

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2018



CITY OF ST. AUGUSTINE, FLORIDA



The Castillo de San Marcos is unique in North American architecture. As the only extant 17th century military construction in the country and the oldest masonry fortress in the United States, it is a prime example of the “bastion system” of fortification, the culmination of hundreds of years of military defense engineering.

The Castillo is also unique for the material used in its construction. It is one of only two fortifications in the world built out of a semi-rare form of limestone called coquina (The other is Fort Matanzas National Monument 14 miles south) The fortress itself is both a product of and evidence to the multitude of forces both political and technological that created the competition for empire during the colonial era. But above all the Castillo is an enduring legacy of the craftsmanship and skill of the engineers, artisans and laborers who built it.

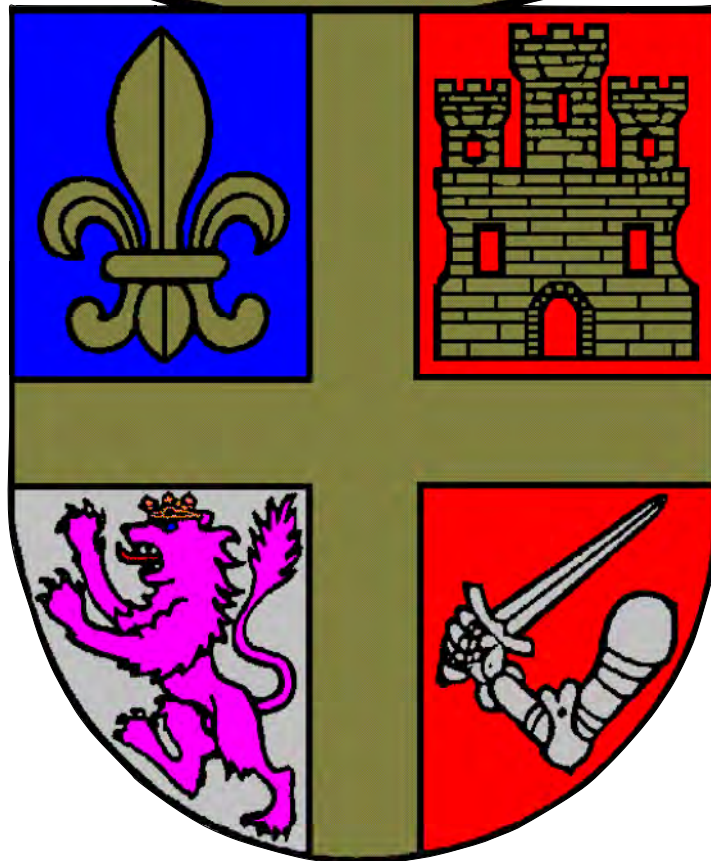
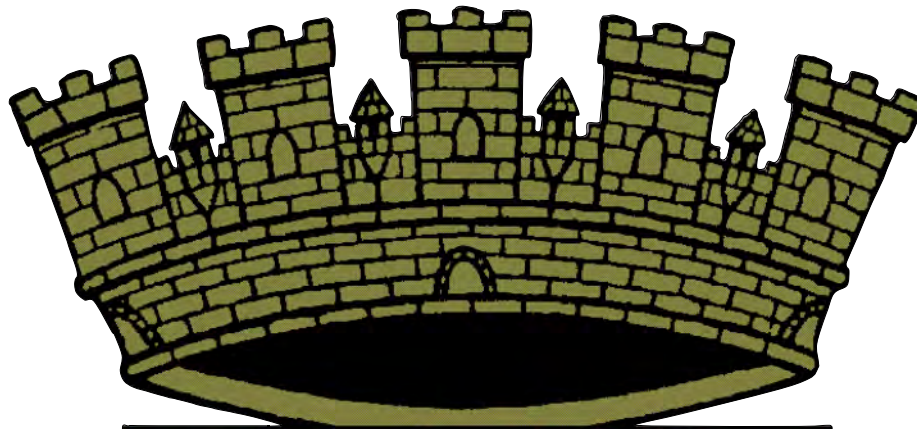
City of St. Augustine, Florida

Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2018

Prepared By:
Financial Services Department

Mark R. Litzinger
Director

L. Carl LaFleur, CPA
Deputy Director



CITY OF ST. AUGUSTINE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2018

TABLE OF CONTENTS

Table of Contents.....	i-iv
------------------------	------

INTRODUCTORY SECTION

Letter of Transmittal.....	1-19
Certificate of Achievement.....	21
Principal City Officials.....	25
Organizational Chart.....	29

FINANCIAL SECTION

Independent Auditors' Report.....	35-37
Management Discussion and Analysis.....	41-56

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position.....	59
Statement of Activities.....	60-61

Fund Financial Statements

Balance Sheet – Governmental Funds.....	62-63
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	64
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	66-67
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	68
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund - Budget and Actual.....	70
Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Fund HACRA - Budget and Actual.....	71
Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Fund LCRA - Budget and Actual.....	72
Statement of Net Position – Proprietary Funds.....	74-77
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	78-79
Statement of Cash Flows – Proprietary Funds.....	80-83
Statement of Net Position – Fiduciary Funds.....	84
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	85

(continued)

TABLE OF CONTENTS

(continued)

FINANCIAL SECTION (continued)

Notes to the Financial Statements.....	86-129
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios	
General Employees' Retirement Systems.....	133
Police Employees' Retirement Systems.....	134
Fire Employees' Retirement Systems.....	135
Schedule fo Changes in the City's Net OPEB Liability and Related Ratios.....	136
Combining Statements	
Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	139
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	140
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	143
Schedule of Expenditures of Federal Awards and State Financial Assistance Notes.....	144

STATISTICAL SECTION

Table of Contents.....	147
Net Position by Component.....	148-149
Change in Net Position.....	150-151
Fund Balances, Governmental Funds.....	152-153
Changes in Fund Balances, Governmental Funds.....	154-155
Total Assessed Valuations and Total Exemptions.....	156-157
Property Tax Rates and Tax Levies, Direct and Overlapping	158
Principal Taxpayers.....	159
Property Tax Levies and Collections.....	160
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	161
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures.....	162
Utility Revenue Bond Coverage	163
Ratios of Outstanding Debt by Type.....	164
Direct and Overlapping Governmental Activities Debt.....	165-166
Computation of Legal Debt Margin.....	167
Summary of Pledged Funds.....	168
Demographic Statistics.....	169
Major Employers in the St. Augustine Area.....	170
Summary of Ten Largest Water Customers	171
Historical Utility Customers and Sales of the System	172-173
Water and Wastewater Treatment Plants Summary of Historical Daily Flows.....	174
Water and Sewer Utilities Historical Rate Structures	175
Building Permit Activity.....	176

(continued)

TABLE OF CONTENTS

(continued)

Property Value, Construction, and Bank Deposits	177
Miscellaneous Statistical Data.....	178-179
Full-Time Equivalent City Employees by Function	180
Operating Indicators by Function.....	181
Capital Asset Statistics by Function.....	182

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	185-186
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes...	187
Independent Auditors' Report On Compliance For Each Major Program and State Project and Report On Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General.....	189-190
Schedule of Findings and Questioned Costs.....	191-192
Management Letter.....	193-195

This Page Intentionally Left Blank

INTRODUCTORY SECTION

This Section Contains the Following:

Letter of Transmittal

Certificate of Achievement

Principal City Officials

Organizational Chart

Letter of Transmittal



1565 – 2015
450 years

City of St. Augustine



St. Augustine, Florida
Nation's Oldest City

City Manager

March 29, 2019

Honorable Mayor and Commissioners
City of St. Augustine, Florida

Mayor and Commissioners:

The Comprehensive Annual Financial Report of the City of St. Augustine, Florida, for the fiscal year ended September 30, 2018, is submitted herewith, pursuant to Florida Statutes Chapter 166.241 (4) and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. This Comprehensive Annual Financial Report was prepared by the staff of the City's Financial Services Department, therefore, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of activity of its various funds, and that all disclosures necessary to enable the readers to gain the maximum understanding of the City's financial activity have been included.

The City is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, 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. The evaluation of this relationship is a responsibility of City management. We believe these controls adequately safeguard City assets, as well as provide reasonable assurance for properly recording transactions.

The independent accounting firm of Masters, Smith & Wisby, P.A., whose report is included herein, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by City management and evaluating the overall financial statement presentation. Based upon the audit, Masters, Smith & Wisby, P.A. concluded there is a reasonable basis for rendering an unmodified opinion that the City's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.

GOVERNMENT PROFILE

Often called the City of the Centuries because of its antiquity, St. Augustine was founded by Spain in 1565 and is the oldest continuously occupied settlement of European origin in what is now the United States. The City was founded 42 years before the arrival of British colonists in Jamestown, 55 years before the Pilgrims landed at Plymouth Rock, and was already two centuries old at the time of the American Revolution.

Four flags have flown over St. Augustine: Spanish, British, Confederate and American. For nearly two centuries (1565-1763), St. Augustine was a Spanish possession. This 200-year period is referred to as the First Spanish Period. Britain obtained possession of Florida and St. Augustine in 1763 for 20 years (1763-1783). This period included the American Revolution and is known as the British Period. Spain regained possession of St. Augustine and the rest of Florida in 1784 and maintained it until Florida became a possession of the United States in 1821; this is known as the second Spanish Period.

Florida, with St. Augustine as the capital of East Florida, maintained its territorial status until 1845 when it was admitted to the United States as the 27th state. St. Augustine was briefly under the Confederate flag when Florida seceded from the Union in 1861, but the City was captured by Union forces early during the War Between the States and was occupied during most of the hostilities.

During its earliest years, St. Augustine was a collection of palm thatch huts. These gave way to board-sided houses with thatched roofs in the 17th century. After the town was burned in 1702 during an attack by Carolinians, the populace erected temporary straw or thatch shelters until they could build with more permanent materials such as tabby, the colonial equivalent of modern concrete, or coquina, a native shell stone quarried on Anastasia Island across the Matanzas River.

Many of the City's colonial structures have been carefully preserved and restored, and there is a continuing program to restore and reconstruct other buildings on their original foundations. Historic sites, buildings, and St. Augustine's old-world charm are found throughout the colonial City. A number of groups, both private and governmental, have and continue to pursue active roles in the restoration, preservation, and interpretation of St. Augustine's history.

Today, the City of St. Augustine is a full-service municipality located within the boundaries of St. Johns County. The City derives its government authority from a charter granted by the legislature of the State of Florida. The City operates under a City Manager form of government. Five commission members, including the mayor, are elected at-large on a non-partisan basis. Four of the seats are staggered four-year terms with the mayor's seat elected every two years. The City Commission appoints the City Manager who directs the business of the City and its

various departments. The City Commission determines policy, adopts legislation, approves the budget, sets taxes, and appoints the City Attorney, the City Clerk, and members of various boards and committees.

The City budget process begins in March and concludes in September with two public hearings. The budgets are prepared by each department and submitted to the budget committee for review. The budgets are then balanced and approved by the legal governing body. The General Fund, Special Revenue Fund and all Proprietary Funds have legally adopted annual budgets. The legal level of budgetary control is at the fund level without approval of the governing body. Actual spending, however, can exceed the appropriated amount of the fund to the extent revenues exceed the fund's budget.

ECONOMIC CONDITIONS AND OUTLOOK

The City of St. Augustine is located within St. Johns County on the northeast coast of Florida. The City's limited economy is concentrated in tourism, although major employers provide some diversification and security. Flagler College, a four-year liberal arts college, the State Headquarters of the Florida National Guard, and the Florida State School for the Deaf and the Blind contribute greatly to a stable economy.

Founded by the Spanish 453 years ago, St. Augustine's historical and resort attractions draw millions of visitors every year. Tourism is responsible for more than \$1.1 billion annually and 22,000 jobs for St. Johns County. It is estimated nearly 9.6 million tourists visit St. Johns County annually with St. Augustine being the principal destination. St. Johns County estimates that just less than half of these people visit and return home the same day. This type of tourism, short-term and daily visitors, is less affected by downturns in the economy, and has even seen an increase as people avoid popular high-priced venues.

As predicted, the City's ad valorem tax revenues increased in fiscal year 2018. The growth has been due to new construction and renovation activity. For 2018 the City's total taxable value increased to \$1,604,018,333. This represents the total taxable value for the 2019 budget year and results in ad valorem revenue of approximately \$11,426,000.

MAJOR INITIATIVES/PROGRAMS

Management's purpose is to continue to provide the same or an improved level of service while managing future growth through sound fiscal management and being cognizant of limited resources. The City is very fortunate to continue experiencing substantial growth in both development and tourism within the local economy. The City's challenge now is managing the growth in a way that promotes a successful economic environment and protects the quality of life for the community.

Strategic Planning

The City continues to integrate its strategic planning initiative at every organizational level to guide and implement planning and resource allocation that is engrained in community engagement, broad transparency, and measured results. After completing a community-wide visioning exercise to update the City's Vision Plan, the Commission developed a strategic action plan that reflected the community's priorities to be incorporated into the City's budget process and business plan. The strategic plan is updated annually.

The City completed two years of the National Citizen Survey and is currently working on a third. These results are used to review the Strategic Plan prior to the budget process and proposed business plan. Our most recent Citizen Survey indicated that 86% of respondents felt the overall quality of life in St. Augustine was good or excellent.

