporate Bonds	Level 1 inputs	1,162,113	*
Equities - Common Stock and Mutual Funds	Level 1 inputs	3,764,142	N/A
Total Deposits and Investments		<u>\$ 6,375,628</u>	

* Investment complies with State of Florida investment requirements.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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

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, 2018, was \$1,477,704.

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, 2018:

<u>General Fund</u>	
Pinellas County	
EMS Reimbursement	\$ 7,423
Local Option Gas Tax	5,905
State of Florida	
Communications Service Tax	19,056
Fire Supplemental (education pay)	1,540
Fuel Tax Refund	340
	<u>\$ 34,264</u>
 <u>Capital Improvement Fund</u>	
Pinellas County – Infrastructure Surtax	44,770
Total – governmental funds	<u>\$ 79,034</u>
 <u>Sewer Fund</u>	
City of St. Petersburg – sewer service fees	82,678
 <u>Reclaimed Water Fund</u>	
City of St. Petersburg – reclaimed water fees	15,751
Total – business-type activities	<u>\$ 98,429</u>
 Total	 <u><u>\$ 177,463</u></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.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance 10-1-17	Additions	Deletions	Ending Balance 9-30-18
Governmental Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$2,059,183	\$ -	\$ -	\$2,059,183
Construction and projects in progress	-	12,429	-	12,429
<u>Depreciable assets:</u>				
Structures and improvements	4,281,226	40,574	41,534	4,280,266
Infrastructure	4,450,163	25,710	18,693	4,457,180
Furniture, fixtures and equipment	3,334,421	143,250	110,979	3,366,692
Total at historical cost	<u>14,124,993</u>	<u>221,963</u>	<u>171,206</u>	<u>14,175,750</u>
<u>Less accumulated depreciation for:</u>				
Structures and improvements	2,438,513	134,368	32,640	2,540,241
Infrastructure	1,881,953	175,280	13,910	2,043,323
Furniture, fixtures and equipment	2,028,370	201,013	108,465	2,120,918
Total accumulated depreciation	<u>6,348,836</u>	<u>510,661</u>	<u>155,015</u>	<u>6,704,482</u>
Capital assets, net	<u>\$7,776,157</u>	<u>\$ (288,698)</u>	<u>\$ 16,191</u>	<u>\$7,471,268</u>
Business-type Activities				
<u>Depreciable assets:</u>				
Infrastructure – sewer system	\$ 4,003,607	\$ -	\$ -	\$ 4,003,607
Infrastructure – reclaimed water system	3,088,472	-	-	3,088,472
Total at historical cost	<u>7,092,079</u>	<u>-</u>	<u>-</u>	<u>7,092,079</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure – sewer system	2,483,180	136,851	-	2,620,031
Infrastructure – reclaimed water system	2,298,170	102,949	-	2,401,119
Total accumulated depreciation	<u>4,781,350</u>	<u>239,800</u>	<u>-</u>	<u>5,021,150</u>
Capital assets, net	<u>\$ 2,310,729</u>	<u>\$(239,800)</u>	<u>\$ -</u>	<u>\$ 2,070,929</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 36,693
Public safety – fire	181,411
Public safety – protective inspections	20,313
Transportation – public works	80,638
Human services	6,162
Culture and recreation	28,650
Physical environment	156,794
	<u>\$ 510,661</u>

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE D – CAPITAL ASSETS (continued)

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

NOTE E - DEFERRED REVENUE

Deferred revenue as of September 30, 2018 consists of local business tax receipts in the amount of \$77,859 received in advance that pertain to fiscal year ended September 30, 2019. The deferred revenue is reported as a deferred inflow of resources.

NOTE F - LONG-TERM DEBT

Long-term debt as of September 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Accrued compensated absences	\$ 182,438	\$ 27,877	\$ 3,731	\$ 206,584	\$ 43,665

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

<u>Accrued Compensated Absences</u> : The vested portion of accumulated vacation and sick leave benefits due employees:	\$ 206,584
Total Governmental Activities Long-Term Debt	<u>\$ 206,584</u>

The compensated absences liability will be paid from the General Fund.

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).

As further explained within this note, the City has recognized pension expense for each of the retirement plans as follows:

<i>Defined benefit pension plans pursuant to GASB 68:</i>	
Firefighters’ Retirement Fund	\$ 390,346
Florida Retirement System	185,447
Sub-total	<u>575,793</u>
<i>Defined contribution plan</i>	
Florida Municipal Pension Trust Fund	11,723
Total pension expense for all pension plans	<u>\$ 587,516</u>

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

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

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.

Plan Administration: The Plan is administered by a five-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 October 1, 2016:

Group	
Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members:	<u>12</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 71 and 72 as part of the combining financial statements.

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, 2017.

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 100% upon completing 10 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.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

Investments: The following was the Board’s adopted asset allocation policy and related long-term expected rate of return based on best estimates of the arithmetic real rates of return for each major asset class as of September 30, 2017:

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%	

The Plan did not hold investments in any one organization that represents 5% or more of the Plan’s Fiduciary Net Position.

For the year ended September 30, 2017 the annual money-weighted rate of return on Plan investments net of investment expense was 12.51%. The money-weighted rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability: As noted previously, during the year ended September 30, 2015, the City adopted GASB 68 *Accounting and Financial Reporting for Pensions*. This required the City to record on its financial statements its net pension liability for the Firefighters’ Retirement Fund. The net pension liability is measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service (total pension liability), less the amount of the pension plan’s fiduciary net position. The components of the Net Pension Liability on September 30, 2018 were as follows:

Total Pension Liability	\$ 8,898,652
Plan Fiduciary Net Position	(6,696,875)
Sponsor’s Net Pension Liability	\$ 2,201,777
Plan’s Fiduciary Net Position as a Percentage of Total Pension Liability	75.26%

The City’s pension liability was measured as of September 30, 2017.

The discount rate used to measure the Plan’s total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member (employees) contributions will be made at the current contribution rate of 6% of salary and that plan sponsor (employer) contributions will be made at rates equal to the difference between actuarially determined contribution rates and the plan member rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 3,091,943	\$ 2,201,777	\$ 1,448,157

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2016 and updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.5%
Salary increases	4.00% to 10.00%
Discount rate	7.75%
Investment rate of return	7.75%
Mortality rates	RP2000 Generational Healthy – Sex Distinct Female – 100% Annuitant white collar, Scale BB Male – 10% Annuitant White Collar, 90% Annuitant Blue Collar

Changes of Assumptions for September 30, 2017 Measurement Date:

As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. Additionally, the inflation assumption was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan’s investment consultant – no change from September 30, 2016 measurement date.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Change in Net Pension Liability: The change in the net pension liability for the year ended September 30, 2018 based on a September 30, 2017 measurement date is as follows:

	Increase (Decrease)		
	Total Pension Liability a	Plan Fiduciary Net Position b	Net Pension Liability a-b
Beginning balance	\$ 9,028,749	\$ 6,549,381	\$ 2,479,368
Changes for the year:			
Service cost	139,049	-	139,049
Interest	670,563	-	670,563
Change in excess State money	(15,444)	-	(15,444)
Share plan allocation	7,722	-	7,722
Differences between expected and actual experience	67,857	-	67,857
Changes of assumptions	-	-	-
Contributions - employer	-	298,315	(298,315)
Contributions - State	-	43,206	(43,206)
Contributions - employees	-	54,426	(54,426)
Net investment income (loss)	-	785,892	(785,892)
Benefit payments, including refund of employee contributions	(999,844)	(999,844)	-
Administrative expense	-	(34,501)	34,501
Net changes	(130,097)	147,494	(277,591)
Ending balance	\$ 8,898,652	\$ 6,696,875	\$ 2,201,777

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

For the year ended September 30, 2018, using a measurement date of September 30, 2017, the City recognized pension expense for the Plan under GASB 68 in the amount of \$390,346.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience with regard to economic or demographic assumptions	\$ 86,725	\$ 122,394
Change of assumptions	183,222	-
Net difference between projected and actual earnings on pension plan investments	238,651	275,115
Employer contributions subsequent to the measurement date	391,969	-
Total	<u>\$ 900,567</u>	<u>\$ 397,509</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to the Plan, exclusive of employer contributions received subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30:	Amount
2019	\$ 91,213
2020	91,443
2021	(24,527)
2022	(47,040)
2023	-
Thereafter	-
	<u>\$ 111,089</u>

The financial statements for the Firefighters' Retirement Fund as of and for the year ended September 30, 2018 are as follows:

Statement of Net Position September 30, 2018	
Assets	
Cash	\$ 122
Investments, at fair value	6,375,628
Receivables	150,667
Total Assets	<u>6,526,417</u>
Liabilities	
Accounts payable	13,409
Employer prepaid contribution	531
Total Liabilities	<u>13,940</u>
Net Position	
Held in Trust for Pension Benefits	<u>\$ 6,512,477</u>

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G- PENSION PLANS (continued)

Statement of Changes in Net Position
For the year Ended September 30, 2018

Additions		
Contributions		
Employer	\$ 347,477	
Employee	68,864	
Total contributions	<u>416,341</u>	
Intergovernmental revenue		
State excise tax rebate	44,492	
Investment earnings		
Net change in fair value of investments	278,779	
Interest and dividends	175,411	
Total investment earnings (loss)	<u>454,190</u>	
Less investment expense	<u>(41,981)</u>	
Net investment earnings (loss)	<u>412,209</u>	
Total additions	<u>873,042</u>	
Deductions		
Benefits	1,008,454	
Professional services	30,852	
Trustee expenses	3,784	
Total deductions	<u>1,043,090</u>	
Change in Net Position	(170,048)	
Net Position – October 1, 2017	<u>6,682,525</u>	
Net Position – September 30, 2018	<u>\$ 6,512,477</u>	

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, 2018 in the amount of \$44,492 have been recognized as revenues, with a corresponding expenditure, in the General Fund during the period.

Florida Municipal Pension Trust Fund

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., P.O. Box 1757, Tallahassee, Florida 32302-1757 or by calling (850) 222-9684.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

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, 2018, 2017 and 2016 was \$11,723, \$11,805, and \$16,578, respectively. The City contributed the required amount in each of the three years.

Effective March 1, 2015, the City Commission approved rejoining the Florida Retirement System for all new eligible employees, other than certified firefighters, hired on or after the effective date. All employees participating in the Florida Municipal Pension Trust Fund can elect to participate in the Florida Retirement System.

Florida Retirement System

Plan Description: The City contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer public employee retirement system (PERS) 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.

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, 2017 the contribution rates were 7.92% (regular members) and 22.71% (senior management members). As of July 1, 2018 these rates changed to 8.26% (regular members) and 24.06% (senior management members). The City's contributions to FRS for the years ended September 30, 2018, 2017, and 2016 were \$132,879, \$124,957, and \$88,034, respectively, equal to the required contributions for each year.

Employees hired before January 1, 1996, other than certified firefighters, participate in the Florida Retirement System. As previously disclosed, effective March 1, 2015, all new employees, other than certified firefighters, will participate in the Florida Retirement System. Additionally, employees hired between January 1, 1996 and March 1, 2015, other than certified firefighters, can elect to participate in the Florida Retirement System and discontinue participating in the Florida Municipal Pension Trust Fund.