Fiscal Management

The City continues to conduct financial reviews and policy adoptions that show the City's commitment to the highest level of fiscal management. The City has developed a long-term revenue forecasting model for the General Fund that identifies anticipated future revenue to forecast with five years of predicted expenditures for operations and capital outlays. This five year budget has enabled the Commission to make decisions and establish policies that impact the City beyond the next fiscal year.

The City's current bond ratings are favorable. Our current S&P ratings range from AA to A+. Our current Moody's ratings are Aa3 for both Capital Improvement Refunding Revenue Bonds. In layman's terms, these are excellent credit ratings that have been achieved by a hard fought, long-term commitment to raise the City's credit rating. This was made possible by a commitment from elected officials, management and all departments, with outstanding leadership by our Finance team. S&P's most recent report highlighted the strength of the City's management as follows:

The City's good Financial Management Assessment (FMA) incorporates our view of the City's:

- *Employment of conservative budgeting practices and assumptions, incorporating historical trend analysis, third-party consultants, and revenue and capital expenditure forecasts (the City has also hired a budgeting and performance management director to align budgets with performance-based metrics, which we view positively);*
- *Strong budgetary monitoring, including the regular review of revenue and expenditures and the monthly reporting of budget-to-actual results to the City commission;*
- *Multiyear revenue projections across all revenue sources, to provide insights for budgetary decisions;*

City of St. Augustine, Florida
Letter of Transmittal

- *Maintenance of a five-year capital plan that includes funding sources and is updated annually;*
- *Adoption of the state's investment and cash management policies; and*
- *Local emergency reserve policy, which stipulates that the general fund shall maintain committed reserves equal to four months of budgeted revenue and that other funds shall maintain reserves equal to three months of revenue.*

Hurricane Recovery

The City was affected by two hurricanes in Fiscal Year 2017. Hurricane Matthew arrived in October 2016 and Hurricane Irma arrived in September 2017. These storms caused major flooding and other property damage to City residents and to the City's infrastructure. Hurricane Matthew caused approximately \$11 million in damage to the City's sewer lift stations, the Marina, and other structures. Another \$2.5 million was spent on debris removal and emergency protective measures during and immediately following the storm. Hurricane Irma again caused flooding and other structural damage to residents and infrastructure. Damage to our lift stations and the Marina occurred again as well as debris pickup and emergency protective measures totaling approximately \$6.5 million. These damages have been submitted to FEMA and the State of Florida, and we are working through the process to receive reimbursement. To date, \$2.6 million has been received, but the process is a long one and it could be years before all reimbursements come through. The Solid Waste fund and Marina fund have seen the largest impact from storm expenses, and staff continuously monitors both operating cash and reserves to ensure the health of the funds. Both funds currently have either internal or external loans in place until reimbursements are received. The General fund has maintained its required reserve balance of four months of operating revenue, and all other funds, other than the Solid Waste and the Marina, have maintained the required reserve balance of three months of operating revenue.

Police Department Accreditation

The City of St. Augustine Police Department is currently in the process of completing accreditation through the Florida Police Accreditation Coalition. During the 2017 Fiscal Year, the St. Augustine Police Department completed an assessment to determine the needs and readiness of the agency and the City of St. Augustine. Four major points were identified during the assessment to successfully achieve the accreditation: the need for an accreditation manager, acquiring the proper software (PowerDMS), completing an on-site inspection by accreditation officials, and becoming a member of the FLA-PAC website. Three of the four major points were addressed during the 2018 Fiscal Year. The Accreditation Manager position was approved for the Fiscal Year 2019 budget, PowerDMS was purchased and implemented, and the Police Department is now a member of the FLA-PAC. The on-site inspection will not be requested until the Police Department feels ready for full certification.

Public Affairs

The work of the Public Affairs Department can be divided into three general areas: Constituency Engagement, Event Management, and Arts and Cultural Enhancement.

Constituency Engagement includes not only providing timely and useful information to the community on topics related to City services, programs, and activities, but also to encourage the public to participate in opportunities in which their input may be considered by their government.

In Fiscal Year 2017-2018, the Public Affairs Department distributed 155 media releases, posted 107 home page stories at www.CityStAug.com, assisted in the creation of and publication of 17 informational videos, increased subscribers of its weekly e-newsletter, News & Notes, by 37% to 1,937, produced 50 episodes of The Break Room, a weekly public affairs radio program, and grew its social media presence across all platforms.

On Facebook, the City increased its presence by the following: CityStAug by 39% to 6,792, CityStAugFire by 26% to 5,848 and CityStAugMarina by 23% to 1,007. On Twitter, CityStAug grew by 52% to 1,720. On Instagram CityStAug grew by 73% to 1,098. The City also began using NextDoor reaching 2,228 residents in 23 neighborhoods.

Event Management includes both managing events produced by the City including numerous smaller ceremonies such as ribbon cuttings and award presentations, as well as working with all private organizations producing events on public property or within the City's rights-of-ways.

In Fiscal Year 2017-2018, the Public Affairs Department:

- Strengthened management of non-City produced events by mandating that organizers meet with the Events Review Committee
- Initiated comprehensive update of Event Guidelines
- Secured adoption of resolution by Commission for greater restrictions on the time and place for events including Francis Field, Plaza de la Constitución and rights-of-way.
- Produced numerous events for the City including ribbon cutting ceremonies for Davis Shores Tide Check Valves Project and Bayfront Connectivity Project; the dedication of Let Freedom Ring Chimes project; presentation of Order of La Florida Award, Adelaide Sanchez Award, and annual Citizenship Awards; multi-event program for City Government Week; and annual Arbor Day Ceremony

Arts and Cultural Enhancement includes producing the City's two of the largest single day events, Light-Up! Night, the kickoff to the annual 10-week long Nights of Lights, and Fireworks Over The Matanzas on July 4th.

Additionally, the City produced the 28th season of one of the community's longest running free concert series, Concerts in the Plaza, a weekly musical series held in the Gazebo of the Plaza de la Constitución, which has been held continuously each summer since 1990.

Land Development Code Updates and Revisions

The Planning and Building Department continues to process updates to the Land Development Code as well as annexations, rezoning, and amendments to the Future Land Use Map of the Comprehensive Plan. The statutorily required "Perils of Flooding" comprehensive plan element has been completed.

The Department has finished the update to the Anastasia Boulevard Design Standards (September 2017), which regulates the appearance of new development. The San Marco Avenue Design Standards update has begun and will receive final approval in the spring 2018. The update to the King Street Design Standards will follow immediately afterward.

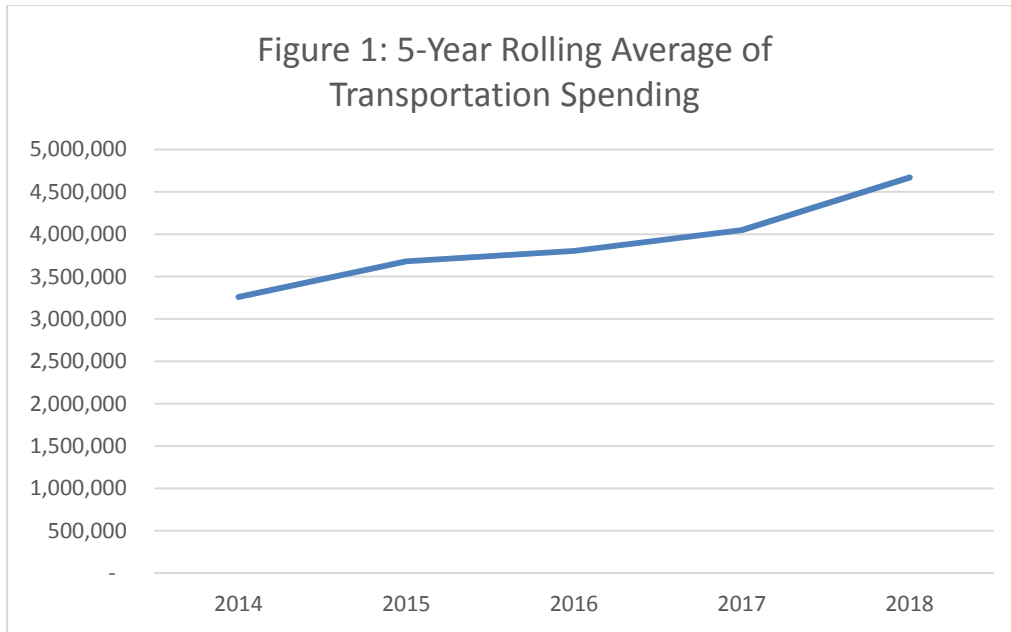
The Evaluation and Appraisal Report (EAR), a statutorily required review and update of the City's Comprehensive Plan 2030, began in January 2018 and is expected to be completed in fiscal year 2018. This will result in potential changes and updates for a newly adopted Comprehensive Plan 2040, which is anticipated to begin in 2019.

Historic Preservation Master Plan

The Planning and Building Department has recently completed a Historic Preservation Master Plan. In the past, the City relied on the Historic Preservation Element of the Comprehensive Plan, the Land Development Code, and the Architectural Guidelines for Historic Preservation to regulate new development and conduct demolition review for historic properties and sites in the City. The Historic Preservation Master Plan is a comprehensive document that sets the City's historic preservation priorities and establishes goals for historic preservation.

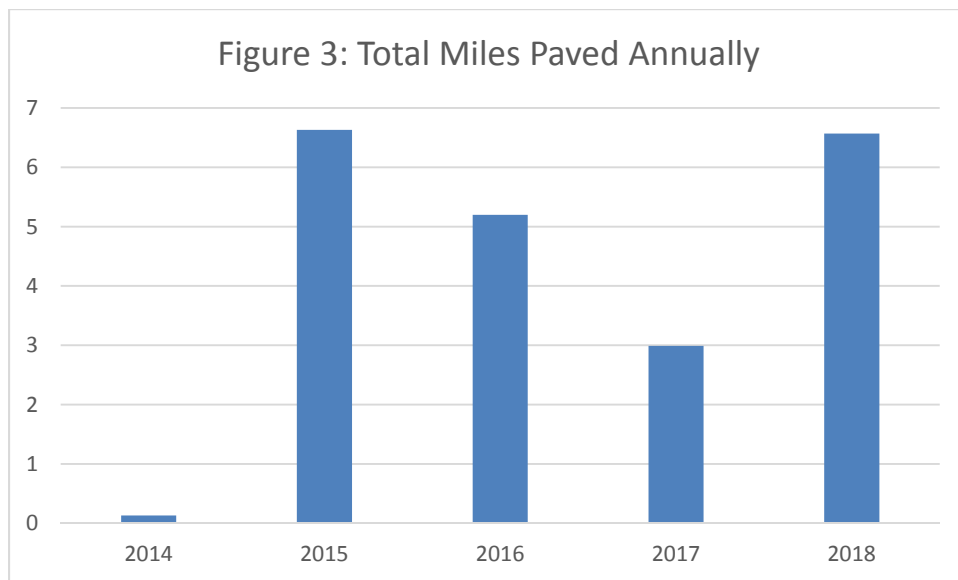
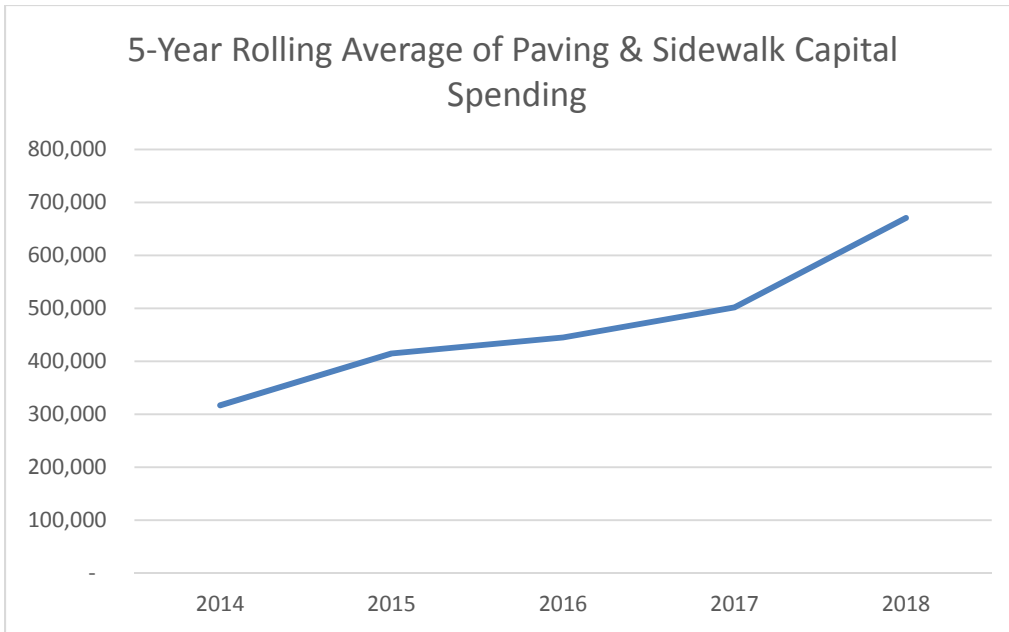
Transportation and Mobility Planning

One of our top strategic planning priorities is to address transportation initiatives that improve mobility. The City's commitment is evident by the long-term trend of increased expenditures on transportation projects and programs. This trend is shown in *Figure 1: 5-Year Rolling Average of Transportation Spending*.