Deferred Retirement Option Program: The FRS Deferred Retirement Option Program (DROP) is a defined contribution plan and is available to a member when the member first reaches eligibility for normal retirement. The Plan is controlled by the State Legislature and administered by the Florida Department of Management Services, Division of Retirement. Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the State of Florida Department of Management Services. DROP allows a member to retire while continuing employment up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 6.5%. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. During the DROP eligibility period, the City is required to make contributions to

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

FRS. The current rate, effective July 1, 2018 and continuing through September 30, 2018, based upon employees' gross earnings is 14.03%. The rate for the period July 1, 2017 through June 30, 2018 was 13.26%.

Pension liabilities, Pension expense and Deferred Outflows (Inflows) of Resources related to pensions- At September 30, 2018, as required by GASB 68 *Accounting and Financial Reporting for Pensions*, the City reported a net pension liability of \$1,162,535 for the FRS Plan component and \$330,214 for the HIS Plan component for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

The City's proportionate share at June 30, 2018 for the FRS Plan component was .003859612%. The City's proportionate share at June 30, 2018 for the HIS Plan component was .003119899%. The City's proportionate shares at June 30, 2017 were .003723260% and .003059396% for the FRS and HIS Plan components, respectively. For the fiscal year ended September 30, 2018 the City recognized pension expense of \$152,176 and \$33,271 for the FRS and HIS Plan components, respectively. Deferred Outflows and Inflows of resources related to pensions are from the following sources:

FRS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 98,485	\$ 3,575
Changes in assumptions	379,860	-
Net difference between projected and actual earnings on investments	-	89,820
Changes in proportion and differences between City contributions and proportionate share of contributions	217,387	-
Contributions subsequent to the measurement date	<u>32,242</u>	<u>-</u>
	<u>\$ 727,974</u>	<u>\$ 93,395</u>

HIS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 5,055	\$ 561
Changes in assumptions	36,724	34,913
Net difference between projected and actual earnings on investments	199	-
Changes in proportion and differences between City contributions and proportionate share of contributions	115,015	5,678
Contributions subsequent to the measurement date	<u>4,463</u>	<u>-</u>
	<u>\$ 161,456</u>	<u>\$ 41,152</u>

The deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the fiscal year ended September 30, 2019. Other amounts related to net deferred outflows and inflows of resources will be recognized as pension expense as follows:

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

Fiscal year ending September 30,	FRS component	HIS component
2019	\$ 64,759	\$ 25,504
2020	57,427	25,504
2021	49,358	27,584
2022	32,786	23,300
2023	11,538	6,155
Thereafter	386,469	7,794
	\$ 602,337	\$ 115,841

Net Pension Liability

	FRS component	HIS component
City's proportionate share of Total Pension Liability	\$ 7,384,109	\$ 337,466
City's proportionate share of Plan Fiduciary Net Position	(6,221,574)	(7,252)
City's proportionate share of Net Pension Liability	\$ 1,162,535	\$ 330,214

Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	84.26%	2.15%
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Change in Net Pension Liability –

	FRS component	HIS component
Beginning balance – City's proportionate share	\$ 1,101,315	\$ 327,125
Service cost	93,556	8,063
Interest on total pension liability	495,880	12,158
Plan changes	-	-
Effect of economic / demographic gain or loss	25,269	5,857
Effect of assumptions	99,844	(12,098)
Employer contributions	(85,683)	(10,790)
Member contributions	(28,807)	(7)
Net investment income	(539,618)	(99)
Administrative expense	779	5
Ending balance – City's proportionate share	\$ 1,162,535	\$ 330,214

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	FRS component	HIS component
Valuation date	July 1, 2018	July 1, 2018
Measurement date	June 30, 2018	June 30, 2018
Inflation	2.60%	2.60%
Salary increases	3.25%, average, includes inflation	3.25%, average, includes inflation
Investment rate of return	7.00%, net of expense, includes inflation	3.87%, Municipal Bond Rate
Mortality tables	Generation RP-2000 with Projection Scale BB tables	Generation RP-2000 with Projection Scale BB tables
Discount rate	7.00%	3.87%

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE G – PENSION PLANS (continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The following changes in actuarial assumptions occurred in 2018 for the FRS component: the long-term expected rate of return was decreased from 7.10% to 7.00%. Additionally, for the HIS component, a change in the actuarial assumption was made increasing the municipal bond rate used to determine total pension liability from 3.58% to 3.87%.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.80%
Fixed Income	18.00%	4.40%	4.30%	4.00%
Global Equity	54.00%	7.60%	6.30%	17.00%
Real Estate	11.00%	6.60%	6.00%	11.30%
Private Equity	10.00%	10.70%	7.80%	26.50%
Strategic Investments	6.00%	6.00%	5.70%	8.60%
Total	100.00%			
Assumed Inflation – Mean			2.60%	1.90%

(1) As outlined in the Pension Plan’s Investment Policy

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
– The following table represents the City’s proportionate share of the net pension liability calculated at the respective discount rates and the proportionate share using a rate 1% less than and 1% more than the current rate.

FRS component	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City’s Proportionate share of the net pension liability	\$ 2,121,675	\$ 1,162,535	\$ 365,912
HIS component	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City’s Proportionate share of the net pension liability	\$ 376,094	\$ 330,214	\$ 291,970

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE H – OTHER POST EMPLOYMENT BENEFITS

GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” (OPEB) provides for the determination and disclosure of the Net OPEB Liability and the annual cost of providing other postemployment benefits. The City provides other postemployment benefits in the form of the Retiree Health Care Plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows or resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s Retiree Health Care Plan (Plan) and additions to / deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Plan Description: The City’s Retire Health Plan is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet eligibility requirements under one of the City’s retirement plans to continue medical insurance coverage as a participant in the City’s plan.

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 currently unfunded. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for the Plan.

Employees covered by benefit terms: To be eligible to participate in the Plan, *general* employees must have a minimum of 10 years of service with the City. *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. At October 1, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members:	<u>35</u>
Total	<u><u>35</u></u>

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical, dental and vision coverage. All employees of the City are eligible to receive postemployment health care benefits.

Contributions: 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. The City does not contribute toward this payment. In future years, contributions are assumed to increase the same rate as the premiums. 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. 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.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE H – OTHER POST EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions. The actuarial valuation is based on an actuarial valuation performed as of October 31, 2016 with a measurement date of September 30, 2017 that is applicable to the year ended September 30, 2018. The Total OPEB Liability was determined using the following actuarial assumptions:

Inflation	2.5%	Initial health care trend rate	8.75%
Salary increases	2.5%	Ultimate health care trend rate	4.00%
Discount rate	3.64%	Years until ultimate trend rate	56
Investment rate of return	0.00%		

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount Rate: Given the City’s decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.64%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA. A discount rate of 3.06% was used for the September 30, 2016 valuation.

<i>Changes in Total OPEB Liability:</i>	<u>Increase (Decrease)</u>
Reporting period ending September 30, 2017	\$ 118,755
Changes for the year:	
Service cost	9,319
Interest	3,903
Differences between expected and actual experience	-
Changes of assumptions	(6,410)
Contributions - employer	-
Net investment income (loss)	-
Benefit payments, including refund of employee contributions	(1,145)
Administrative expense	-
Net changes	<u>5,667</u>
Reporting period ending September 30, 2018	<u>\$ 124,442</u>

Sensitivity If the Net OPEB Liability to changes in the discount rate: the following presents the Net OPEB Liability of the City, as well as what the City’s Net OPEB Liability would be if calculated using a discount rate that is one percentage-point lower or one-percentage point higher than the current discount rate.

	<u>1% Decrease (2.64%)</u>	<u>Current Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Net OPEB Liability	\$ 135,467	\$ 124,442	\$ 113,632

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates : The following presents the Net OPEB Liability of the City, as well as what the City’s Net OPEB Liability would be if calculated using healthcare cost trend rates that are one percentage-point lower or one-percentage point higher than the current healthcare cost trend rates.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE H – OTHER POST EMPLOYMENT BENEFITS (continued)

	1% Decrease (3.00% -7.75%)	Current Healthcare Rates (4.00% -8.75%)	1% Increase (5.00% -9.75%)
Net OPEB Liability	\$ 108,932	\$ 124,442	\$ 143,025

OPEB Plan Fiduciary Net Position: The plan is unfunded and as result the OPEB Plan’s Fiduciary Net Position is \$-0-.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB: For the year ended September 30, 2018, the City will recognize OPEB expense of \$14,522 including administrative expenses.

On September 30, 2018, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following resources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Employer contributions subsequent to the measurement date	1,246	-
	<u>\$ 1,246</u>	<u>\$ -</u>

The deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the fiscal year ended September 30, 2019.

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.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE J - RISK FINANCING (continued)

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, 2018, 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 \$786,522. The City has renewed its contract with the Pinellas County Sheriff's Department to provide law enforcement services, effective October 1, 2018, continuing until September 30, 2019. The amount of the contract with the Pinellas County Sheriff's Department for the 2018–2019 year is \$810,108.

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, 2018, was \$743,924.

Hurricane Irma Clean-up: The City entered into a Participant Agreement for Disaster Debris Monitoring and Management Services to provide clean-up from the damage caused by Hurricane Irma in September, 2017. The cost of these services was originally estimated to be in excess of \$80,000. The City will receive reimbursement from the Federal Emergency Management Agency (FEMA) for a significant portion of the expenses incurred. The cost of these services and the amount to be received from FEMA as reimbursement have not been recorded as of September 30, 2018 due to the uncertainty of the amount of the costs to be paid and the reimbursements that will be received. As of the audit report date of May 25, 2019, reimbursements from FEMA and the State of Florida in excess of \$70,000 are still outstanding.

NOTE L – PRIOR PERIOD ADJUSTMENTS

During the fiscal year 2017, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASB Statement 75, the City reported a restatement of its net position for the change in accounting principle as of October 1, 2016. The restatement to net position was reported in the accompanying Statement of Activities for the year ended September 30, 2017.

The effects of this restatement as of October 1, 2016 are as follows:

Postemployment Benefits Other Than Pensions – City's retiree Health Care Plan

Net Other Postemployment Benefits liability	<u>\$ 101,330</u>
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The prior period adjustment recorded in the Statement of Activities reduced the net position of the Governmental Activities by \$101,330 in 2017.

CITY OF SOUTH PASADENA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE M – SUBSEQUENT EVENTS

The City has evaluated whether any other events have occurred subsequent to September 30, 2018, and before the issuance of the financial statements, that would have an impact on the City's financial condition as of September 30, 2018 or would influence the conclusions reached by the reader of the financial statements regarding the City's overall financial condition. The City has determined that no such events occurred through May 25, 2019, which is the date that the financial statements were available to be issued.

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Required Supplementary Information

The required supplementary information consists of a budgetary comparison schedule for the General Fund and schedules presenting funding progress and contributions for the defined benefit pension plans.

CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Taxes					
Ad valorem taxes	\$ 1,843,005	\$ 1,843,005	\$ 1,820,247	\$ (22,758)	\$ 1,730,425
Utility taxes	656,600	656,600	663,585	6,985	650,481
Communications service tax	228,500	228,500	247,881	19,381	233,979
Electric franchise	418,000	418,000	452,317	34,317	424,479
Gas franchise	3,500	3,500	4,320	820	3,438
Refuse franchise	50,000	50,000	53,362	3,362	45,275
Total taxes	3,199,605	3,199,605	3,241,712	42,107	3,088,077
Licenses and permits					
Local business tax	98,750	98,750	105,383	6,633	97,102
Building permits	160,000	160,000	271,242	111,242	169,151
Fines - work done without permit	20,000	20,000	30,972	10,972	20,740
Electrical permits	16,000	16,000	19,130	3,130	16,160
Sewer, plumbing and gas permits	15,000	15,000	18,810	3,810	21,590
Mechanical permits	22,500	22,500	29,460	6,960	33,250
Planning and zoning fees	1,100	1,100	500	(600)	250
Grease management permits	2,400	2,400	1,400	(1,000)	2,400
Total licenses and permits	335,750	335,750	476,897	141,147	360,643
Intergovernmental revenue					
County Emergency Medical Services Authority					
State revenue sharing	743,000	743,000	813,282	70,282	743,612
Local 1/2 cent sales tax	161,000	161,000	161,955	955	161,033
State pro-rata share of alcoholic beverage licenses	320,000	320,000	329,118	9,118	321,020
State mobile home licenses distribution	6,100	6,100	5,680	(420)	6,191
State municipal tax refund	3,600	3,600	3,118	(482)	3,645
State excise tax rebate - Fire Pension	1,150	1,150	1,548	398	1,201
Local option gas tax	50,450	50,450	44,492	(5,958)	43,206
Fire Fighters supplemental compensation	81,500	81,500	75,738	(5,762)	81,739
Total intergovernmental revenue	1,370,640	1,370,640	1,440,381	69,741	1,365,677

(continued)

CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS) (continued)					
Fines and forfeits -					
Police fines	\$ 6,000	\$ 6,000	\$ 12,171	\$ 6,171	\$ 5,942
Red light fines	-	-	8,891	8,891	20,800
	<u>6,000</u>	<u>6,000</u>	<u>21,062</u>	<u>15,062</u>	<u>26,742</u>
Interest	19,250	19,250	41,449	22,199	16,818
Change in fair value of investments	-	-	6,229	6,229	3,660
Rent	6,500	6,500	9,950	3,450	8,600
Miscellaneous	49,750	49,750	50,926	1,176	49,114
Proceeds from sale of capital assets	-	-	360	360	-
	<u>81,500</u>	<u>81,500</u>	<u>129,976</u>	<u>48,476</u>	<u>104,934</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>4,987,495</u>	<u>4,987,495</u>	<u>5,288,966</u>	<u>301,471</u>	<u>4,919,331</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General government					
Legislative					
Personal services	43,590	43,585	43,582	3	41,468
Other services and charges	75,750	75,750	61,046	14,704	64,702
Travel and conventions	9,000	9,000	10,806	(1,806)	8,542
Supplies	800	800	878	(78)	2,174
Capital outlay	800	800	-	800	-
	<u>129,940</u>	<u>129,935</u>	<u>116,312</u>	<u>13,623</u>	<u>116,886</u>
Finance and administration					
Personal services	537,765	537,660	539,658	(1,998)	511,488
Other services and charges	58,980	58,980	40,039	18,941	42,446
Insurance	29,900	29,675	30,161	(486)	27,671
Supplies	5,500	5,500	6,163	(663)	5,879
Maintenance	2,500	2,500	525	1,975	308
Utilities	12,500	12,500	14,349	(1,849)	12,738
Audit and accounting	15,800	16,800	16,405	395	11,175
Telephone	8,300	8,300	7,523	777	7,877
Capital outlay	1,600	1,600	-	1,600	-
	<u>672,845</u>	<u>673,515</u>	<u>654,823</u>	<u>18,692</u>	<u>619,582</u>
Total general government	<u>802,785</u>	<u>803,450</u>	<u>771,135</u>	<u>32,315</u>	<u>736,468</u>

(continued)

CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Budget	Final			
CHARGES TO APPROPRIATIONS					
(OUTFLOWS) (continued)					
Public Safety					
Law enforcement					
Pinellas County Sheriff -					
Department contract	\$ 786,260	\$ 786,260	\$ 786,522	\$ (262)	\$ 768,744
Traffic Infraction Officer	750	750	-	750	4,205
	<u>787,010</u>	<u>787,010</u>	<u>786,522</u>	<u>488</u>	<u>772,949</u>
Fire department					
Personal services	2,079,840	2,242,635	2,143,626	99,009	1,972,354
Other services and charges	118,035	118,035	109,926	8,109	111,770
Insurance	65,670	61,795	62,963	(1,168)	58,244
Supplies	10,600	10,600	7,369	3,231	7,446
Maintenance	62,800	62,800	66,364	(3,564)	46,908
Utilities	16,500	16,500	19,392	(2,892)	16,732
Small tools and equipment	150	150	338	(188)	136
Traffic signals	34,195	34,195	4,204	29,991	4,474
Telephone	7,200	7,200	7,016	184	6,849
	<u>2,394,990</u>	<u>2,553,910</u>	<u>2,421,198</u>	<u>132,712</u>	<u>2,224,913</u>
Protective inspections					
Personal services	306,365	305,985	288,594	17,391	268,375
Other services and charges	46,045	46,045	27,390	18,655	31,253
Supplies	3,750	3,750	3,856	(106)	4,154
Insurance	5,325	5,040	5,515	(475)	4,909
Maintenance	2,100	2,100	2,281	(181)	2,621
Capital outlay	500	500	-	500	-
	<u>364,085</u>	<u>363,420</u>	<u>327,636</u>	<u>35,784</u>	<u>311,312</u>
Total public safety	<u>3,546,085</u>	<u>3,704,340</u>	<u>3,535,356</u>	<u>168,984</u>	<u>3,309,174</u>
Transportation - public works					
Personal services	562,735	561,180	561,136	44	565,154
Other services and charges	57,030	57,030	48,618	8,412	51,791
Insurance	47,265	44,750	45,720	(970)	44,800
Supplies	7,800	7,800	7,521	279	8,400
Maintenance	32,500	32,500	31,239	1,261	29,300
Telephone	5,325	5,325	5,020	305	6,120
Utilities	48,800	48,800	48,440	360	48,097
	<u>761,455</u>	<u>757,385</u>	<u>747,694</u>	<u>9,691</u>	<u>753,662</u>

(continued)

CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Human services - welfare and other services	\$ 4,000	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
Culture and recreation					
Library	18,000	18,000	14,500	3,500	14,750
Culture services	-	-	-	-	500
Special events	15,400	15,400	11,325	4,075	12,327
Total culture and recreation	33,400	33,400	25,825	7,575	27,577
TOTAL CHARGES TO APPROPRIATIONS	5,147,725	5,302,575	5,084,010	218,565	4,830,881
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(160,230)	(315,080)	204,956	520,036	88,450
FUND BALANCE - BEGINNING OF YEAR	2,686,009	2,686,009	2,686,009	-	2,597,559
FUND BALANCE - END OF YEAR	\$ 2,525,779	\$ 2,370,929	\$ 2,890,965	\$ 520,036	\$ 2,686,009

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

SOURCES / INLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 5,288,966
Differences - budget to GAAP:	
Proceeds from sale of surplus capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(360)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 5,288,606

CITY OF SOUTH PASADENA, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 FIREFIGHTERS' RETIREMENT FUND
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY

Reporting period ending:	9-30-18	9-30-17	9-30-16	9-30-15
Measurement date:	<u>9-30-17</u>	<u>9-30-16</u>	<u>9-30-15</u>	<u>9-30-14</u>
Total Pension Liability				
Service cost	\$ 139,049	\$ 131,806	\$ 121,564	\$ 109,667
Interest on the total pension liability	670,563	659,566	634,381	622,005
Change in excess state money	(15,444)	-	-	-
Share plan allocation	7,722	-	-	-
Differences between expected and actual experience	67,857	(203,988)	129,765	-
Change of assumptions	-	305,372	-	-
Benefit payments, including refunds of employee contributions	(999,844)	(516,349)	(625,616)	(542,143)
Net change in total pension liability	<u>(130,097)</u>	<u>376,407</u>	<u>260,094</u>	<u>189,529</u>
Total pension liability beginning	<u>9,028,749</u>	<u>8,652,342</u>	<u>8,392,248</u>	<u>8,202,719</u>
Total pension liability ending (a)	<u>\$ 8,898,652</u>	<u>\$ 9,028,749</u>	<u>\$ 8,652,342</u>	<u>\$ 8,392,248</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 298,315	\$ 303,240	\$ 286,491	198,912
Contributions - State	43,206	50,450	48,347	48,975
Contributions - employees	54,426	45,265	42,620	39,662
Net investment income (loss)	785,892	466,375	(79,221)	636,387
Benefit payments, including refunds of employee contributions	(999,844)	(516,349)	(625,616)	(542,143)
Administrative expenses	(34,501)	(40,775)	(30,445)	(27,419)
Net Change in plan fiduciary net position	<u>147,494</u>	<u>308,206</u>	<u>(357,824)</u>	<u>354,374</u>
Plan fiduciary net position - beginning	<u>6,549,381</u>	<u>6,241,175</u>	<u>6,598,999</u>	<u>6,244,625</u>
Plan fiduciary net position - ending (b)	<u>6,696,875</u>	<u>\$ 6,549,381</u>	<u>\$ 6,241,175</u>	<u>\$ 6,598,999</u>
Net Pension Liability - Ending (a - b)	<u>2,201,777</u>	<u>\$ 2,479,368</u>	<u>\$ 2,411,167</u>	<u>\$ 1,793,249</u>
Plan fiduciary net position as a percentage of the total pension liability	75.26%	72.54%	72.13%	78.63%
Covered Payroll	\$ 907,112	\$ 753,762	\$ 708,754	\$ 661,032
Net pension liability as a percentage of covered payroll	242.72%	328.93%	340.20%	271.28%
Money-weighted rate of return on pension plan investments	12.51%	7.54%	-1.25%	10.35%

NOTE: GASB 68 requires 10 year of information. Information is only available for four years. Additional years of information will be added as the information becomes available.

CITY OF SOUTH PASADENA, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 FIREFIGHTERS' RETIREMENT FUND
 SCHEDULE OF CONTRIBUTIONS

Reporting period ending	9-30-18	9-30-17	9-30-16	9-30-15	9-30-14
Actuarially determined contribution	\$ 391,969	\$ 341,520	\$ 352,204	\$ 328,458	\$ 247,885
Contributions in relation to the actuarially determined contribution:					
City's contribution	347,477	298,315	301,754	280,111	198,910
State excise tax - contribution	44,492	43,205	50,450	48,347	48,975
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,117,793	\$ 907,112	\$ 753,762	\$ 708,754	\$ 661,032
Contributions as a percentage of covered payroll	35.07%	37.65%	46.73%	46.34%	37.50%

NOTES TO SCHEDULE

Valuation date:

October 1, 2016

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

Methods and Assumptions Used to Determine Contribution Rates:

Funding Method:	Entry Age Normal Actuarial Cost Method
Amortization Method:	Level % of Pay, Closed
Remaining Amortization	
Period:	30 years as of 10-01-15
Mortality:	RP-2000 Generational - Female 100% Annuitant White Collar, Scale BB; Male 10% Annuitant White Collar / 90% Annuitant Blue Collar Scale BB. Disability 60% RP2000 - Female set forward 2 years, Male setback 4 years.
Interest Rate:	7.75% per year compounded annually, net of investment related expenses.
Inflation:	2.5% per year.
Retirement Rates:	Age and experience-based probability table considering eligibility for normal retirement.
Salary Increases	First year of credited service - 10%, years 2 to 10 - 6%, greater than 10 years 4%.
Disability Rates	Age based probability table.
Retirement Age	Earlier of the age 55 with 10 years of service or the completion of 25 years of service (earlier of age 55 or 25 years of service upon retirement at age 52). Also, any member who has reached normal retirement age is assumed to continue employment for one additional year.
Early Retirement	Commencing with eligibility at age 50 upon completion of 10 years of service. Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Actuarial Asset Method	Each year the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return net of fees. It is possible that over time this technique will produce an insignificant bias above or below the market value of assets.
Payroll Growth:	None
Projected Dollar Requirements	Costs as of the valuation date are increased by 3.875% interest and 5.78% salary growth (average assumed rate of individual salary increase as of valuation date) to determine dollar funding requirements for the applicable costs.