Street Paving

In 2014, the City adopted a pavement management system, assessing the condition and assigning a rating to all City streets. Utilizing objective criteria upon which to prioritize spending will assure the best utilization of pavement maintenance dollars. Engineering staff work closely in coordinating utilities and streets operations so as to effectively plan and program roadway rehabilitation. *Figure 2: 5-Year Rolling Average of Paving & Sidewalk Capital Spending* shows the investment has increased as the City recovered from the recession and the City Commission’s prioritization of infrastructure improvements as outlined in the strategic plan. In 2018, the City resurfaced close to 6.4 miles, and since 2014 the pavement condition index (PCI) has risen from 69 to 75. *Figure 3: Total Miles Paved Annually*, shows this increased priority of paving.



Transportation and Mobility Planning

One of our top strategic planning priorities is to address transportation initiatives that improve mobility. The City’s commitment is evident by the long-term trend of increased expenditures on transportation projects and programs. This trend is shown in *Figure 1: 5-Year Rolling Average of Transportation Spending*.

Mobility Planning

The City hosts millions of visitors a year. The success of the tourism has strained the transportation and parking systems in the City. The number one strategic initiative resulting from the “Visioning 2014 and Beyond” study was to improve mobility. In an effort to ease congestion and parking stress, the City has embarked on a phased master plan that included the completion of a Mobility Framework in 2016, a pedestrian and bicycle safety assessment in 2017, a parking study in 2017 and a street network analysis in 2018. Currently, the City is working on a Complete Street Master Plan for King Street (one of the City’s entry corridors), and a statutorily compliant mobility plan that will be incorporated in the City’s Comprehensive Plan Update. The adoption of the mobility plan in the Comprehensive Plan will provide long range guiding principles on the development of the City’s mobility initiatives.

While the Mobility Plan continues to evolve, the City is concurrently implementing several of the derived Mobility Improvements. A shuttle system for transporting visitors from satellite parking lots to the City’s Visitor Information Center is in its third year. It was implemented during the 4th of July weekend in 2016, on Saturdays during the Nights of Lights season, and during events in the spring. As the shuttle system progresses, it is intensely monitored and improved. Ridership increased by 42% from the spring of 2017 to the spring of 2018. Ridership in 2019 is anticipated to maintain approximately the same levels as 2018.

This year also included the reorganization of City divisions under a newly formed Mobility Department. The Mobility Department now houses the parking division, garage division, traffic operations, traffic calming and speed management initiatives, park and ride operations, bike share operations, and mobility planning. The reorganization’s purpose is to integrate divisions involved with mobility strategy under one department so that policies can be established and implemented in an efficient and organized manner.

Smart Parking and Freight Loading Zone Management Study

Maintaining commerce in a congested, historic City presents its challenges to keep businesses and restaurants well provisioned with goods and supplies. Handling and managing the amount of deliveries is a challenge.

In 2015, a Truck Parking Management Plan was prepared by the North Florida Transportation Planning Organization, and the City is working on implementing its recommendations. Initiatives include modifications to City parking lots, such as the Tolomato Lot, for construction of additional freight delivery parking.

All Loading Zones throughout the City have been inventoried and are being improved as budget and time allows. Truck routes have been developed and are being improved. The City has selected parking vendors and launched a smart parking system for the City’s on street and off street parking lots. New services have been deployed such as a mobile pay application to pay for

parking and a new parking management platform that creates a real-time parking enforcement environment and allows for parking citations to be paid online. This upcoming year the City will be overhauling the parking garage's access management system and integrating it into the on street and off street parking system to create a fully integrated parking system. The City will also be creating digital permits that can be managed and issued through the newly deployed parking management system.

San Marco Intersection

In May 2015, the City reached a settlement agreement with the property owner at the corner of May Street and San Marco Avenue with the City agreeing to purchase the property. The intent of the City's purchase was to use the property for improving traffic congestion at this major intersection. Being that both streets are owned by the Florida Department of Transportation (FDOT), the City and state worked together during the course of several months to conceptually design a solution that was both effective for moving traffic and accommodating growth while simultaneously being acceptable to the community.

Five different scenarios were examined. Alternative 5, which is sometimes referred as a signalized roundabout, was ultimately selected and approved by the City Commission in December 2015. Alternative 5 significantly reduced the queue length for May Street across a 20-year design horizon. The FDOT began construction of the preferred design in the fall of 2017. The project is still under construction and expected to be open to traffic sometime in 2019.

Other City Projects

Utility Rates

New utility rates were implemented in 2016, as the first year of a five-year rate plan, incorporating a tiered/block rate structure in an effort to aid in water conservation. This offered a lower base rate and a reduction in surcharges for services provided outside the City. The new rate analysis and subsequently adopted rates combined a revenue sufficiency analysis, 10-year capital improvement plan outlook, and analysis of the utility connection fees. The adopted rate structure is approved through 2020, which will provide revenue stability and reliability. The rates were re-assessed in 2018 and the previous rate increases were recommended to be maintained through 2020. Proposed rates for 2021 through 2028 were also recommended.

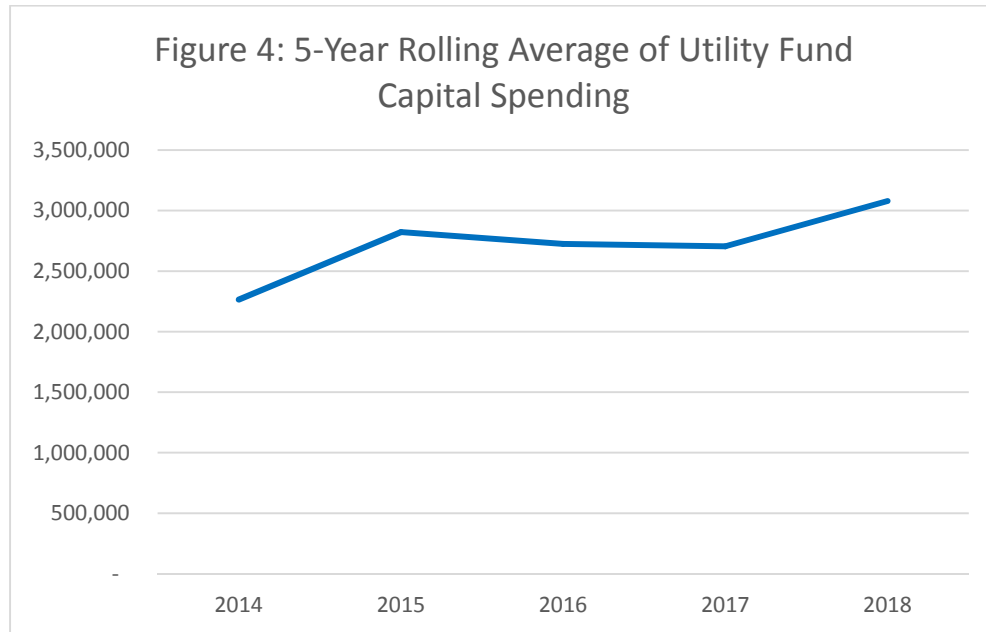
Utility Capital Improvements

A major water and sewer construction project currently underway, Charlotte Street utility replacements and brick street refurbishment, was delayed for archaeology investigations and is scheduled to be completed in 2019. Projects completed in 2018 included San Marco Avenue and Fullerwood watermain replacements. North City watermain replacement is currently underway and expected to be completed in 2019.

City of St. Augustine, Florida
Letter of Transmittal

Lift station maintenance, to include improved motor controls and communications, continues to be a high priority as well as slip-lining aging sewers to significantly extend the system's lifespan.

Another top priority of the strategic plan, the 10-year Capital Improvement Plan, and the 5-year Utility Rate Plan is to increase capital spending in order to improve our water and wastewater infrastructure. This improves system reliability, resiliency, and customer service. The financial trend of this long-term approach to addressing infrastructure needs is shown in *Figure 4: 5-Year Rolling Average of Utility Fund Capital Spending*.



The City is utilizing operating funding to manage smaller projects that help improve the maintenance and operability of the system. Projects include hydrant maintenance and flushing, valve assessment and exercising, and unidirectional flushing. These projects will improve the reliability of the system and keep the system flushed, reducing occurrences of sediment or discoloration in the distribution system.

Significant efforts continue to reduce the amount of inflow and infiltration into the sanitary sewer system. Sewer cleaning, inspection, sewer and manhole lining, and general sewer maintenance continue to be a high priority as well as upgrading the sewer pumping stations (lift stations). The City experienced two hurricanes within fiscal year 2017 and resulted in more than 13 pumping stations damaged by the hurricanes and sanitary sewer overflows. The City has developed a master plan to upgrade pump stations within the flood zone to improve resiliency in the event of future flooding. This work is eligible for Public Assistance (PA) funding from Federal Emergency Management Agency (FEMA) for replacement of the damaged pump

stations. Design for these 13 stations began in fiscal year 2017, continued in 2018, with construction expected to begin in fiscal year 2019.

Meter Upgrades and Water Conservation

A feasibility study completed in 2014/2015 concluded 50% of the meters were greater than 15 years old with 19 different manufacturers represented in the meter inventory. With growing concerns over inefficiencies, increasing labor costs and opportunities for improvement in water conservation and customer service, the City partnered with the St. Johns River Water Management District (SJRWMD) to conduct a pilot project using funding assistance through a cost-share grant to upgrade manual, visually read water meters to automatic water meter readers. The pilot project (775 meters) was completed in 2016. Phase 1 (2,700 meters) of the meter replacement project funded by State Revolving Loan Fund (SRF) commenced in 2017. Phase 2 (2,400 meters) was completed in 2018. Phase 3 (2,500 meters) meters have been ordered and are scheduled for installation in 2019.

Connectivity Project

The City, in conjunction with the St. Augustine Port, Waterway & Beach District (SAPWBD) and the Florida Inland Navigation District (FIND), has been working on a multiple year project of connecting the sidewalk from the Bridge of Lions to the new seawall starting at the former Santa Maria restaurant. This project not only improved pedestrian mobility, but also will now provide a stop gap where water use to flood our streets. This side walk is 3 feet higher than what was existing before the start of the project.

City Fire Boat

The City, in conjunction with the St. Augustine Port, Waterway & Beach District (SAPWBD) and t (FIND), purchased a new Fire Boat. Both FIND and the SAWBD contributed \$60,000 and the City contributed another \$60,000. To date this new boat has responded to multiple calls on our City waterway.

Salt Run Dredging

The City has secured grant funding from FIND totaling \$200,000 and \$50,000 from the SAPWBD for phase 10 of our Salt Run maintenance dredging. The City anticipates that it will begin dredging the spring of 2019 utilizing funds secured in fiscal year 2016-17 and fiscal year 2017-18.

City Buildings and Historic Features

The City has also completed or is working toward completing several brick and mortar projects within the City: We installed 3 new flag poles in North City and 1 at the Casa Monica, repaired

the fishing pier from hurricane damage at the Lighthouse boat ramp, installed a new generator at Fire station #2, and re-epoxied the floors at the Fleet compound.

Stormwater

The stormwater system remains on the forefront of major infrastructure issues for the City. With two hurricanes (Matthew and Irma), building resiliency and adaptability into the City's stormwater program has become one of the top issues facing the Public Works Department and the City. The City was awarded a cost-share partnership with the SJRWMD for three flood control/stormwater quality improvement projects in 2017: South Dixie Highway box culvert replacement (completed in 2018), Tide-Check valves for Davis Shores (18 valves installed in 2018), and Lincolnville Stormwater improvements (Phase 1 under construction in 2018, Phase 2 - 100% design phase completed in fiscal year 2018).

The City was awarded additional cost-share dollars in fiscal year 2018 from SJRWMD for flood control project for tide check valves at the Macaris Street Stormwater Outfall. The City is scheduled to complete its Master Stormwater Outfall Resiliency Retrofit Plan in 2019 to prioritize the remaining 80+ stormwater outfalls for tide check valve retrofits within the City. Additionally, for fiscal year 2019 the City has been awarded funding from the Department of Economic Opportunity through the Community Development Block Grant Program for additional flood control/stormwater quality improvement projects in Lincolnville. Furthermore, for fiscal year 2019, the City has been awarded cost-share funding from FEMA through its Hazard Mitigation Grant Program (HMGP) for two projects to begin Phase 1 (design and permitting): the Lake Maria Sanchez Flood Mitigation and Drainage Improvement project and the South Whitney and West King Street Flood Mitigation and Drainage Improvement project.

The City has participated in numerous workshops and training sessions related to sea level rise and is positioning for planning initiatives and technical understanding of these issues to help guide future decision-making on these issues.

ECONOMIC DEVELOPMENT

Historic Downtown

A major redevelopment of the site at 1 St. George Street, a critical area at the City Gate, with three new commercial buildings, and the rehabilitation of the historic Mill Top Tavern are underway and anticipated to be completed by fiscal year 2019.

Marriott Renaissance – The San Marco Hotel

A new Marriott Renaissance is under construction. This is an 89 room full-service luxury hotel at the intersection of San Marco Avenue and Castillo Drive, north of the Visitor Information Center, and directly adjacent to the Historic Downtown Parking Facility. This redevelopment

eliminated three outdated commercial buildings at the entrance to the Historic District and provide an additional hotel experience for St. Augustine visitors.

Lincolnton Development Activity

The Lincolnton Community Redevelopment Area (LCRA) has been established, and the St. Augustine Community Redevelopment Agency (CRA) has budgeted for various aspects of community redevelopment for this fiscal year. This includes the popular “fix-it-up” program, a partnership with the St. Johns Housing Partnership, to rehabilitate distressed homes for qualified individuals in the neighborhood. A new program to rehabilitate distressed historic churches and institutional properties has also been funded. Property values are increasing in Lincolnton with the construction of new homes and renovation of older ones. This neighborhood is experiencing dynamic positive change as properties are being refurbished and transformed.