NOTE: GASB 68 requires 10 year of information. Information is only available for five years. Additional years of information will be added as the information becomes available.

CITY OF SOUTH PASADENA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM - CITY'S PROPORTIONATE SHARE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	9-30-18	9-30-17	9-30-16	9-30-15
FRS Pension Plan				
Employer's Proportion for the FRS Pension	0.003859612%	0.003723260%	0.002924305%	0.001829231%
City's Proportionate Share				
Total Pension Liability	\$ 7,384,109	\$ 6,837,119	\$ 4,884,496	\$ 2,951,844
Plan Fiduciary Net Position	(6,221,574)	(5,735,804)	(4,146,107)	(2,715,574)
Net Pension Liability	<u>\$ 1,162,535</u>	<u>\$ 1,101,315</u>	<u>\$ 738,389</u>	<u>\$ 236,270</u>
Plan Net Position as a Percentage of Total Net Pension Liability	84%	84%	85%	92%
Service Cost	\$ 93,556	\$ 173,845	\$ 86,833	\$ 44,049
Interest on the total pension liability	495,880	1,046,562	492,974	244,236
Plan changes	-	7,728	1,315	-
Effect of economic/demographic gain or loss	25,269	118,408	39,905	33,773
Effect of assumptions	99,844	871,705	41,960	-
Employer contributions	(85,683)	(218,233)	(99,280)	(50,801)
Member contributions	(28,807)	(62,441)	(28,934)	(14,550)
Net investment income	(539,618)	(1,576,186)	(33,407)	(115,085)
Administrative expense	779	1,538	753	376
Net change in net pension liability	61,220	362,926	502,119	141,998
Net pension liability - beginning	1,101,315	738,389	236,270	94,272
Net pension liability - ending	<u>\$ 1,162,535</u>	<u>\$ 1,101,315</u>	<u>\$ 738,389</u>	<u>\$ 236,270</u>
Covered payroll	\$ 1,021,075	\$ 988,476	\$ 942,075	\$ 608,026
Net pension liability as a percentage of covered payroll	114%	111%	78%	39%
Retiree Health Insurance Subsidy (HIS Plan)				
Employer's Proportion for the HIS Plan	0.003119899%	0.003059396%	0.002962991%	0.001434881%
City's Proportionate Share				
Total Pension Liability	\$ 337,466	\$ 332,580	\$ 348,698	\$ 147,064
Plan Fiduciary Net Position	(7,252)	(5,455)	(3,374)	(729)
Net Pension Liability	<u>\$ 330,214</u>	<u>\$ 327,125</u>	<u>\$ 345,324</u>	<u>\$ 146,335</u>
Plan Net Position as a Percentage of Total Net Pension Liability	2.15%	1.64%	0.97%	50%
Service Cost	\$ 8,063	\$ 5,761	\$ 35,080	\$ 14,624
Interest on the total pension liability	12,158	6,384	53,398	27,258
Effect of economic/demographic gain or loss	5,857	-	(4,212)	40,856
Effect of assumptions	(12,098)	(20,310)	184,818	-
Employer contributions	(10,790)	(10,011)	(70,044)	(25,700)
Member contributions	(7)	-	-	-
Net investment income	(99)	(26)	(77)	(27)
Administrative expense	5	3	26	13
Net change in net pension liability	3,089	(18,199)	198,989	57,024
Net pension liability - beginning	327,125	345,324	146,335	89,311
Net pension liability - ending	<u>\$ 330,214</u>	<u>\$ 327,125</u>	<u>\$ 345,324</u>	<u>\$ 146,335</u>
Covered payroll	\$ 1,021,075	\$ 988,476	\$ 942,075	\$ 608,026
Net pension liability as a percentage of covered payroll	32%	33%	37%	24%
Combined FRS and HIS Pension Plan				
Total Pension Liability	\$ 7,721,575	\$ 7,169,699	\$ 5,233,194	\$ 3,098,908
Plan Fiduciary Net Position	(6,228,826)	(5,741,259)	(4,149,481)	(2,716,303)
Net Pension Liability	<u>\$ 1,492,749</u>	<u>\$ 1,428,440</u>	<u>\$ 1,083,713</u>	<u>\$ 382,605</u>

NOTE: GASB 68 requires 10 year of information. Information is only available for four years. Additional years of information will be added as the information becomes available.

CITY OF SOUTH PASADENA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

**FLORIDA RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

(Four years of data available for GASB 67 and 68) *
September 30, 2018

	9/30/2018	9/30/2017	9/30/2016	9/30/2015
FRS Pension Plan				
Contractually required contribution	\$ 115,929	\$ 108,548	\$ 72,396	\$ 57,843
Contributions in relation to the contractually required contribution	(115,929)	(108,548)	(72,396)	(57,843)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,021,075	\$ 988,476	\$ 942,075	\$ 608,026
Contributions as a percentage of covered payroll	11.35%	10.98%	7.68%	9.51%
Retiree Health Insurance Subsidy (HIS Plan)				
Contractually required contribution	\$ 16,950	\$ 16,409	\$ 15,638	\$ 8,269
Contributions in relation to the contractually required contribution	(16,950)	(16,409)	(15,638)	(8,269)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,021,075	\$ 988,476	\$ 942,075	\$ 608,026
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.36%

REQUIRED SUPPLEMENTARY INFORMATION
**RETIREE HEALTH CARE PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY**

Reporting period ending:	9-30-18	9-30-17
Measurement date:	9-30-17	9-30-16
Total OPEB Liability		
Service cost	\$ 9,319	\$ 7,977
Interest on the total pension liability	3,903	4,034
Change in benefit terms	-	-
Differences between expected and actual experience	-	-
Change of assumptions	(6,410)	6,579
Benefit payments, including refunds of employee contributions	(1,145)	(1,145)
Net change in total pension liability	\$ 5,667	17,445
Total OPEB liability beginning	118,775	101,330
Total pension liability ending	\$ 124,442	\$ 118,775
Covered Employee Payroll	\$ 2,277,871	\$ 2,168,110
Net OPEB liability as a percentage of covered employee payroll	5.46%	5.48%

NOTE: GASB 75 requires 10 year of information. Information is only available for two years. Additional years of information will be added as the information becomes available.

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, 2018
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Taxes, licenses and permits -					
Impact fees/assessments	\$ -	\$ -	\$ 5,284	\$ 5,284	\$ 600
Intergovernmental revenue					
Infrastructure tax	591,000	591,000	609,637	18,637	581,267
Physical environment grants	3,000	3,000	5,990	2,990	-
Interest	25,450	25,450	56,311	30,861	32,063
Change in fair value of investments	-	-	7,722	7,722	4,516
Proceeds from sale of capital assets	-	-	-	-	4,700
AMOUNTS AVAILABLE FOR APPROPRIATION	619,450	619,450	684,944	65,494	623,146
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General government					
Finance and administration					
Supplies	-	-	616	(616)	-
	-	-	616	(616)	-
Public Safety					
Fire Department and Protective Inspections					
Supplies	-	-	-	-	580
Maintenance	-	-	5,047	(5,047)	2,429
	-	-	5,047	(5,047)	3,009
Total Public Safety	-	-	5,047	(5,047)	3,009
Physical environment					
Flood control	-	-	77,630	(77,630)	2,935
Visioning	-	-	14,614	(14,614)	7,640
Maintenance	-	-	6,989	(6,989)	3,653
	-	-	99,233	(99,233)	14,228
Transportation					
Public Works					
Maintenance	-	-	6,330	(6,330)	3,930
Total Transportation	-	-	6,330	(6,330)	3,930
Total current charges to appropriations	-	-	111,226	(111,226)	21,167
Capital outlay					
General government					
Legislative					
Equipment	1,200	1,200	-	1,200	-
Finance and administration					
Building improvements	-	-	-	-	4,882
Equipment	8,000	8,000	6,197	1,803	-
Total general government	9,200	9,200	6,197	3,003	4,882

(continued)

CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND

For the Year Ended September 30, 2018 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
CHARGES TO APPROPRIATIONS (OUTFLOWS) (continued)					
Public Safety					
Fire Department					
Building improvements	\$ 211,000	\$ 211,000	\$ 17,920	\$ 193,080	\$ -
Equipment	68,000	68,000	71,269	(3,269)	46,866
Vehicle	-	-	-	-	58,986
	<u>279,000</u>	<u>279,000</u>	<u>89,189</u>	<u>189,811</u>	<u>105,852</u>
Protective inspections					
Vehicle	-	27,500	24,763	2,737	24,851
Building improvements	2,000	2,000	-	2,000	-
Equipment	11,400	11,400	1,034	10,366	-
	<u>13,400</u>	<u>40,900</u>	<u>25,797</u>	<u>15,103</u>	<u>24,851</u>
Total Public Safety	<u>292,400</u>	<u>319,900</u>	<u>114,986</u>	<u>204,914</u>	<u>130,703</u>
Transportation - public works					
Building improvements	88,500	88,500	28,321	60,179	55,894
Infrastructure (bridge)	-	-	-	-	521,471
Dredging	125,000	125,000	4,883	120,117	-
Equipment	20,000	20,000	15,090	4,910	2,869
Vehicle	30,000	30,000	24,908	5,092	-
Highways and streets	65,000	65,000	25,710	39,290	294,575
Total Transportation - public works	<u>328,500</u>	<u>328,500</u>	<u>98,912</u>	<u>229,588</u>	<u>874,809</u>
Physical environment					
Land purchases	900,000	900,000	-	900,000	-
Visioning / beautification	50,000	50,000	-	50,000	-
Recreation	21,000	21,000	-	21,000	20,742
Flood control	75,000	75,000	1,868	73,132	12,776
Total Physical environment	<u>1,046,000</u>	<u>1,046,000</u>	<u>1,868</u>	<u>1,044,132</u>	<u>33,518</u>
Total capital outlay charges to appropriations	<u>1,676,100</u>	<u>1,703,600</u>	<u>221,963</u>	<u>1,481,637</u>	<u>1,043,912</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>1,676,100</u>	<u>1,703,600</u>	<u>333,189</u>	<u>1,370,411</u>	<u>1,065,079</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(1,056,650)	(1,084,150)	351,755	1,435,905	(441,933)
FUND BALANCE - BEGINNING OF YEAR	<u>4,559,708</u>	<u>4,559,708</u>	<u>4,559,708</u>	<u>-</u>	<u>5,001,641</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,503,058</u>	<u>\$ 3,475,558</u>	<u>\$ 4,911,463</u>	<u>\$ 1,435,905</u>	<u>\$ 4,559,708</u>