Anastasia Island

Business growth on this corridor continues to be very active with construction of a new La Quinta Inn to be completed in fiscal year 2019. This project represents some of the ongoing growth and redevelopment patterns of Anastasia Boulevard, which is anticipated to continue. In support of this, the City updated the Anastasia Boulevard Design Standards.

San Marco Avenue and King Street Corridors

Along San Marco Avenue, the continued rehabilitation of the City-owned Waterworks Building and the construction of a new Comfort Suites hotel are underway. Two new hotels have also been approved and permitted along the King Street corridor. The sites are being prepared for construction. Flagler College has a new 150-bed dormitory and a 520-space parking garage on the corner of King Street and Malaga Street that was completed in fall 2017. Business growth is evident on the west side of King Street with the new Bog Street Brewery and Bakersville Bread Company.

Antigua at St. Augustine

The Antigua at St. Augustine development includes a high-end apartment development with 200 units, which is under construction, and a townhouse and single family home development with 165 units, which is also under construction. Docks and viewing platforms have been constructed along the north side of the development for residential access to the water. A public access walkway is also planned for the apartment site. These developments will continue through the fiscal year 2019.

Plantation Island Drive South (PIDS)

This commercial corridor on Anastasia Island continues to develop with mixed office and retail services such as a pharmacy, banking, and medical offices.

U.S. 1/Lewis Speedway

A new Budget Suites hotel was recently approved by the Historic Architectural Review Board on N. Ponce de Leon Boulevard.

Flagler Crossing

Flagler Crossing is located on the west side of U.S. 1 North and south of the St. Johns County Government complex. This project is fully entitled to a Planned Unit Development for 107 marsh front, single family homes. The project infrastructure is partially complete.

The Landing

The Landing is a multifamily development of 585 apartments, located on the west side of U.S.1 North, south of the St. Johns County Government courthouse complex. The first phase is completed and the final phase will soon be under construction.

Madeira

Madeira is a fully entitled 750-unit residential development with companion commercial development and a future 11-acre public park along the east side of U.S. 1 North. This project is currently under construction in Phase 1. The civil engineering plans for Phase 2 have been submitted and are being approved for the infrastructure and final subdivision plat.

CHALLENGES AND CONCERNS

As the City addresses the need for improved services, it is important that we identify the challenges which will face the community in future years.

Budget and Growth Concerns

The rapid growth, as seen by an increase in permitting and interest in development, is straining current resources of the City. The revenue associated with the growth lags behind required services. The increase in tourism, although healthy for the economy, requires additional resources to successfully manage the increase in visitors while protecting the community's quality of life. We continue to face the challenge of providing a sufficient workforce that can respond to and meet the needs of increasing demand for external and internal services, as they are specifically related to community growth, increased tourism, and City staffing requirements.

Utility and Stormwater Infrastructure

Development continued to grow through fiscal year 2018 for new connections and the re-start of dormant projects. Demand for services and revenue continues to grow, placing burdens on limited staff resources. After years of aggressively attacking water line replacements, the City is preparing to move into a capital plan focused on the sewer system and its infrastructure to improve its reliability and resiliency to flooding.

Proposed Legislation and Potential for Negative Financial Impacts

The City continues to monitor proposed legislation that has a high potential for negative financial impacts on current operations. These proposed financial threats to local government are coupled with less federal and state monies being available through grants and other programs that have traditionally helped fund items related to historic preservation, environmental preservation, and public safety. Local government is not designed to maintain these categories financially on a large scale without supplemental funding.

Vehicular Congestion

The City's mobility initiative is a comprehensive approach that will result in long-term improvements in transportation management for our community. However, understanding the extent of the planning process and the development of long-term comprehensive mobility solutions will require effective communication to reassure the community that demonstrable and measurable mobility improvements are the highest priority on the agenda.

MANAGEMENT DISCUSSION AND ANALYSIS

Included in the Financial Section of this Comprehensive Annual Financial Report is the Management Discussion and Analysis. This section provides a broad overview and analysis of the City's activities and should be used in conjunction with the Letter of Transmittal.

DEBT ADMINISTRATION

The City does not have any outstanding property tax supported debt. Each of the proprietary debt issues are considered to be self-supporting because revenues derived from operations provide for the debt requirements on an annual basis. A summary of outstanding bond issues and long-term notes payable as of September 30, 2018, for the City are as follows:

City of St. Augustine, Florida
 Letter of Transmittal

Outstanding Bond Issue	Balance
Taxable Capital Improvement Revenue Note, Series 2018	\$ 3,420,000
Drinking Water Revolving Fund Loan, DW 550410	4,025,754
Capital Improvement Refunding Revenue Bonds, Series 2017	18,270,000
Water and Sewer Refunding Bonds, Series 2016	2,760,000
Water and Sewer Refunding Bonds, Series 2013	18,760,000
Fire Truck Purchase, 2013	46,283
Water and Sewer Refunding Bonds, Series 2012	8,290,000
Capital Improvement Bonds, Series 2011B	6,735,000
Total Outstanding Debt	<u><u>\$ 62,307,037</u></u>

The table below shows the City's debt service coverage for the Utility Fund for the year ended September 30, 2018.

Fiscal Year Ended	Gross Revenue	Operating Expenses	Net Revenue	Debt Service Requirements	Debt Service Coverage
2018	18,352,802	9,919,485	8,433,317	5,070,488	1.67

REPORTING 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 St. Augustine, Florida, for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. This is the 26th 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.

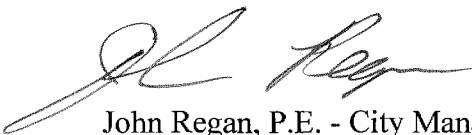
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The presentation of this report, in a timely manner, was accomplished with the efficient and dedicated service of the City of St. Augustine's Finance, Budget and Management Department, and the CPA firm of Masters, Smith & Wisby, P.A.

We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would also like to thank the Mayor and the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



John Regan, P.E. - City Manager

This Page Intentionally Left Blank



Government Finance Officers Association

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

Presented to

**City of St. Augustine
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

This Page Intentionally Left Blank

Principal City Officials

CITY OF ST. AUGUSTINE, FLORIDA
Principal City Officials
September 30, 2018

City Commission

Mayor-Commissioner.....Nancy Shaver
Vice Mayor-Commissioner..... Todd Neville
Commissioner.....Nancy Sikes-Kline
Commissioner.....Leanna Freeman
Commissioner.....Roxanne Horvath

City Staff

City Manager.....John Regan
City Attorney.....Isabelle Lopez
City Clerk.....Darlene Galambos
Assistant City Manager.....,..... Timothy Burchfield
Director, Financial Services.....Mark Litzinger
Director, Budget & Performance Management Meredith Breidenstein
Police Chief.....Barry Fox
Fire Chief.....Carlos Aviles
Director, General Services.....James Piggott
Director, Planning & Building.....David Birchim
Director, Public Affairs.....Paul Williamson
Director, Public Works.....Mike Cullum

City Boards & Committees

Civil Service Board
Code Enforcement, Adjustments & Appeals Board
Firefighters' Retirement Board of Trustees
General Employees' Retirement Board
Historic Architectural Review Board (HARB)
Parking & Traffic Committee
Planning & Zoning Board (PZB)
Police Officers' Retirement Board
Street Tree Advisory Committee (STAC)

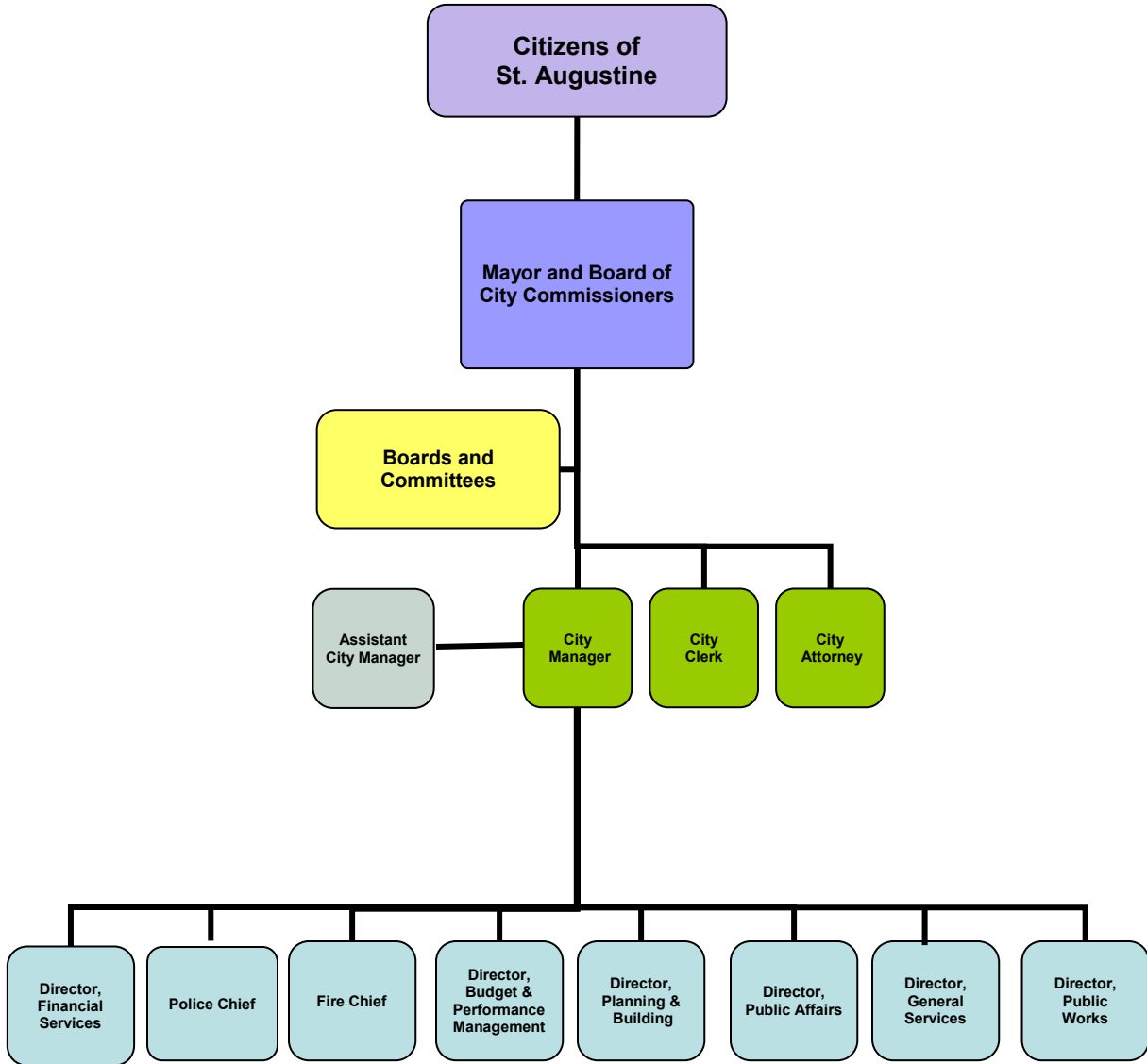
This Page Intentionally Left Blank

Organizational Chart

City of St. Augustine

Comprehensive Annual Financial Report For the Year Ended September 30th, 2018

City Government Organizational Chart



This Page Intentionally Left Blank

FINANCIAL SECTION

This Section Contains the Following:

Independent Auditors' Report

**Management Discussion and Analysis
(MD&A)**

Basic Financial Statements

**Required Supplementary Information
Other than MD&A**

Combining Statements

**Schedule of Expenditures of
Federal Awards and
State Financial Assistance**

Independent Auditors' Report



STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
DAVID W. HOWE, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine, Florida (the City) as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Managements 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 presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Fire Pension Trust Fund, which represents 19%, 19%, and 15%, respectively of the assets, net position and additions to the pension trust fiduciary fund. Those statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the Fire Pension Trust Fund, is based solely on the report of the other auditors. 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 of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018 and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and special revenue funds revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents (collectively, the required supplementary information) 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

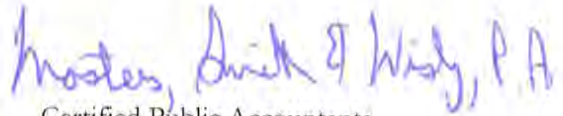
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, schedule of expenditures of federal awards and state financial assistance and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards and state financial assistance 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 combining financial statements and the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the 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 a report dated March 29, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's



Certified Public Accountants
Jacksonville, Florida

March 29, 2019

This Page Intentionally Left Blank

Management Discussion & Analysis

Management Discussion and Analysis

The City of St. Augustine's Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City of St. Augustine's financial activities based on currently known facts, decisions and conditions. It is intended to provide a broad overview and short-term and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, distinguish material deviations from the approved budget and recognize any individual fund concerns.