NOTE

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

CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE
SEWER FUND

For the Year Ended September 30, 2018
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services	\$ 981,700	\$ 981,700	\$ 977,692	\$ (4,008)	\$ 945,215
Interest earned	11,300	11,300	19,456	8,156	9,240
AMOUNT AVAILABLE FOR APPROPRIATION	<u>993,000</u>	<u>993,000</u>	<u>997,148</u>	<u>4,148</u>	<u>954,455</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Supervisory services	50,750	50,750	50,750	-	49,500
Utilities	8,850	8,850	8,775	75	8,788
City of St. Petersburg:					
Sewer processing	732,810	732,810	743,924	(11,114)	714,481
Sewer administration charge	6,315	6,315	4,480	1,835	6,314
Insurance	9,255	8,910	9,466	(556)	8,325
Audit	2,910	2,910	2,910	-	3,325
Repairs, maintenance, renewals and replacement	197,700	197,700	38,597	159,103	124,474
Capital outlay	18,000	18,000	-	18,000	-
Administrative service charge	26,150	26,150	26,150	-	26,125
Miscellaneous	4,210	4,210	4,019	191	4,009
TOTAL CHARGES TO APPROPRIATIONS	<u>1,056,950</u>	<u>1,056,605</u>	<u>889,071</u>	<u>167,534</u>	<u>945,341</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ (63,950)</u>	<u>\$ (63,605)</u>	<u>\$ 108,077</u>	<u>\$ 171,682</u>	<u>\$ 9,114</u>

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.	\$ 889,071
Differences - budget to GAAP:	
Depreciation	<u>136,851</u>
Total expenses as reported on the statement of revenues, expenses, and changes in net position - proprietary funds	<u>\$ 1,025,922</u>

CITY OF SOUTH PASADENA, FLORIDA

BUDGETARY COMPARISON SCHEDULE
RECLAIMED WATER

For the Year Ended September 30, 2018
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Charges for services	\$ 189,000	\$ 189,000	\$ 188,558	\$ (442)	\$ 188,596
Interest earned	11,325	11,325	19,714	8,389	9,302
AMOUNT AVAILABLE FOR APPROPRIATION	<u>200,325</u>	<u>200,325</u>	<u>208,272</u>	<u>7,947</u>	<u>197,898</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Supervisory services	40,795	40,795	40,795	-	39,350
City of St. Petersburg:					
Administration charge	1,260	1,260	851	409	1,260
Pinellas County:					
Reclaimed water	28,800	28,800	25,690	3,110	25,609
Audit	370	370	370	-	315
Consultants	1,000	1,000	-	1,000	-
Repairs, maintenance, renewals and replacement	114,225	114,225	27,544	86,681	8,112
Administrative service charge	13,875	13,875	13,875	-	14,245
TOTAL CHARGES TO APPROPRIATIONS	<u>200,325</u>	<u>200,325</u>	<u>109,125</u>	<u>91,200</u>	<u>88,891</u>
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,147</u>	<u>\$ 99,147</u>	<u>\$ 109,007</u>

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.	\$ 109,125
Differences - budget to GAAP:	
Depreciation	102,949
Total expenses as reported on the statement of revenues, expenses, and changes in net position - proprietary funds	<u>\$ 212,074</u>

CITY OF SOUTH PASADENA, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

September 30, 2018
With Comparative Total Amounts for September 30, 2017

	Employee Retirement Funds		Totals	
	Firefighters' Retirement	Employees' Deferred Compensation	2018	2017
ASSETS				
Cash	\$ 122	\$ -	\$ 122	\$ 122
Investments, at fair value				
Short term investments / money market funds	738,700	-	738,700	116,576
U. S. government and agency fixed income securities	710,673	-	710,673	978,581
Corporate bonds	1,162,113	-	1,162,113	1,582,044
Equities - common stock	3,764,142	-	3,764,142	3,922,043
Trustees' mutual funds	-	1,477,704	1,477,704	1,244,386
	<u>6,375,628</u>	<u>1,477,704</u>	<u>7,853,332</u>	<u>7,843,630</u>
Receivables	<u>150,667</u>	<u>-</u>	<u>150,667</u>	<u>104,720</u>
TOTAL ASSETS	<u>6,526,417</u>	<u>1,477,704</u>	<u>8,004,121</u>	<u>7,948,472</u>
LIABILITIES				
Accounts payable	13,409	-	13,409	13,694
Employer prepaid contribution	<u>531</u>	<u>-</u>	<u>531</u>	<u>7,867</u>
TOTAL LIABILITIES	<u>13,940</u>	<u>-</u>	<u>13,940</u>	<u>21,561</u>
NET POSITION				
Restricted for pensions	<u>\$ 6,512,477</u>	<u>\$ 1,477,704</u>	<u>\$ 7,990,181</u>	<u>\$ 7,926,911</u>

CITY OF SOUTH PASADENA, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended September 30, 2018
With Comparative Total Amounts for the Year Ended September 30, 2017

	Employee Retirement Funds		Totals	
	Firefighters' Retirement	Employees' Deferred Compensation	2018	2017
ADDITIONS				
Contributions				
Employer	\$ 347,477	\$ -	\$ 347,477	\$ 298,315
Employee	68,864	116,748	185,612	113,414
Total contributions	<u>416,341</u>	<u>116,748</u>	<u>533,089</u>	<u>411,729</u>
Intergovernmental revenue				
State excise tax rebate	44,492	-	44,492	43,205
Investment earnings				
Net change in fair value of investments	278,779	131,304	410,083	794,641
Interest and dividends	175,411	-	175,411	169,791
Total investment earnings (loss)	<u>454,190</u>	<u>131,304</u>	<u>585,494</u>	<u>964,432</u>
Less investment expense	(41,981)	-	(41,981)	(42,136)
Net investment earnings (loss)	<u>412,209</u>	<u>131,304</u>	<u>543,513</u>	<u>922,296</u>
TOTAL ADDITIONS	<u>873,042</u>	<u>248,052</u>	<u>1,121,094</u>	<u>1,377,230</u>
DEDUCTIONS				
Benefits	1,008,454	-	1,008,454	999,844
Participant distributions	-	14,734	14,734	167,280
Professional services	30,852	-	30,852	30,705
Trustee expenses	3,784	-	3,784	3,815
TOTAL DEDUCTIONS	<u>1,043,090</u>	<u>14,734</u>	<u>1,057,824</u>	<u>1,201,644</u>
CHANGE IN NET POSITION	(170,048)	233,318	63,270	175,586
NET POSITION - BEGINNING OF YEAR	<u>6,682,525</u>	<u>1,244,386</u>	<u>7,926,911</u>	<u>7,751,325</u>
NET POSITION - END OF YEAR	<u>\$ 6,512,477</u>	<u>\$ 1,477,704</u>	<u>\$ 7,990,181</u>	<u>\$ 7,926,911</u>

Other Supplementary Schedules

These schedules, including the Schedule of Revenues and Expenditure - Deepwater Horizon – BP Oil Spill Settlement, 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

SCHEDULE OF REVENUES AND EXPENDITURES
- DEEPWATER HORIZON - BP OIL SPILL SETTLEMENT

For the Year Ended September 30, 2018

REVENUES	
Deepwater Horizon Oil Spill Settlement	\$ -
EXPENDITURES	
Operating - Legal and related settlement costs	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ -
FUND BALANCE - BEGINNING	<u>76,206</u>
FUND BALANCE - ENDING	<u><u>\$ 76,206</u></u>

Reflected in the Governmental Funds Balance Sheet as:

Fund Balance - General Fund	
Unassigned	<u><u>\$ 76,206</u></u>

CITY OF SOUTH PASADENA, FLORIDA

COMPARATIVE BALANCE SHEET
GENERAL FUND

	September 30,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash, cash equivalents and pooled cash and investments	\$ 3,016,990	\$ 2,873,562
Receivables - other	9,776	7,498
Due from other governments	34,264	26,549
Inventory of supplies	9,686	8,437
Prepaid expenditures	<u>29,305</u>	<u>24,049</u>
TOTAL ASSETS	<u><u>\$ 3,100,021</u></u>	<u><u>\$ 2,940,095</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 28,944	\$ 86,385
Accrued liabilities	<u>102,253</u>	<u>91,830</u>
TOTAL LIABILITIES	<u>131,197</u>	<u>178,215</u>
DEFERRED INFLOWS OF RESOURCES		
Local business tax receipts	<u>77,859</u>	<u>75,871</u>
TOTAL DEFERRED INFLOWS	<u>77,859</u>	<u>75,871</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>209,056</u>	<u>254,086</u>
FUND BALANCES		
Fund balances		
Nonspendable:		
Inventories and prepaids	38,991	32,486
Restricted for:		
Scholarships	2,651	2,651
Assigned to:		
Future budgetary appropriations	126,280	160,230
Unassigned	<u>2,723,043</u>	<u>2,490,642</u>
TOTAL FUND BALANCES	<u>2,890,965</u>	<u>2,686,009</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u><u>\$ 3,100,021</u></u>	<u><u>\$ 2,940,095</u></u>

CITY OF SOUTH PASADENA, FLORIDA

COMPARATIVE BALANCE SHEET
CAPITAL IMPROVEMENTS FUND

	September 30,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash equivalents and pooled cash and investments	\$ 4,874,070	\$ 5,003,204
Receivables - other	215	4,960
Due from other governments	<u>44,770</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 4,919,055</u></u>	<u><u>\$ 5,008,164</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 3,228	\$ 448,456
Due to other governments	<u>4,364</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,592</u>	<u>448,456</u>
FUND BALANCES		
Fund balances		
Restricted for:		
Infrastructure	4,670,585	4,171,832
Assigned to:		
Capital improvement projects	<u>240,878</u>	<u>387,876</u>
TOTAL FUND BALANCES	<u>4,911,463</u>	<u>4,559,708</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,919,055</u></u>	<u><u>\$ 5,008,164</u></u>

CITY OF SOUTH PASADENA, FLORIDA

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

September 30, 2018

	Total Governmental Funds	Long Term Assets, Liabilities	Adjustments and Eliminations	Statement of Net Position Totals
ASSETS				
Cash, cash equivalents and pooled cash and investments	\$ 7,891,060	\$ -	\$ -	\$ 7,891,060
Receivables - other	9,991	-	-	9,991
Due from other governments	79,034	-	-	79,034
Inventory of supplies	9,686	-	-	9,686
Prepaid expenditures	29,305	-	-	29,305
Land and land rights	-	2,059,183	-	2,059,183
Structures and improvements	-	4,280,266	-	4,280,266
Infrastructure	-	4,457,180	-	4,457,180
Furniture, fixtures and equipment	-	3,366,692	-	3,366,692
Construction and projects in process	-	12,429	-	12,429
Accumulated depreciation	-	(6,704,482)	-	(6,704,482)
Deferred outflows of resources:				
Net Other Post Employment Benefits	-	1,246	-	1,246
Defined benefit pension plans	-	1,789,997	-	1,789,997
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 8,019,076	\$ 9,262,511	\$ -	\$ 17,281,587
LIABILITIES AND FUND BALANCES				
LIABILITIES & DEFERRED INFLOWS				
Accounts payable	\$ 32,172	\$ -	\$ -	\$ 32,172
Due to other governments	4,364	-	-	4,364
Accrued liabilities	102,253	-	-	102,253
Current portion of:				
Accrued compensated absences	-	43,665	-	43,665
Non-current portion of:				
Net Other Post Employment Benefits	-	124,442	-	124,442
Accrued compensated absences	-	162,919	-	162,919
Net pension liability	-	3,694,526	-	3,694,526
Deferred inflows of resources:				
Deferred revenue - local business tax receipts	77,859	-	-	77,859
Defined benefit pension plans	-	532,056	-	532,056
TOTAL LIABILITIES & DEFERRED INFLOWS	216,648	4,557,608	-	4,774,256
TOTAL FUND BALANCES / NET POSITION	7,802,428	4,704,903	-	12,507,331
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES / NET POSITION	\$ 8,019,076	\$ 9,262,511	\$ -	\$ 17,281,587