The information contained within this MD&A is designed to focus on the current year's activities, resulting changes and currently known facts and is only a component of the entire financial statement report. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter beginning on page one in the front of this report, and the City's audited financial statements.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at September 30, 2018 by \$113,361,030 (net position). Of this, \$23,139,398 (unrestricted) can be used to meet the government's ongoing obligations to citizens and creditors. The City's net position increased by \$8,580,487 (8%) during the fiscal year, after the previous year restatement.
- Governmental net position increased by \$3,121,423 for the current fiscal year and increased governmental unrestricted net position to \$3,464,098 (48%).
- Business-type net position increased by \$5,459,064 for the current fiscal year and business-type unrestricted net position were equal to \$19,675,300 (71%).
- The governmental activities program revenue decreased by \$2,079,353. The current year's activities produced an increase in net position of \$3,121,423 compared to the previous year's increase of \$601,275.
- The business-type activities program revenue decreased by \$914,337. Business-type activities reported \$4,484,287 in Capital Grants and Contributions in the prior fiscal year. This year, those revenues made up \$2,585,950 of business-type activities revenue a \$1,898,337 decrease. Charges for Services increased by \$984,000 (4%) primarily from Utility Fund operations.
- The City's total debt associated with bonds and lease obligations decreased by a net \$151,673 (including discount premium) during the fiscal year.
- Based on Governmental Accounting Standards Board (GASB) approval of Statement Nos. 74 and 75, the City updated its guidelines for reporting and disclosure of Other Post-Employment Benefits (OPEB). The restatement of net position resulted in a change in beginning fund balances of \$(437,341) from governmental activities and \$(771,018) from business-type activities, resulting in a \$(1,208,359) difference.

Overview of the Financial Statements

Using the Annual Report

The City's basic financial statements are comprised of three components: Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements. The report also includes Required Supplementary Information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements found on pages 59-61, report on the City as a whole. The statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. There are two government-wide statements. Both distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening. However, other factors should be considered such as the condition of the City's capital assets to assess the overall health of the City.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

The fund financial statements found on pages 62-83, are more familiar to the traditional users of governmental financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The City chose to include the required budget-to-actual comparisons in the fund financial statements of its financial report. The City has three fund categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds report basic services, which focus on near-term inflows and outflows of available resources and their balances at year-end. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences are reconciled between government-wide activities (reported in the statement of net position and the statement of activities) and governmental funds on separate schedules following the respective governmental funds.

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City opted to report all funds as major funds which include the following: General Fund, Debt Service Fund, Special Revenue Funds, Capital Projects Fund and Permanent Fund.

The City of St. Augustine adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budget.

Proprietary funds are used to account for revenues and expenses from services provided on a user-charge basis to the public. Proprietary fund activities are reported on the same accounting basis and measurement focus as the statement of activities, which is similar to that found in the private sector and provides a periodic measurement of net income. The City's proprietary activities are accounted for in enterprise funds. The City opted to report all funds as major funds which include the following: Utility Fund, Stormwater Fund, Solid Waste Fund, Municipal Marina Fund and Visitor Information Center Fund.

Fiduciary funds report information about financial arrangements in which the City acts solely as an agent or trustee for others. The City is responsible for ensuring these resources are used for their intended purposes. Since the funds are not resources of the City, but are held for the benefit of others, we exclude these activities from the government-wide statements. The City's fiduciary funds include the following: General Pension Fund, Police Pension Fund and Fire Pension Fund.

Notes to the Financial Statements & Other Information

The notes to the financial statements begin on page 86, provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The required supplementary information includes the schedules of funding progress and contributions for the fiduciary funds. The combining statements include the fiduciary funds combined but in more detail than the government-wide. Additional statistical information is presented to give users of the report a historical perspective and to assist in determining current financial trends of the City.

Financial Analysis

City as a whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$113,361,030 as of September 30, 2018. A portion of the City's net position of \$89,210,417 (79%) reflects the net investments in capital assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending.

Restricted net position of the City in the amount of \$1,011,215 is reported in both governmental and business-type activities. This restricted net position has limits on its use that are externally imposed.

Unrestricted net position of the City in the amount of \$23,139,398 can be used to meet the City's ongoing obligations to citizens and creditors. The terms restricted and unrestricted are governed by generally accepted accounting principles and do not fully consider City management decisions regarding spending limitations. Accounting principles may not restrict some amounts that have been earmarked for future uses governed by policy decisions and plans.

There were three areas, two positive and one negative, that contributed to 2018 fiscal year end results. Above average levels of growth and increased tourism are evident throughout the City's financials in both the government and business-type activities.

Property tax revenue from new construction and rehabilitation continues to grow annually. Additionally, building permit activities and the related fees are consistently exceeding budgeted revenues with no predicted decline any time in the near future.

The tourism economy and any revenue associated to this industry, including parking fees, sales tax and tourist development taxes continues to directly reflect this market annually.

The City experienced large unanticipated cost related to two hurricanes in one fiscal year. It is anticipated much of these expenses will be recovered through either insurance or FEMA with the exception of loss of operations.

As noted earlier, the statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

CITY OF ST. AUGUSTINE, FLORIDA
Summary of Net Position as of September 30th, 2018 with comparative data for 2017
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 15,189	\$ 11,317	\$ 26,719	\$ 20,469	\$ 41,908	\$ 31,786
Capital Assets	33,934	32,362	119,196	116,102	153,130	148,464
Total Assets	\$ 49,125	\$ 43,681	\$ 145,915	\$ 136,573	\$ 195,040	\$ 180,254
Contributions to Pension Plans	4,426	3,589	1,213	1,167	5,640	4,756
Unamortized Loss on Refunding	2,174	-	909	1,061	3,083	1,061
Total Deferred Outflow of Resources	\$ 6,600	\$ 3,589	\$ 2,123	\$ 2,228	\$ 8,723	\$ 5,817
Current and Other Liabilities	3,792	2,016	7,123	6,753	10,916	8,769
Long-Term Debt Outstanding	34,130	30,678	42,180	37,956	76,310	68,634
Total Liabilities	\$ 37,922	\$ 32,694	\$ 49,303	\$ 44,709	\$ 87,225	\$ 77
Pension Deferrals	2,711	2,167	462	506	3,173	2,673
Total Deferred Inflow of Resources	\$ 2,711	\$ 2,167	\$ 462	\$ 506	\$ 3,173	\$ 2,673
Net Position:						
Invested in Capital Assets, Net of Related Debt	11,228	10,019	78,892	78,978	90,120	88,997
Restricted	1,063	713	613	560	1,676	1,273
Unrestricted	3,464	1,675	18,766	14,044	22,230	15,719
Total Net Position	\$ 15,755	\$ 12,407	\$ 98,271	\$ 93,582	\$ 114,026	\$ 105,989

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Activities for Year Ended September 30, 2018 with comparative data for 2017
(in thousands)

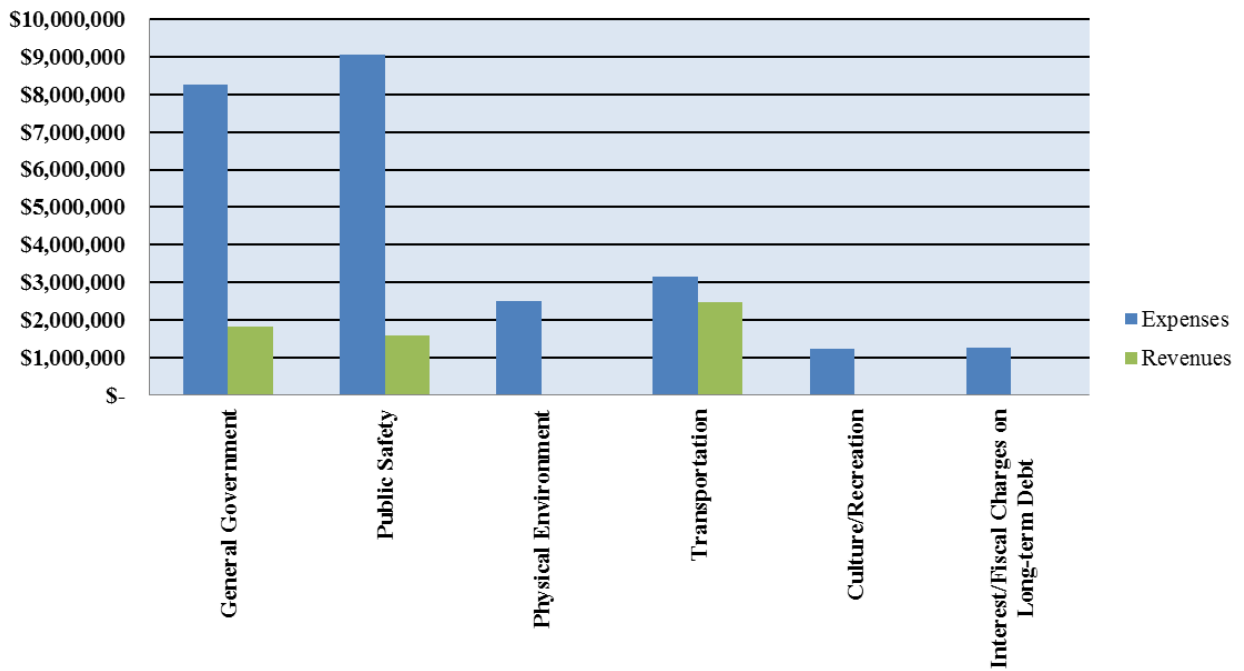
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 5,889	\$ 7,739	\$ 30,217	\$ 29,233	\$ 36,107	\$ 36,972
Operating Grants and Contributions	45	1,000	-	-	45	1,000
Capital Grants and Contributions	775	20	2,585	4,484	3,360	4,504
General Revenues						
Taxes	16,069	15,700	-	-	16,069	15,700
Fees	1,738	1,602	-	-	1,738	1,602
Revenue Sharing	577	570	-	-	577	570
Investment Income	223	119	332	146	555	265
Miscellaneous	1,742	2,162	1,098	929	2,840	3,091
Total Revenues	27,058	28,912	34,233	34,792	61,291	63,704
Program Expenses Including Indirect Expenses						
General Administration	8,265	10,633	-	-	8,265	10,633
Public Safety	9,048	9,474	-	-	9,048	9,474
Physical Environment	2,509	2,643	-	-	2,509	2,643
Transportation	3,156	2,731	-	-	3,156	2,731
Culture Recreation	1,245	1,438	-	-	1,245	1,438
Interest Fiscal Charges on Long-Term Debt	1,263	1,515	-	-	1,263	1,515
Utilities	-	-	14,019	13,793	14,019	13,793
Stormwater	-	-	1,250	1,264	1,250	1,264
Solid Waste	-	-	4,621	5,727	4,621	5,727
Municipal Marina	-	-	3,561	2,423	3,561	2,423
Visitor Information Center	-	-	3,772	3,683	3,772	3,683
Total Expenses	25,487	28,434	27,223	26,890	52,710	55,324
Increase in Net Position Before Transfers	1,571	478	7,010	7,902	8,581	8,380
Transfers	1,551	121	(1,551)	(121)	-	-
Increase (Decrease) in Net Position	3,121	599	5,459	7,781	8,581	8,380
Net Position - Beginning, restated	11,969	11,805	92,812	85,802	104,781	97,607
Net Position - Ending	\$ 15,090	\$ 12,404	\$ 98,271	\$ 93,583	\$ 113,361	\$ 105,987

Governmental Activities

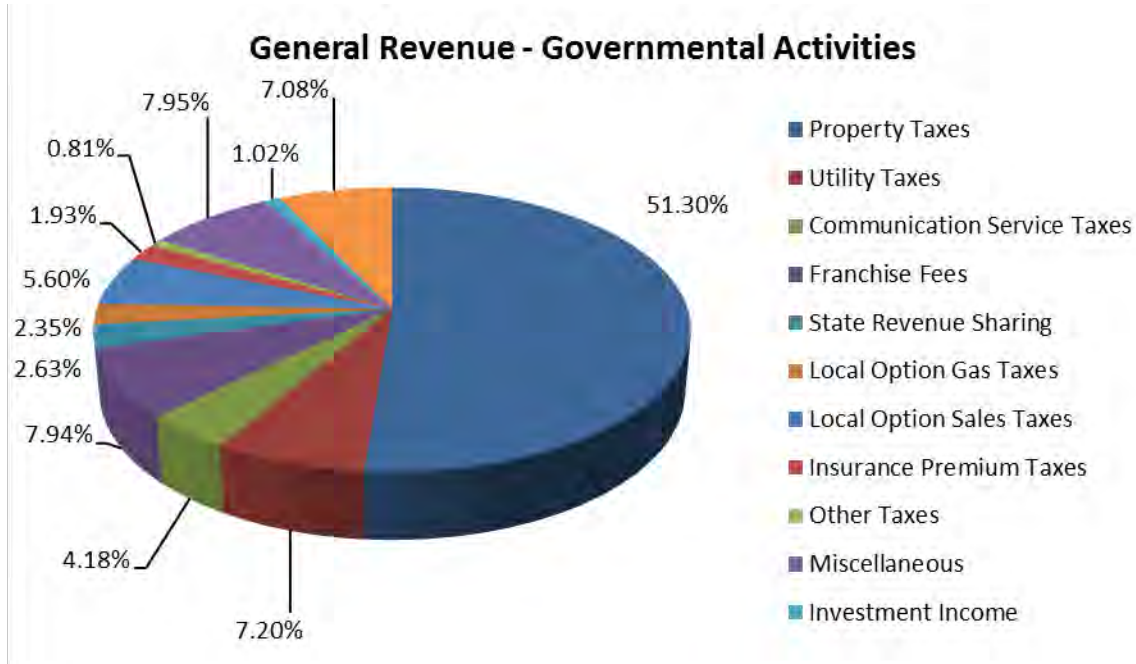
Governmental activities resulted in an increase in the City's net position of \$3,121,423.