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, 2018

	Total Governmental Funds	Depreciation, Asset Retirements and Capital Outlay	Long-term Debt Transactions	Pensions, Other Items, Adjustments and Reclass- ifications	Statement of Activities Totals
REVENUES					
Taxes	\$ 3,246,996	\$ -	\$ -	\$ (3,246,996)	\$ -
Licenses and permits	476,897	-	-	(476,897)	-
Intergovernmental revenue	2,056,008	-	-	(2,056,008)	-
Fines and forfeits	21,062	-	-	(21,062)	-
Interest	97,760	-	-	(97,760)	-
Change in fair value of investments	13,951	-	-	(13,951)	-
Rent	9,950	-	-	(9,950)	-
Miscellaneous revenues	50,926	-	-	(50,926)	-
Charges for services	-	-	-	513,550	513,550
Operating grants and contributions	-	-	-	819,272	819,272
General revenues	-	-	-	4,640,728	4,640,728
TOTAL REVENUES	5,973,550	-	-	-	5,973,550
EXPENDITURES					
Current					
General government	771,751	36,867	2,202	76,635	887,455
Public safety	3,540,403	-	-	(3,540,403)	-
Public safety - police	-	-	-	786,522	786,522
Public safety - fire	-	190,306	7,925	2,435,133	2,633,364
Public safety - protective inspections	-	20,313	3,610	373,273	397,196
Transportation - public works	754,024	87,762	10,408	62,835	915,029
Human services	4,000	6,162	-	-	10,162
Culture and recreation	25,825	28,650	-	-	54,475
Physical environment	99,233	156,794	-	-	256,027
Capital outlay	221,963	(221,963)	-	-	-
TOTAL EXPENDITURES	5,417,199	304,890	24,145	193,995	5,940,229
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	360	-	-	(360)	-
TOTAL OTHER FINANCING SOURCES (USES)	360	-	-	(360)	-
NET CHANGE IN FUND BALANCE / NET POSITION	\$ 556,711	\$ (304,890)	\$ (24,145)	\$ (194,355)	\$ 33,321

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Statistical Section - Supplemental Information

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

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

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

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

Schedules of Financial Trends Information

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

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

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 6,741,535	\$ 6,644,902	\$ 6,590,600	\$ 6,586,069
Restricted	3,870,885	4,277,160	4,469,039	4,591,514
Unrestricted	4,685,491	4,335,758	4,137,629	4,263,985
Total governmental activities net position	\$ 15,297,911	\$ 15,257,820	\$ 15,197,268	\$ 15,441,568
Business-type activities				
Net investment in capital assets	\$ 3,243,496	\$ 3,735,955	\$ 3,595,599	\$ 3,341,945
Restricted	279,628	-	-	-
Unrestricted	2,240,933	2,156,710	2,169,926	2,411,657
Total business-type activities net position	\$ 5,764,057	\$ 5,892,665	\$ 5,765,525	\$ 5,753,602
Primary Government				
Net investment in capital assets	\$ 9,985,031	\$ 10,380,857	\$ 10,186,199	\$ 9,928,014
Restricted	4,150,513	4,277,160	4,469,039	4,591,514
Unrestricted	6,926,424	6,492,468	6,307,555	6,675,642
Total primary government activities net position	\$ 21,061,968	\$ 21,150,485	\$ 20,962,793	\$ 21,195,170

2013	2014	2015	2016	2017	2018
\$ 7,304,979	\$ 7,101,744	\$ 7,199,435	\$ 7,248,467	\$ 7,776,157	\$ 7,471,268
4,015,421	4,350,523	4,313,043	4,569,676	4,174,483	4,673,236
3,696,741	3,056,789	690,581	860,223	523,370	362,827
<u>\$ 15,017,141</u>	<u>\$ 14,509,056</u>	<u>\$ 12,203,059</u>	<u>\$ 12,678,366</u>	<u>\$ 12,474,010</u>	<u>\$ 12,507,331</u>
\$ 3,111,889	\$ 2,940,647	\$ 2,686,418	\$ 2,550,469	\$ 2,310,729	\$ 2,070,929
-	-	-	-	-	-
2,536,170	2,609,344	2,766,363	2,734,889	2,853,010	3,060,234
<u>\$ 5,648,059</u>	<u>\$ 5,549,991</u>	<u>\$ 5,452,781</u>	<u>\$ 5,285,358</u>	<u>\$ 5,163,739</u>	<u>\$ 5,131,163</u>
\$ 10,416,868	\$ 10,042,391	\$ 9,885,853	\$ 9,798,936	\$ 10,086,886	\$ 9,542,197
4,015,421	4,350,523	4,313,043	4,569,676	4,174,483	4,673,236
6,232,911	5,666,133	3,456,944	3,595,112	3,376,380	3,423,061
<u>\$ 20,665,200</u>	<u>\$ 20,059,047</u>	<u>\$ 17,655,840</u>	<u>\$ 17,963,724</u>	<u>\$ 17,637,749</u>	<u>\$ 17,638,494</u>

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

	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 626,397	\$ 646,309	\$ 632,581	\$ 579,191	\$ 633,246
Public safety - Police	670,902	695,345	872,692	1,010,719	1,011,206
Public safety - Fire	1,999,598	2,086,546	2,211,481	2,278,934	2,152,151
Public safety - Protective inspections	278,272	277,489	277,825	268,300	301,625
Transportation - Public Works	859,168	825,073	809,117	880,690	905,564
Human services	6,722	2,686	10,047	5,383	8,545
Culture and recreation	63,507	62,924	62,617	61,770	60,482
Physical environment	68,468	74,036	82,823	72,674	71,372
Interest	-	-	-	-	-
Total governmental activities expenses	<u>4,573,034</u>	<u>4,670,408</u>	<u>4,959,183</u>	<u>5,157,661</u>	<u>5,144,191</u>
Business-type activities:					
Sewer	794,435	794,932	1,034,150	905,442	983,726
Reclaimed water	171,260	149,743	163,405	174,684	175,529
Total business-type activities expenses	<u>965,695</u>	<u>944,675</u>	<u>1,197,555</u>	<u>1,080,126</u>	<u>1,159,255</u>
Total primary government expenses	<u>\$ 5,538,729</u>	<u>\$ 5,615,083</u>	<u>\$ 6,156,738</u>	<u>\$ 6,237,787</u>	<u>\$ 6,303,446</u>
Program Revenues					
Governmental activities:					
Charges for services	\$ 276,992	\$ 291,302	\$ 818,064	\$ 1,084,571	\$ 1,001,570
Operating grants and contributions	770,101	656,854	670,060	712,569	720,984
Capital grants and contributions	-	172,746	21,735	165,536	-
Total governmental activities program revenues	<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>
Business-type activities:					
Charges for services	1,062,291	1,052,759	1,064,157	1,057,446	1,048,581
Total business-type activities program revenues	<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>
Total primary government program revenues	<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>
Net (Expense)/Revenue					
Governmental activities net expense	\$ (3,525,941)	\$ (3,549,506)	\$ (3,449,324)	\$ (3,194,985)	\$ (3,421,637)
Business-type activities net revenue	96,596	108,084	(133,398)	(22,680)	(110,674)
Total primary government net expense	<u>\$ (3,429,345)</u>	<u>\$ (3,441,422)</u>	<u>\$ (3,582,722)</u>	<u>\$ (3,217,665)</u>	<u>\$ (3,532,311)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Ad valorem	\$ 1,066,677	\$ 1,022,599	\$ 1,014,015	\$ 1,066,851	\$ 642,422
Franchise fees	490,758	507,853	477,513	458,889	439,881
Utility taxes	539,555	606,605	597,352	571,598	595,950
Communication services tax	247,518	227,099	243,932	269,547	244,085
Sales tax - infrastructure	518,829	453,033	416,235	440,385	463,895
Half-cent sales tax	273,144	253,967	260,530	260,555	272,640
Local option gas tax	75,862	75,305	74,272	74,294	75,514
Other taxes	81,487	59,767	60,076	55,801	61,169
State revenue sharing	155,417	155,324	155,245	155,655	156,238
Investment income	99,469	83,035	71,253	58,642	48,316
Change in fair value of investments	(59,395)	42,086	(3,883)	(8,348)	(26,865)
Miscellaneous	22,961	19,742	20,732	35,416	23,965
Deepwater Horizon - BP Oil spill settlement	-	-	-	-	-
Total governmental activities	<u>3,512,282</u>	<u>3,506,415</u>	<u>3,387,272</u>	<u>3,439,285</u>	<u>2,997,210</u>
Business-type activities					
Investment income	19,532	2,303	10	715	540
Change in fair value of investments	(16,814)	18,221	6,248	10,042	4,591
Total business-type activities	<u>2,718</u>	<u>20,524</u>	<u>6,258</u>	<u>10,757</u>	<u>5,131</u>
Total primary government	<u>\$ 3,515,000</u>	<u>\$ 3,526,939</u>	<u>\$ 3,393,530</u>	<u>\$ 3,450,042</u>	<u>\$ 3,002,341</u>
Change in Net Assets					
Governmental activities	\$ (13,659)	\$ (43,091)	\$ (62,052)	\$ 244,300	\$ (424,427)
Business-type activities	99,314	128,608	(127,140)	(11,923)	(105,543)
Total primary government	<u>\$ 85,655</u>	<u>\$ 85,517</u>	<u>\$ (189,192)</u>	<u>\$ 232,377</u>	<u>\$ (529,970)</u>

	2014	2015	2016	2017	2018
\$	666,485	\$ 808,125	\$ 804,196	\$ 840,118	\$ 887,455
	1,022,502	1,023,307	881,550	772,949	786,522
	2,240,521	2,185,829	2,331,312	2,558,760	2,633,364
	331,803	353,270	369,046	369,852	397,196
	895,487	879,520	931,613	926,658	1,014,262
	3,895	5,795	3,286	4,223	10,162
	67,662	72,858	62,198	62,164	54,475
	85,689	90,854	108,423	110,779	156,794
	124	66	2	-	-
	<u>5,314,168</u>	<u>5,419,624</u>	<u>5,491,626</u>	<u>5,645,503</u>	<u>5,940,229</u>
	954,274	991,172	1,027,658	1,082,192	1,025,922
	174,310	179,451	195,261	191,780	212,074
	<u>1,128,584</u>	<u>1,170,623</u>	<u>1,222,919</u>	<u>1,273,972</u>	<u>1,237,996</u>
\$	<u>6,442,752</u>	<u>\$ 6,590,247</u>	<u>\$ 6,714,545</u>	<u>\$ 6,919,475</u>	<u>\$ 7,178,225</u>
\$	835,462	\$ 689,326	\$ 857,705	\$ 397,383	\$ 513,550
	772,767	810,767	730,936	744,612	819,272
	7,742	3,880	200,204	-	-
	<u>1,615,971</u>	<u>1,503,973</u>	<u>1,788,845</u>	<u>1,141,995</u>	<u>1,332,822</u>
	1,031,609	1,065,857	1,046,723	1,133,811	1,166,250
	<u>1,031,609</u>	<u>1,065,857</u>	<u>1,046,723</u>	<u>1,133,811</u>	<u>1,166,250</u>
\$	<u>2,647,580</u>	<u>\$ 2,569,830</u>	<u>\$ 2,835,568</u>	<u>\$ 2,275,806</u>	<u>\$ 2,499,072</u>
\$	(3,698,197)	\$ (3,915,651)	\$ (3,702,781)	\$ (4,503,508)	\$ (4,607,407)
	(96,975)	(104,766)	(176,196)	(140,161)	(71,746)
\$	<u>(3,795,172)</u>	<u>\$ (4,020,417)</u>	<u>\$ (3,878,977)</u>	<u>\$ (4,643,669)</u>	<u>\$ (4,679,153)</u>
\$	712,589	\$ 894,391	\$ 1,570,705	\$ 1,730,425	\$ 1,820,247
	502,227	490,429	467,936	473,192	509,999
	618,039	632,972	648,746	650,481	663,585
	240,254	241,330	231,531	233,979	247,881
	494,915	534,832	563,632	581,267	609,637
	290,685	307,159	319,883	321,020	329,118
	77,058	78,796	81,708	81,739	75,738
	67,357	62,494	64,689	58,273	60,288
	157,524	159,685	160,186	161,033	161,955
	5,471	23,944	23,319	48,881	97,760
	(9,093)	3,231	7,161	8,176	13,951
	33,086	37,694	38,592	52,016	50,569
	-	131,898	-	-	-
	<u>3,190,112</u>	<u>3,598,855</u>	<u>4,178,088</u>	<u>4,400,482</u>	<u>4,640,728</u>
	1,403	7,556	8,773	18,542	39,170
	(2,496)	-	-	-	-
	<u>(1,093)</u>	<u>7,556</u>	<u>8,773</u>	<u>18,542</u>	<u>39,170</u>
\$	<u>3,189,019</u>	<u>\$ 3,606,411</u>	<u>\$ 4,186,861</u>	<u>\$ 4,419,024</u>	<u>\$ 4,679,898</u>
\$	(508,085)	\$ (316,796)	\$ 475,307	\$ (103,026)	\$ 33,321
	(98,068)	(97,210)	(167,423)	(121,619)	(32,576)
\$	<u>(606,153)</u>	<u>\$ (414,006)</u>	<u>\$ 307,884</u>	<u>\$ (224,645)</u>	<u>\$ 745</u>

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

	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 29,366	\$ -	\$ -	\$ -	\$ -
Unreserved	4,026,902	-	-	-	-
Nonspendable	-	43,268	27,766	25,720	26,281
Restricted	-	6,151	4,151	3,151	2,651
Assigned	-	183,205	169,155	680,055	744,110
Unassigned	-	3,520,386	3,453,879	3,021,434	2,493,922
Total general fund	<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>
All Other Governmental Funds					
Reserved	\$ 3,863,734	\$ -	\$ -	\$ -	\$ -
Unreserved					
Capital project fund	758,828	-	-	-	-
Restricted	-	4,271,009	4,464,888	4,588,363	4,012,770
Assigned to:					
Capital improvement projects	-	782,241	675,133	701,527	592,556
Total all other governmental funds	<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>

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.

2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
23,357	26,041	24,403	32,486	38,991
1,651	1,651	1,651	2,651	2,651
754,970	137,095	104,340	160,230	126,280
1,955,827	2,099,926	2,467,165	2,490,642	2,723,043
<u>\$ 2,735,805</u>	<u>\$ 2,264,713</u>	<u>\$ 2,597,559</u>	<u>\$ 2,686,009</u>	<u>\$ 2,890,965</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
4,348,872	4,311,392	4,568,025	4,171,832	4,670,585
472,523	455,073	433,616	387,876	240,878
<u>\$ 4,821,395</u>	<u>\$ 4,766,465</u>	<u>\$ 5,001,641</u>	<u>\$ 4,559,708</u>	<u>\$ 4,911,463</u>

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

	2009	2010	2011	2012
Revenues				
Taxes	\$ 2,344,508	\$ 2,365,656	\$ 2,333,562	\$ 2,366,885
Licenses and permits	257,317	276,742	190,715	181,551
Intergovernmental revenue	1,874,840	1,887,228	1,658,153	1,864,795
Fines and forfeitures	15,215	7,958	621,130	895,869
Interest	99,469	83,036	71,253	58,642
Change in fair value of investments	(59,395)	42,086	(3,883)	(8,348)
Rent	4,300	6,500	5,975	6,875
Miscellaneous revenue	23,121	19,842	20,976	35,692
Total revenues	<u>4,559,375</u>	<u>4,689,048</u>	<u>4,897,881</u>	<u>5,401,961</u>
Expenditures				
General government	586,664	588,213	594,869	547,153
Public safety	2,837,001	2,930,898	3,243,016	3,451,446
Transportation - public works	751,621	710,605	703,806	756,921
Human services	3,750	1,750	8,540	4,088
Culture and recreation	22,542	21,959	21,652	20,805
Physical environment	23,403	26,392	29,288	7,008
Capital outlay	211,484	281,801	307,998	389,262
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>4,436,465</u>	<u>4,561,618</u>	<u>4,909,169</u>	<u>5,176,683</u>
Excess of revenues over (under) expenditures	122,910	127,430	(11,288)	225,278
Other Financing Sources (Uses)				
Proceeds from sale of surplus capital assets	-	-	-	-
Capital lease obligation incurred	-	-	-	-
Deepwater Horizon - BP Oil spill settlement	-	-	-	-
Transfers in	-	210,458	-	-
Transfers out	-	(210,458)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	122,910	127,430	(11,288)	225,278
Fund balances - beginning of year	8,523,215	8,646,125	8,773,555	8,762,267
Fund balances - end of year	<u>\$ 8,646,125</u>	<u>\$ 8,773,555</u>	<u>\$ 8,762,267</u>	<u>\$ 8,987,545</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%

	2013	2014	2015	2016	2017	2018
\$	1,933,588	\$ 2,091,109	\$ 2,272,072	\$ 2,921,293	\$ 3,088,677	\$ 3,246,996
	293,115	355,998	381,410	551,956	360,643	476,897
	1,748,940	1,867,048	1,957,613	2,121,238	1,946,944	2,056,008
	688,842	453,682	288,141	298,600	26,742	21,062
	48,316	5,471	23,944	23,319	48,881	97,760
	(26,865)	(9,093)	3,231	7,161	8,176	13,951
	8,050	6,750	6,093	3,600	8,600	9,950
	25,491	35,118	38,426	39,766	49,114	50,926
	<u>4,719,477</u>	<u>4,806,083</u>	<u>4,970,930</u>	<u>5,966,933</u>	<u>5,537,777</u>	<u>5,973,550</u>
	601,174	642,915	777,213	735,542	736,468	771,751
	3,349,673	3,393,938	3,464,592	3,365,382	3,312,183	3,540,403
	794,919	788,780	759,608	787,372	757,592	754,024
	7,250	2,600	4,500	2,000	4,000	4,000
	19,652	26,851	32,476	24,960	27,577	25,825
	-	-	-	-	14,228	99,233
	1,095,056	270,712	586,334	482,967	1,043,912	221,963
	-	3,315	4,061	686	-	-
	-	124	66	2	-	-
	<u>5,867,724</u>	<u>5,129,235</u>	<u>5,628,850</u>	<u>5,398,911</u>	<u>5,895,960</u>	<u>5,417,199</u>
	(1,148,247)	(323,152)	(657,920)	568,022	(358,183)	556,351
	287	-	-	-	4,700	360
	-	8,062	-	-	-	-
	-	-	131,898	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>287</u>	<u>8,062</u>	<u>131,898</u>	<u>-</u>	<u>4,700</u>	<u>360</u>
	(1,147,960)	(315,090)	(526,022)	568,022	(353,483)	556,711
	8,987,545	7,839,585	7,524,495	6,998,473	7,599,200	7,245,717
\$	<u>7,839,585</u>	<u>\$ 7,524,495</u>	<u>\$ 6,998,473</u>	<u>\$ 7,566,495</u>	<u>\$ 7,245,717</u>	<u>\$ 7,802,428</u>
	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%

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

	2009	2010	2011
Function / Program			
Governmental activities :			
Charges for services			
General government	\$ 88,433	\$ 88,484	\$ 101,182
Public safety - Police	15,215	7,958	621,131
Public safety - Protective inspections	169,044	188,360	89,776
Culture and recreation	4,300	6,500	5,975
Total charges for services	<u>276,992</u>	<u>291,302</u>	<u>818,064</u>
Operating grants and contributions			
Public safety - Fire	765,882	652,831	670,060
Human services	-	-	-
Culture and recreation	-	-	-
Physical environment	4,219	4,023	-
Total operating grants and contributions	<u>770,101</u>	<u>656,854</u>	<u>670,060</u>
Capital grants and contributions			
Public safety - Police	-	6,677	-
Public safety - Fire	-	160,000	-
Culture and recreation	-	4,354	-
Physical environment	-	1,715	21,735
Total capital grants and contributions	<u>-</u>	<u>172,746</u>	<u>21,735</u>
Sub-total governmental activities	<u>1,047,093</u>	<u>1,120,902</u>	<u>1,509,859</u>
Business-type activities:			
Charges for services			
Sewer	875,654	863,487	874,603
Reclaimed water	186,637	189,272	189,554
Total charges for services	<u>1,062,291</u>	<u>1,052,759</u>	<u>1,064,157</u>
Sub-total business-type activities	<u>1,062,291</u>	<u>1,052,759</u>	<u>1,064,157</u>
Total primary government revenues	<u>\$ 2,109,384</u>	<u>\$ 2,173,661</u>	<u>\$ 2,574,016</u>