Program revenues are revenues that can be assigned or are attributable to a specific program. These revenues account for \$ 6,709,092 (22%) of total governmental activities revenue. The chart below shows governmental activities by program with their respective expenses and revenues.

Program Expenses and Revenues - Governmental Activities



General revenues are revenues that fail to meet the criteria of program specific revenues. General revenues account for \$20,348,515 (67%) of total governmental activities revenue. The chart below shows total general revenues by category.



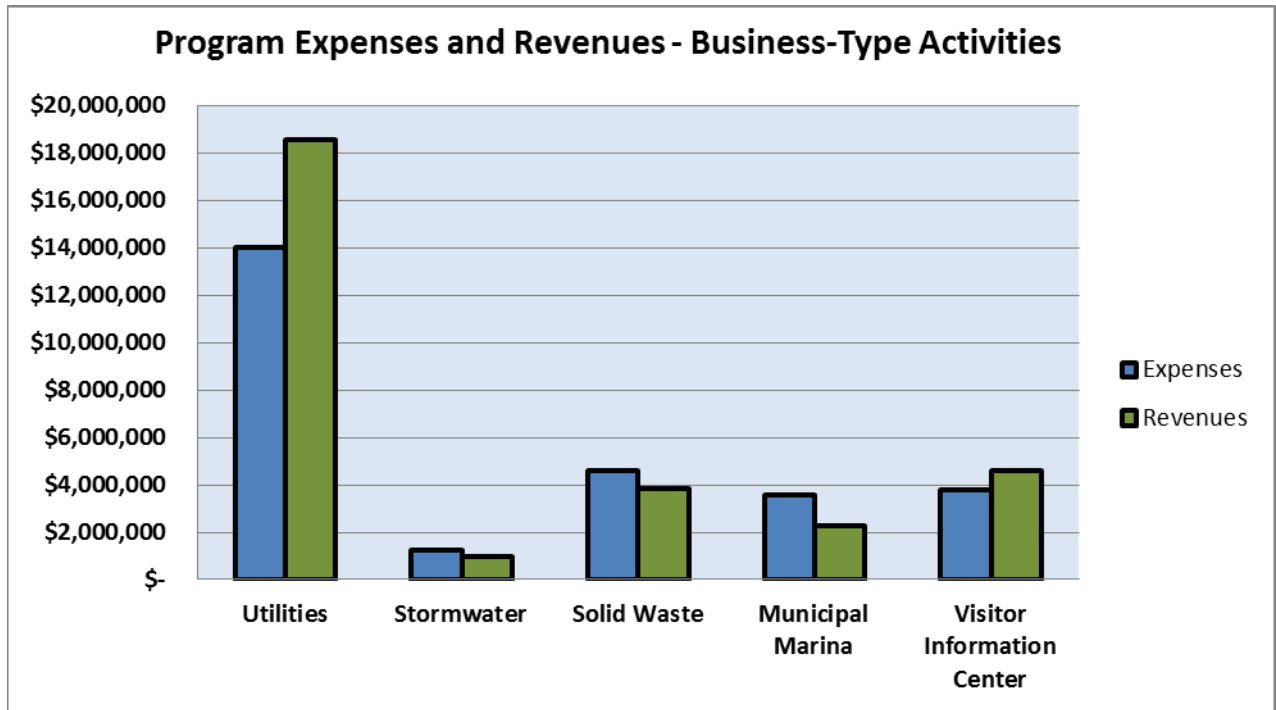
Business-type Activities

Business-type activities increased the City’s net position by \$5,459,064. Key elements of this increase are as follows:

- The business-type activity funds received capital grants and contribution of \$2,585,950 and the Utility fund had operating income of \$4,877,977. This operating income is directly related to the implementation of a new rate structure and above average growth.
- The Utility revenues exceeded the original budget by approximately \$0.55 million in flow revenue and \$1.54 million in connection fees. Additionally, the Utility activity revenues increased over the previous fiscal year by approximately \$101,973.
- The Visitor Information Center had operating income of \$1,734,592, but still incurred a decrease in net position. The decrease is directly related to the depreciation expense of the parking structure. The City adopted an annual budget transfer to reserves beginning in the 2017 budget year to gradually alleviate the negative position. The estimated timeline to erase the deficit and establish a minimum net position is five years.
- All other business-type activities produced anticipated results.

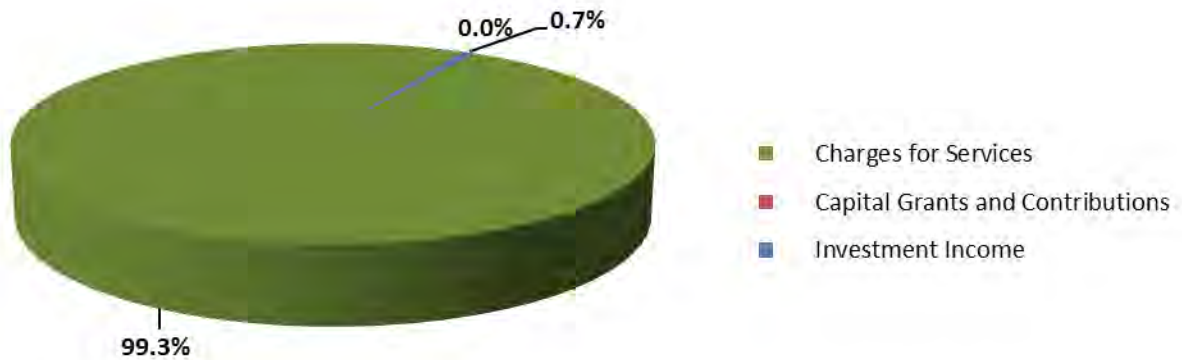
Program revenues are revenues that can be assigned or are attributable to a specific program. These revenues account for \$32,803,325 (96%) of total business-type activities revenue.

The chart below shows business-type activities by program with their respective expenses and revenues.



Total revenues for business-type activities amounted to \$34,232,909. Below is a chart depicting business-type activities by source.

Revenues by Source - Business-Type Activities



Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,111,587, an increase of \$2,384,617 (25%) from the previous fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$313,234, while the total fund balance was \$11,326,729. The total fund balance shows an increase of \$2,273,933 (25%) from the previous fiscal year and the unassigned fund balance of the General Fund shows an increase of \$224,794 compared to the previous year.

As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures.

The Debt Service Fund is the fund used to set aside resources to meet current debt service requirements on general long-term debt.

The Special Revenue Funds maintains certain revenue to be used for a specific purpose. The City's Special Revenue Funds report the Historic Area Community Redevelopment Area and the Lincolnville Community Redevelopment Area.

The Capital Projects Fund is used to report major capital acquisitions and construction separately from ongoing operating activities. Projects reported here are funded by transfers from the General Fund, grants and bond funds.

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the City's programs.

Proprietary Funds

The City's proprietary funds provide the same type of information provided in the government-wide statements, but in more detail. The tables below list the net position summaries for the various enterprise funds.

CITY OF ST. AUGUSTINE, FLORIDA
Summary of Change in Net Position - Proprietary Funds
For the Year Ended September 30, 2018
(in thousands)

	Utility	Storm Water Drainage	Solid Waste	Municipal Marina	Visitor Information Center	Total Proprietary
Net Position - Beginning (restated)	\$ 74,499,915	\$ 15,050,902	\$ 1,876,103	\$ 4,820,634	\$ (3,435,703)	\$ 92,811,851
Changes in Net Position	4,785,338	380,244	(345,842)	16,943	622,381	5,459,064
Net Position	<u>\$ 79,285,253</u>	<u>\$ 15,431,146</u>	<u>\$ 1,530,261</u>	<u>\$ 4,837,577</u>	<u>\$ (2,813,322)</u>	<u>\$ 98,270,915</u>

Net Position As of September 30, 2018
(in thousands)

	Utility	Storm Water Drainage	Solid Waste	Municipal Marina	Visitor Information Center	Total Proprietary
Invested Capital Assets Net of Related Debt	\$ 66,511,395	\$ 13,641,962	\$ 1,713,090	\$ 2,155,585	\$ (5,130,011)	\$ 78,892,021
Restricted	612,664	-	-	-	-	612,664
Unrestricted	12,161,194	1,789,184	(182,829)	2,681,992	2,316,686	18,766,227
Total Net Position	<u>\$ 79,285,253</u>	<u>\$ 15,431,146</u>	<u>\$ 1,530,261</u>	<u>\$ 4,837,577</u>	<u>\$ (2,813,325)</u>	<u>\$ 98,270,912</u>

Cumulatively, the proprietary funds had a \$5,459,064 increase in net position. Key factors pertaining to this increase are as follows:

- The Utility Fund had operating income of \$4,877,977 and capital grants and other capital contributions of \$375,098.
- The Stormwater Fund had an operating loss of \$299,247.
- The Solid Waste Fund had an operating loss of \$794,606.
- The Municipal Marina Fund had operating loss of \$1,196,189.
- The Visitor Information Center Fund had operating income of \$1,734,592. Interest expense of \$897,609 and net transfers out of \$1,293,751 resulted in an increase in net position of \$622,381 for this fund.
- The operating income of each fund is structured so that it meets or exceeds operating expenses. Operating income that exceeds operating expense is used to meet non-operating needs such as interest expense and transfers out to other funds.

General Fund Budgetary Highlights

There are no material differences between the original budget and the final amended budget for appropriations (expenditures) in the General Fund. There were no material budgetary changes to the General Fund budgets and all budgetary policies and controls were adhered to throughout the year. (See budget to actual comparison on page 70-72.)

Capital Asset and Long-term Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$153,129,679 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure.

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 8,046,036	\$ 8,055,150	\$ 1,145,803	\$ 1,145,803	\$ 9,191,839	\$ 9,200,953
Buildings	8,717,256	8,489,858	29,616,722	31,214,789	38,333,978	39,704,647
Infrastructure	14,420,406	12,965,335	79,973,499	75,052,501	94,393,905	88,017,836
Machinery	2,527,289	1,724,298	3,309,793	2,875,281	5,837,082	4,599,579
Total	33,710,987	31,234,641	114,045,817	110,288,374	147,756,804	141,523,015
Work in Progress	222,773	1,127,163	5,150,101	5,813,815	5,372,874	6,940,978
Total	\$ 33,933,760	\$ 32,361,804	\$ 119,195,918	\$ 116,102,189	\$ 153,129,678	\$ 148,463,993

The following reconciliation summarizes the change in capital assets, which is presented in detail on pages 100-102 of the Notes to the Financial Statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance	\$ 32,361,804	\$ 116,102,189	\$ 148,463,993
Additions	5,797,105	12,986,868	18,783,973
Retirement	(2,638,803)	(4,228,966)	(6,867,769)
Depreciation	(1,586,346)	(5,664,172)	(7,250,518)
Ending Balance	<u>\$ 33,933,760</u>	<u>\$ 119,195,919</u>	<u>\$ 153,129,679</u>

Governmental Activities:

The City currently has the following construction work-in-progress:

Charlotte Street Reconstruction	\$ 172,322
Mobility and Parking Improvements	50,451
Total	<u>\$ 222,773</u>

Business Type Activities:

Construction in progress is composed of the following at September 30, 2018:

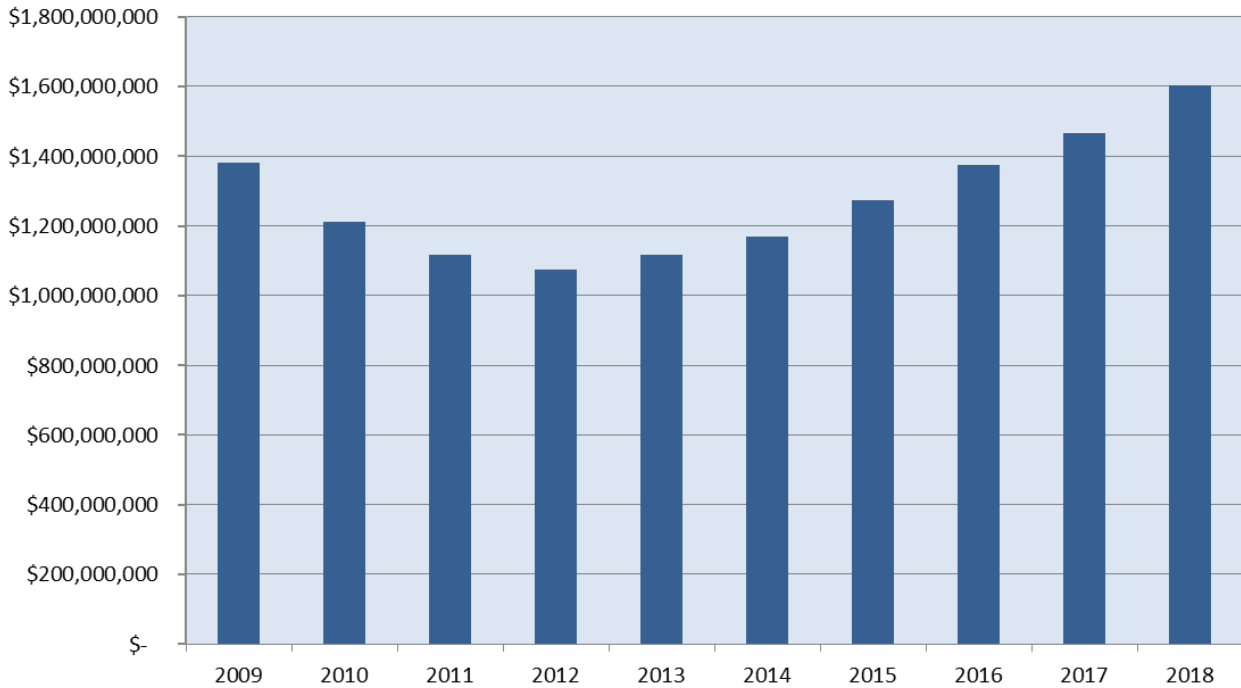
Category G FEMA Project 1	\$	2,044,636
Automated Meter Reading Rollup		1,177,946
Charlotte Street Reconstruction Project		946,495
May Street Intersection (Phase II)		374,381
Tideflex Valves Improvements		274,341
Coquina Avenue Outfall Improvement Rollup		102,074
R0218 Well D-3 Invest & Repairs		101,067
Lincolnvillle Drainage Project 2		65,943
2017 Stormwater Project		33,931
St Francis Sewer Replacement (R0228)		16,800
Lincolnvillle Drainage Project 1		6,400
Court Theophila-Edna Project		3,470
Community Development Block Grant Project 1		2,618
Total	<u>\$</u>	<u>5,150,102</u>

Long-Term Debt

At the end of fiscal year 2018, the City had total debt outstanding of \$62,306,537. All of this debt is secured solely by specified revenue sources. More detail on the long-term debt is presented on pages 102-108 of the Notes to the Financial Statements.