2012	2013	2014	2015	2016	2017	2018
\$ 84,193	\$ 86,223	\$ 103,963	\$ 105,754	\$ 87,309	\$ 97,102	\$ 105,383
895,870	688,843	453,682	288,141	298,600	26,742	21,062
97,633	218,454	271,067	289,339	468,196	264,939	377,155
6,875	8,050	6,750	6,092	3,600	8,600	9,950
<u>1,084,571</u>	<u>1,001,570</u>	<u>835,462</u>	<u>689,326</u>	<u>857,705</u>	<u>397,383</u>	<u>513,550</u>
712,569	719,484	771,767	810,767	730,936	743,612	813,282
-	-	-	-	-	1,000	-
-	1,500	1,000	-	-	-	5,990
-	-	-	-	-	-	-
<u>712,569</u>	<u>720,984</u>	<u>772,767</u>	<u>810,767</u>	<u>730,936</u>	<u>744,612</u>	<u>819,272</u>
-	-	-	-	-	-	-
-	-	-	-	196,418	-	-
-	-	7,742	3,880	3,786	-	-
165,536	-	-	-	-	-	-
<u>165,536</u>	<u>-</u>	<u>7,742</u>	<u>3,880</u>	<u>200,204</u>	<u>-</u>	<u>-</u>
<u>1,962,676</u>	<u>1,722,554</u>	<u>1,615,971</u>	<u>1,503,973</u>	<u>1,788,845</u>	<u>1,141,995</u>	<u>1,332,822</u>
868,014	859,051	842,519	876,912	857,922	945,215	977,692
189,432	189,530	189,090	188,945	188,801	188,596	188,558
<u>1,057,446</u>	<u>1,048,581</u>	<u>1,031,609</u>	<u>1,065,857</u>	<u>1,046,723</u>	<u>1,133,811</u>	<u>1,166,250</u>
<u>1,057,446</u>	<u>1,048,581</u>	<u>1,031,609</u>	<u>1,065,857</u>	<u>1,046,723</u>	<u>1,133,811</u>	<u>1,166,250</u>
<u>\$ 3,020,122</u>	<u>\$ 2,771,135</u>	<u>\$ 2,647,580</u>	<u>\$ 2,569,830</u>	<u>\$ 2,835,568</u>	<u>\$ 2,275,806</u>	<u>\$ 2,499,072</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 (1)	Franchise Fees	Utility Tax	Communications Service Tax	Total
2018	\$ 1,820,247	\$ 509,999	\$ 663,585	\$ 247,881	\$ 3,241,712
2017	1,730,425	473,192	650,481	233,979	3,088,077
2016	1,570,705	467,936	648,746	231,531	2,918,918
2015	894,391	490,429	632,972	241,330	2,259,122
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

(1) - Ad Valorem revenues for 2009 to 2012 include the collection of Fire District ad valorem taxes. Beginning in 2013 the City no longer received the tax revenues from the Fire District and in 2013 the City repaid \$44,587 of tax revenues incorrectly remitted.

Schedules of Revenue Capacity Information

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

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City of South Pasadena, Florida
 Schedule 7
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

<u>Fiscal Year Ended September 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Governmental Property</u>	<u>Institutional Property</u>	<u>Other Real Property</u>
2018	\$ 604,199,011	\$ 90,577,695	\$ 4,363,171	\$ 53,634,619	\$ 241,263
2017	554,928,355	88,608,662	3,588,527	57,196,449	210,427
2016	519,146,873	84,195,176	3,108,304	36,473,740	209,884
2015	470,490,791	74,575,275	2,999,066	36,606,693	209,236
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

Source:

Pinellas County Property Appraiser

Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 30,317,874	\$ 783,333,633	\$ 202,539,441	\$ 580,794,192	3.2500
30,406,520	734,938,940	184,848,867	550,090,073	3.2500
30,100,445	673,234,422	172,125,048	501,109,374	3.2500
27,467,331	612,348,392	151,684,702	460,663,690	2.0105
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

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
2018	3.2500	5.2755	0.0000	0.0835	5.3590	N/A	4.2610	2.7480	7.0090
2017	3.2500	5.2755	0.0000	0.0622	5.3377	N/A	4.5700	2.7480	7.3180
2016	3.2500	5.2755	0.0000	0.0622	5.3377	N/A	5.0220	2.7480	7.7700
2015	2.0105	5.2755	0.0000	0.0622	5.3377	N/A	5.0930	2.7480	7.8410
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

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	
0.7500	0.9158	0.0150	0.8981	0.3131	N/A	2.1420	18.5100
0.7500	0.9158	0.0150	0.8981	0.3317	N/A	2.1606	18.8163
0.7305	0.9158	0.0160	0.8981	0.3488	N/A	2.1787	19.2669
0.7305	0.9158	0.0160	0.8981	0.3658	N/A	2.1957	18.1154
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

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

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Watermark Boca Ciega Bay Owner LLC / Fountains Property, Inc. - Majestic Towers	\$ 38,674,611	1	6.66%	\$ -	-	-
Waters Pointe Apartments LLC	24,885,806	2	4.28%	-	-	-
Palms of Pasadena Hospital, Inc.	21,828,874	3	3.76%	27,077,380	1	4.94%
W-PT South Pasadena VII LLC / V.V. FL, Inc.	19,010,030	4	3.27%	16,223,800	5	2.96%
Causeway Village MHC LLC	8,997,507	5	1.55%	-	-	-
Bay Pointe Tower Apartments LLC	8,827,500	6	1.52%	-	-	-
Extra Space Properties 113 LLC	7,850,000	7	1.35%	-	-	-
Duke Energy Florida / Progress Energy	7,036,535	8	1.21%	5,626,806	9	1.03%
Bayside Villas Apartments LLC	6,526,415	9	1.12%	-	-	-
Publix Super Markets	5,959,133	10	1.03%	7,050,140	8	1.29%
Sunrise IV Boca Ciega LLC				24,888,000	2	4.54%
Boca Ciega Bay, LLC				18,719,800	3	3.41%
Pasadena Investment Management Partners				17,678,200	4	3.22%
N M E Hospitals Inc. (Pasadena Prof. Medical Bldg)				10,264,200	6	1.87%
Gulfport Marina, LLC				8,365,000	7	1.52%
Denasan LLC				5,000,000	10	0.91%
Total Principal Taxpayers	149,596,411		25.76%	140,893,326		25.68%
All Other Taxpayers	431,197,781		74.24%	407,687,435		74.32%
Total	<u>\$ 580,794,192</u>		<u>100.00%</u>	<u>\$ 548,580,761</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 (1)	Collected within the Fiscal Year of the Levy	
		Amount (1)	Percentage of Levy
2018	\$ 1,887,582	\$ 1,820,247	96.43%
2017	1,787,793	1,730,425	96.79%
2016	1,628,606	1,570,705	96.44%
2015	926,164	894,391	96.57%
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%

Notes:

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

Source:

Pinellas County Property Appraiser

- (1) - The City received Ad Valorem tax revenues from a fire district through 2012. The amount of taxes levied and taxes collected as reported above for 2009 to 2012 do not include the fire district tax revenues.

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Schedules of Debt Capacity Information

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

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

Fiscal Year	Governmental Activities	Business-type Activities	Total Debt	Percentage of Personal Income	Per Capita
	Capital Lease Obligation	State Revolving Loan			
2018	\$ -	\$ -	\$ -	0.00%	\$ -
2017	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2015	686	-	686	0.00%	-
2014	4,747	-	4,747	0.00%	1
2013	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2009	-	594,312	594,312	0.06%	112

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, 2018

<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 Capital Leases (2)	\$ 6,111,013	0.790%	\$ 48,287
Pinellas County Governmental Activities Bonds (2)	9,578,209	0.790%	75,683
Pinellas County School Board (2)	1,197,000	0.790%	9,458
City direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 133,429</u>
Total direct and overlapping debt per capita			<u>\$ 25</u>

Note:

(1) The City's share is calculated based on the ratio of the 2018 City Taxable Value of \$580,794,192 to the County's Taxable Value of \$73,503,171,055.

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

Source:

Pinellas County Property Appraiser
 Pinellas County School Board

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 *
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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

Note:

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

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

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

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Schedules of Demographic and Economic Information

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

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

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2018	5,245	\$ 1,249,843,004	\$ 38,890	70.2	101,824	3.00%
2017	5,317	1,201,817,154	38,718	69.6	103,481	3.50%
2016	5,153	1,153,032,216	36,359	69.5	103,768	4.50%
2015	5,123	1,095,696,663	31,377	69.5	103,391	4.70%
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%

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	2018		2009	
	Employees	Rank	Employees	Rank
Raymond James Financial	4,000	1	2,850	3
Home Shopping Network	2,000	2	1,600	10
Tech Data Corp.	2,000	3	1,800	9
Spectrum	2,000	4	-	-
Fidelity Information Svc.	1,500	5	-	-
Nielsen Media Research	1,500	6	3,560	1
Jabil Circuit Inc.	1,500	7	-	-
Honeywell Aerospace	1,500	8	-	-
Valpak Direct Marketing Systems	1,500	9	-	-
Superior Uniform Group	1,000	10	-	-
Times Publishing Corp.	-	-	3,187	2
Morton Plant Hospital	-	-	2,448	4
Raytheon	-	-	2,200	5
All Children's Health Systems	-	-	2,000	6
Bayfront Medical Center	-	-	2,000	7
Progres Energy Corp.	-	-	1,950	8
	<u>18,500</u>		<u>23,595</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

<u>Function / Program</u>	Full-time Equivalent Employees as of September 30									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government										
Legislative	-	-	-	-	-	-	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	3.0	3.0	3.0	3.0	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	18.0	16.0	15.0	15.0	15.0	15.0	18.0	15.0	16.0	15.0
Fire Inspections	-	-	-	-	-	-	-	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	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Bldg / Parks / Facility Maint.	6.0	6.0	6.0	4.0	5.0	5.0	5.0	6.0	6.0	6.0
Building Permitting / Licensing										
Administration	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Inspectors	0.5	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Code Enforcement	-	-	-	-	-	-	-	-	-	-
	<u>39.5</u>	<u>37.0</u>	<u>36.0</u>	<u>36.0</u>	<u>37.0</u>	<u>36.0</u>	<u>39.0</u>	<u>38.0</u>	<u>39.0</u>	<u>38.0</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Fire										
EMS responses	2,895	2,652	2,540	2,507	2,219	2,023	2,008	2,271	2,164	2,189
Fire dept. responses	503	755	783	702	627	661	626	749	744	601
Water										
New connections	-	-	-	-	-	-	-	-	-	-
Avg. daily consumption (thousands of gallons)	470	480	461	469	478	473	475	483	481	503
Sewer										
Average daily flow (mgd)	0.52	0.52	0.55	0.53	0.51	0.52	0.51	0.51	0.52	0.52

Sources:

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

<u>Function/Program</u>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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 Fire and Public Works Departments

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Other Reports

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

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

The Honorable Max Elson, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wells, Houser & Schatzel, P.A.

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

May 25, 2019

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Max Elson, 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, 2018, and have issued our report thereon dated May 25, 2019.

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 May 25, 2019, 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. and 10.556 (7), require us to apply appropriate procedures and to communicate the results of our determination as to whether or not the City of South Pasadena, Florida 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.b. 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.



Special District Component Units

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

May 25, 2019

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

The Honorable Max Elson, 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 Sections 218.415 and 288.8018, Florida Statutes during the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants 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, 2018.

Wells, Houser & Schatzel, P.A.

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

May 25, 2019



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INDEPENDENT AUDITOR'S REPORT
REGARDING RULES OF THE AUDITOR GENERAL 10.557(3)(n)

To the Honorable Max Elson Mayor
and Members of The Board of Commissioners
City of South Pasadena, Florida

We have audited the financial statements of the City of South Pasadena, Florida (the City) as of and for the year ended September 30, 2018, and have issued our report thereon dated May 25, 2019 which contained an unmodified opinion on those financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues and Expenditures – Deepwater Horizon Oil Spill is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wells, Houser & Schatzel, P.A.

Wells, Houser & Schatzel, P.A.
St. Petersburg, Florida
May 25, 2019

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