Outstanding Debt at Year-End		
Governmental:	2018	2017
Revenue Bonds	\$ 23,294,165	\$ 22,594,470
Fire Truck Loan	46,283	90,619
Business Type:		
Water & Sewer Revenue Bonds	11,050,000	13,365,000
Municipal Marina Revenue Bonds	3,420,000	-
Visitors Information Center Revenue Bond	20,470,335	21,225,530
SRF Revolving Loan	4,025,754	-
Total	\$ 62,306,537	\$ 57,275,619

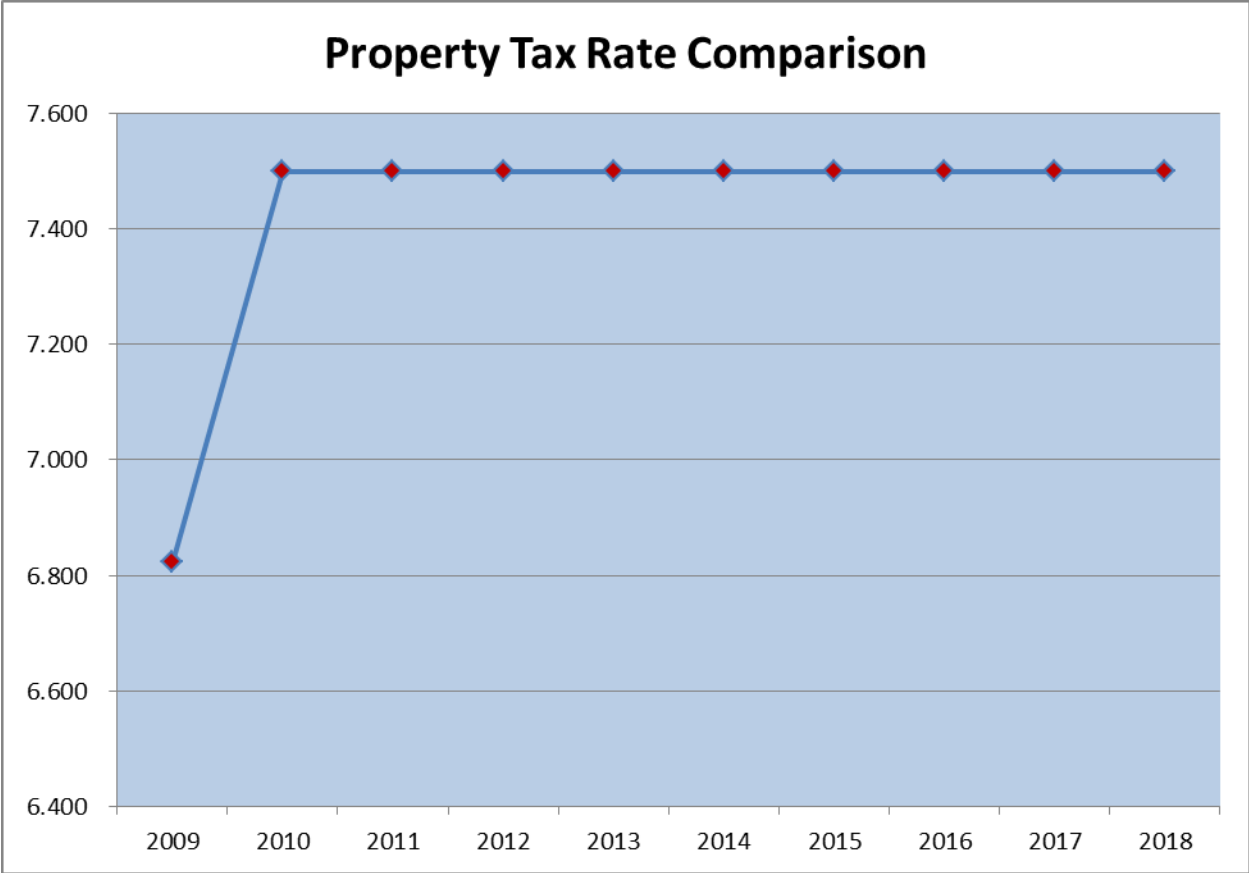
City of St. Augustine - Total Taxable Value



Economic Factors

The City primarily relies on property and a limited array of permitted or other taxes and fees for governmental activities. There are a number of state-shared revenues and recurring and non-recurring grants from both the state and federal governments. In addition to new construction and renovations, the tax values of existing properties have seen a minimal increase. This trend is expected to continue in the 2018-2019 fiscal year.

The City regularly competes with the County for growth and expansion of services in an attempt to offset cost and lower customer fees. The level of taxes, fees and charges for services will have a bearing on the City's specific competitive ability to annex additional land into its corporate limits and encourage development to locate within its jurisdiction.



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 Finance Department office located at the Financial Services Center, 50 Bridge Street, St. Augustine, Florida 32084, (904) 825-1030.

Basic Financial Statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
September 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,558,578	\$ 19,629,776	\$ 30,188,354
Receivables (Net)	1,219,431	3,311,262	4,530,693
Due from Other Governments	400,000	2,839,234	3,239,234
Internal Balances	19,748	(19,748)	-
Inventories	667,549	268,746	936,295
Prepaid Items	664,309	77,004	741,313
Restricted Assets:			
Cash and Cash Equivalents	1,659,770	612,664	2,272,434
Capital Assets:			
Non-Depreciable	8,268,809	6,295,905	14,564,714
Depreciable (Net)	25,664,951	112,900,014	138,564,965
Total Assets	49,123,145	145,914,857	195,038,002
Deferred Outflows of Resources:			
Pension Related	4,426,245	1,213,434	5,639,679
Unamortized Loss on Refunding	2,174,046	909,070	3,083,116
Total Deferred Outflows of Resources	6,600,291	2,122,504	8,722,795
LIABILITIES			
Accounts Payable and Accrued Expenses	2,995,485	2,517,090	5,512,575
Deposits	-	612,664	612,664
Unearned Revenue	82,313	6,764	89,077
Non-Current Liabilities:			
Due Within One Year:			
Compensated Absences	104,465	35,410	139,875
Revenue Bonds Payable, Current Portion	610,085	3,951,268	4,561,353
Due in More Than One Year			
Net Retiree Healthcare Related	1,414,319	680,969	2,095,288
Net Pension Liability	5,308,379	3,597,850	8,906,229
Compensated Absences	2,468,997	640,343	3,109,340
Notes Payable, Less Current Portion	-	6,992,248	6,992,248
Revenue Bonds Payable, Less Current Portion	24,938,229	30,269,452	55,207,681
Total Liabilities	37,922,272	49,304,058	87,226,330
Deferred Inflows of Resources:			
Pension Related	2,421,494	322,973	2,744,467
Retiree Healthcare Related	289,555	139,415	428,970
Total Deferred Inflows of Resources	2,711,049	462,388	3,173,437
NET POSITION			
Net Investment in Capital Assets	11,227,466	78,892,021	90,119,487
Restricted for:			
Expendable			
Customer Deposits	-	612,664	612,664
Other	84,761	-	84,761
Non-Expendable			
Permanent Fund	313,790	-	313,790
Unrestricted	3,464,098	18,766,230	22,230,328
Total Net Position	\$ 15,090,115	\$ 98,270,915	\$ 113,361,030

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Activities
For Year Ended September 30, 2018

FUNCTION/PROGRAM ACTIVITIES	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General Government	\$ 8,265,272	\$ 1,816,119	\$ 39,112	\$ 774,989
Public Safety	9,048,395	1,587,349	5,645	-
Physical Environment	2,508,973	-	-	-
Transportation	3,156,029	2,485,878	-	-
Culture/Recreation	1,245,304	-	-	-
Interest/Fiscal Charges on Long-term Debt	1,262,847	-	-	-
Total Governmental Activities	25,486,820	5,889,346	44,757	774,989
Business-type Activities:				
Utilities	14,019,252	18,568,926	-	375,098
Stormwater	1,249,519	950,272	-	383,903
Solid Waste	4,621,467	3,826,861	-	582,353
Municipal Marina	3,560,872	2,262,234	-	1,244,596
Visitor Information Center	3,772,099	4,609,082	-	-
Total Business-type Activities	27,223,209	30,217,375	-	2,585,950
Total Primary Government	\$ 52,710,029	\$ 36,106,721	\$ 44,757	\$ 3,360,939

General Revenues:

- Property Taxes
- Utility Taxes
- Communication Service Taxes
- Franchise Fees
- State Revenue Sharing, Unrestricted
- Local Option Gas Taxes
- Local Option Sales Taxes
- Insurance Premium Taxes
- Other Taxes
- Miscellaneous
- Investment Income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year
Restatement
Net Position - Beginning, restated

Net Position - End of Year

See accompanying notes to basic financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (5,635,052)	\$ -	\$ (5,635,052)
(7,455,401)	-	(7,455,401)
(2,508,973)	-	(2,508,973)
(670,151)	-	(670,151)
(1,245,304)	-	(1,245,304)
(1,262,847)	-	(1,262,847)
(18,777,728)	-	(18,777,728)
-	4,924,772	4,924,772
-	84,656	84,656
-	(212,253)	(212,253)
-	(54,042)	(54,042)
-	836,983	836,983
-	-	-
-	5,580,116	5,580,116
(18,777,728)	5,580,116	(13,197,612)
11,234,749	-	11,234,749
1,576,867	-	1,576,867
916,000	-	916,000
1,738,279	-	1,738,279
576,587	-	576,587
514,361	-	514,361
1,225,390	-	1,225,390
423,187	-	423,187
177,967	-	177,967
1,741,637	1,097,592	2,839,229
223,491	331,992	555,483
1,550,636	(1,550,636)	-
21,899,151	(121,052)	21,778,099
3,121,423	5,459,064	8,580,487
12,406,033	93,582,869	105,988,902
(437,341)	(771,018)	(1,208,359)
11,968,692	92,811,851	104,780,543
\$ 15,090,115	\$ 98,270,915	\$ 113,361,030

CITY OF ST. AUGUSTINE, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2018

	General	Debt Service	Special Revenue HACRA
ASSETS			
Cash and Cash Equivalents	\$ 10,558,578	\$ -	\$ -
Receivables (Net of Allowance for Uncollectibles)	1,219,431	-	-
Due from Other Funds	20,096	-	-
Due from Other Governments	400,000	-	-
Inventories, At Cost	667,549	-	-
Prepaid Expenditures	664,309	-	-
Restricted Assets:	-	-	-
Cash and Cash Equivalents	873,378	-	-
Total Assets	\$ 14,403,341	\$ -	\$ -
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 2,671,936	\$ -	\$ -
Unearned Revenue	82,313	-	-
Accrued Expenditures	322,363	-	-
Due to Other Funds	-	-	-
Total Liabilities	\$ 3,076,612	-	-
Fund Balances:			
Nonspendable:			
Inventories	667,548	-	-
Prepaid Expenditures	664,309	-	-
Trust	-	-	-
Restricted for:			
Education/Confiscation/Donations/Other	84,761	-	-
Bond Projects	700,359	-	-
Committed, Disaster Recovery	7,920,294	-	-
Assigned, Commission Authorized Projects	976,224	-	-
Unassigned	313,234	-	-
Total Fund Balances	11,326,729	-	-
Total Liabilities and Fund Balances	\$ 14,403,341	\$ -	\$ -

See accompanying notes to basic financial statements

Special Revenue LCRA	Permanent	Total Governmental
\$ -	\$ -	\$ 10,558,578
-	-	1,219,431
-	-	20,096
-	-	400,000
-	-	667,549
-	-	664,309
-	-	-
472,254	314,138	1,659,770
\$ 472,254	\$ 314,138	\$ 15,189,733

\$ 1,186	\$ -	\$ 2,673,122
-	-	82,313
-	-	322,363
-	348	348
1,186	348	3,078,146

-	-	667,548
-	-	664,309
-	313,790	313,790
-	-	-
-	-	84,761
-	-	700,359
471,068	-	8,391,362
-	-	976,224
-	-	313,234
471,068	313,790	12,111,587
\$ 472,254	\$ 314,138	\$ 15,189,733

CITY OF ST. AUGUSTINE, FLORIDA
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2018

Total Governmental Fund Balances \$ 12,111,587

Amounts reported for governmental activities in the Statement of Net Positions 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	62,614,529	
Less accumulated depreciation	<u>(28,680,769)</u>	33,933,760

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities (net of discounts/premiums and deferred amounts on refunding) at year-end consist of:

Governmental bonds and capital lease payable	(25,548,314)	
Compensated absences	(2,573,462)	
Net pension liability	(5,308,379)	
Net retiree healthcare obligation	<u>(1,414,319)</u>	(34,844,474)

Deferred outflows of resources related to pension experience and assumptions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting. 4,426,245

Deferred inflows of resources related to pensions earnings, experience and assumptions are not recognized in the government funds; however, they are recorded in the statement of net position under full accrual accounting. (2,421,494)

Deferred inflows of resources related to retiree healthcare are not recognized in the government funds; however, they are recorded in the statement of net position under full accrual accounting. (289,555)

Deferred inflows of resources on the loss on refunding of debt are not recognized in the government funds; however, they are recorded in the statement of net position under full accrual accounting. 2,174,046

Net Position of Governmental Activities **\$ 15,090,115**

This Page Intentionally Left Blank

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
September 30, 2018

	General	Debt Service	Special Revenue HACRA
REVENUES			
Ad Valorem Taxes	\$ 10,691,751	\$ -	\$ 341,142
Insurance Premium Tax	423,187	-	-
Local Option Gas & Fuel Tax	514,361	-	-
Utility and Communications Service Taxes	2,492,867	-	-
Grants	819,746	-	-
Intergovernmental	2,360,183	-	-
Franchise Fees	1,738,279	-	-
Licenses, Permits and Other Fees	4,956,967	-	-
Fines and Forfeitures	384,656	-	-
Rental Income	1,175,869	-	-
Special Assesments	101,704	-	-
Administrative Overhead Charges	3,545,795	-	-
Investment Income	218,060	-	-
Miscellaneous	631,540	-	-
Total Revenues	30,054,965	-	341,142
EXPENDITURES			
Current Operating:			
General Government	7,726,398	-	900
Public Safety	10,395,600	-	-
Physical Environment	2,769,827	-	-
Transportation	3,802,800	-	-
Culture/Recreation	1,436,229	-	-
Capital Outlay	3,303,643	-	-
Debt Service:			
Principal Retirement	-	469,631	-
Interest and Other	-	1,262,847	-
Total Expenditures	29,434,497	1,732,478	900
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	620,468	(1,732,478)	340,242
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	19,968,267	-	-
Payments to Defeased Bonds	(18,470,418)	-	-
Transfers In	3,270,049	1,732,478	500,514
Transfers (Out)	(3,114,433)	-	(840,756)
Total Other Financing Sources (Uses)	1,653,465	1,732,478	(340,242)
Net Change in Fund Balances	2,273,933	-	-
Fund Balances - Beginning Restated	9,052,796	-	-
FUND BALANCES - ENDING	\$ 11,326,729	\$ -	\$ -

See accompanying notes to basic financial statements

Special Revenue LCRA	Permanent	Total Governmental
\$ 201,856	\$ -	\$ 11,234,749
-	-	423,187
-	-	514,361
-	-	2,492,867
-	-	819,746
-	-	2,360,183
-	-	1,738,279
-	-	4,956,967
-	-	384,656
-	-	1,175,869
-	-	101,704
-	-	3,545,795
-	5,439	223,499
-	-	631,540
201,856	5,439	30,603,402
99,395	-	7,826,693
-	-	10,395,600
-	-	2,769,827
-	-	3,802,800
-	-	1,436,229
-	-	3,303,643
-	-	469,631
-	-	1,262,847
99,395	-	31,267,270
102,461	5,439	(663,868)
-	-	19,968,267
-	-	(18,470,418)
302,784	-	5,805,825
(300,000)	-	(4,255,189)
2,784	-	3,048,485
105,245	5,439	2,384,617
365,823	308,351	9,726,970
\$ 471,068	\$ 313,790	\$ 12,111,587

CITY OF ST. AUGUSTINE, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 2,384,617

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 capital and related assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for capital assets	3,303,643	
Fixed assets disposed with a loss	(145,341)	
Less: current year depreciation and amortization	(1,586,346)	1,571,956

The issuance of debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond insurance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Government Bonds Payable	469,631	
Proceeds from new debt	(19,968,267)	
Payments to defease bonds	18,470,418	
Amorization od Discount and Premium	(2,889)	(1,031,107)

Changes in net pension obligations are reported only in the statement of activities. 510,636

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

Change in long-term compensated absences	(212,189)	
Net retiree healthcare asset (obligation)	(102,490)	(314,679)

Change in Net Position of Governmental Activities **\$ 3,121,423**

This Page Intentionally Left Blank

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Ad Valorem Taxes	\$ 10,410,972	\$ 10,410,972	\$ 10,691,751	\$ 280,779
Insurance Premium Tax	336,239	336,239	423,187	86,948
Local Option Gas & Fuel Tax	496,433	496,433	514,361	17,928
Utility and Communications Service Taxes	2,435,004	2,435,004	2,492,867	57,863
Grants	-	212,650	819,746	607,096
Intergovernmental	2,299,514	2,303,514	2,360,183	56,669
Franchise Fees	1,662,000	1,662,000	1,738,279	76,279
Licenses, Permits and Other Fees	4,247,308	4,502,416	4,956,967	454,551
Fines and Forfeitures	429,450	461,845	384,656	(77,189)
Rental Income	1,130,339	1,130,339	1,175,869	45,530
Special Assesments	101,000	101,000	101,704	704
Administrative Overhead Charges	3,545,795	3,545,795	3,545,795	-
Investment Income	120,540	120,540	218,060	97,520
Miscellaneous	92,081	374,969	631,540	256,571
Total Revenues	27,306,675	28,093,716	30,054,965	1,961,249
EXPENDITURES				
Current Operating:				
General Government	6,915,719	7,905,009	7,726,398	178,611
Public Safety	10,285,813	10,395,600	10,395,600	-
Physical Environment	3,040,549	2,769,827	2,769,827	-
Transportation	3,759,749	3,802,800	3,802,800	-
Culture/Recreation	1,600,082	1,436,229	1,436,229	-
Capital Outlay	2,130,450	3,083,691	3,303,643	(219,952)
Total Expenditures	27,732,362	29,393,156	29,434,497	(41,341)
Excess of Revenues Over Expenditures	(425,687)	(1,299,440)	620,468	1,919,908
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	17,809,292	15,863,051	19,968,267	18,385,216
Payments to Defeased Bonds	-	(16,226,241)	(18,470,418)	(18,470,418)
Transfers In	1,932,233	2,054,233	3,270,049	765,816
Transfers (Out)	(1,506,546)	(2,969,640)	(3,114,433)	(144,793)
Total Other Financing Sources (Uses)	18,234,979	(1,278,597)	1,653,465	985,821
Net Change in Fund Balances	17,809,292	(2,578,037)	2,273,933	2,905,729
Fund Balances - Beginning	9,052,796	9,052,796	9,052,796	-
FUND BALANCES - ENDING	\$ 26,862,088	\$ 6,474,759	\$ 11,326,729	\$ 2,905,729

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Fund - Historic Area Community Redevelopment Agency
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	343,520	343,520	\$ 341,142	\$ (2,378)
Investment Income	-	-	-	-
Total Revenues	343,520	343,520	341,142	(2,378)
EXPENDITURES				
Current Operating:				
General Government	-	-	900	(900)
Capital Outlay	-	-	-	-
Total Expenditures	-	-	900	(900)
Excess of Revenues Over Expenditures	343,520	343,520	340,242	(3,278)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 503,991	\$ 503,991	500,514	(3,477)
Transfers (Out)	(847,511)	(847,511)	(840,756)	6,755
Total Other Financing Sources (Uses)	(343,520)	(343,520)	(340,242)	3,278
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Fund - Lincolnville Community Redevelopment Agency
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 187,408	\$ 187,408	\$ 201,856	\$ 14,448
Investment Income	-	-	-	-
Total Revenues	187,408	187,408	201,856	14,448
EXPENDITURES				
Current Operating:				
General Government	465,775	465,775	99,395	366,380
Capital Outlay	-	-	-	-
Total Expenditures	465,775	465,775	99,395	366,380
Excess of Revenues Over Expenditures	(278,367)	(278,367)	102,461	380,828
OTHER FINANCING SOURCES (USES)				
Transfers In	314,545	314,545	302,784	(11,761)
Transfers (Out)	-	(300,000)	(300,000)	-
Total Other Financing Sources (Uses)	314,545	14,545	2,784	(11,761)
Net Change in Fund Balances	36,178	(263,822)	105,245	369,067
Fund Balances - Beginning	365,823	365,823	365,823	-
FUND BALANCES - ENDING	\$ 402,001	\$ 102,001	\$ 471,068	\$ 369,067

See accompanying notes to basic financial statements

This Page Intentionally Left Blank

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2018

	Utility	Stormwater Drainage	Solid Waste
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 13,591,727	\$ 1,763,232	\$ 118,945
Accounts Receivable (Net)	2,759,078	253,474	257,484
Due from Other Governmental Units	100,856	2,617	648,168
Prepaid Expenditures	47,019	3,846	13,287
Inventories, at Cost	45,208	-	-
Total Current Assets	16,543,888	2,023,169	1,037,884
Non-Current Assets:			
Restricted Assets			
Cash and Cash Equivalents	612,664	-	-
Total Restricted Assets	612,664	-	-
Property, Plant and Equipment:			
Land and Improvements	1,145,803	-	-
Buildings and Structures	30,705,200	270,961	333,163
Infrastructure	106,546,741	15,621,585	51,154
Machinery and Equipment	4,143,712	397,098	3,205,123
Construction in Progress	2,592,309	513,157	-
Accumulated Depreciation	(62,688,273)	(3,160,839)	(1,876,350)
Net Property, Plant and Equipment:	82,445,492	13,641,962	1,713,090
Total Non-Current Assets	83,058,156	13,641,962	1,713,090
Total Assets	99,602,044	15,665,131	2,750,974
DEFERRED OUTFLOW OF RESOURCES			
Contributions to Pension Plan	754,552	44,362	207,281
Unamortized Loss on Refunding	117,102	-	-
Total Deferred Outflow of Resources	871,654	44,362	207,281
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,200,899	\$ 93,670	\$ 498,520
Customer Deposits	612,664	-	-
Revenue Bonds Payable, Current Portion	2,859,091	-	-
Unearned Revenues - Other	-	-	-
Due to Other Funds	-	-	-
Compensated Absences, Current Portion	15,584	566	8,424
Total Current Liabilities	4,688,238	94,236	506,944
<i>(Continued)</i>			

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
\$ 1,583,835	\$ 2,572,037	\$ 19,629,776
6,831	34,395	3,311,262
2,087,593	-	2,839,234
6,322	6,530	77,004
74,613	148,925	268,746
3,759,194	2,761,887	26,126,022
-	-	612,664
-	-	612,664
-	-	1,145,803
2,921,408	25,204,764	59,435,496
4,648,075	1,321,424	128,188,979
173,271	173,771	8,092,975
2,044,636	-	5,150,102
(4,211,805)	(10,880,169)	(82,817,436)
5,575,585	15,819,790	119,195,919
5,575,585	15,819,790	119,808,583
9,334,779	18,581,677	145,934,605
109,753	97,486	1,213,434
-	791,968	909,070
109,753	889,454	2,122,504
\$ 668,180	55,821	\$ 2,517,090
-	-	612,664
185,000	907,177	3,951,268
-	6,764	6,764
19,748	-	19,748
2,991	7,845	35,410
875,919	977,607	7,142,944

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2018
(Continued)

	Utility	Stormwater Drainage	Solid Waste
LIABILITIES			
Non-Current Liabilities:			
Net Pension Liability	\$ 2,263,948	\$ 128,679	\$ 602,062
Net OPEB Liability	407,743	27,867	128,022
Notes Payable, Less Current Portion	3,757,248	-	-
Revenue Bonds Payable, Less Current Portion	9,434,860		
Compensated Absences, Less Current Portion	355,783	11,327	106,753
Total Non-Current Liabilities	16,219,582	167,873	836,837
Total Liabilities	20,907,820	262,109	1,343,781
DEFERRED INFLOW OF RESOURCES:			
Pension Plan	197,148	10,533	58,003
OPEB Plan	83,477	5,705	26,210
Total Deferred Inflow of Resources	280,625	16,238	84,213
NET POSITION			
Invested in Capital Assets, Net of Related Debt	66,511,395	13,641,962	1,713,090
Restricted			
Customer Deposits	612,664	-	-
Unrestricted	12,161,194	1,789,184	(182,829)
Total Net Position	\$ 79,285,253	\$ 15,431,146	\$ 1,530,261

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
-----------------------------	---	------------------------------

\$ 328,862	\$ 274,299	\$ 3,597,850
57,620	59,717	680,969
3,235,000	-	6,992,248
-	20,834,592	30,269,452
67,543	98,937	640,343
<hr/>	<hr/>	<hr/>
3,689,025	21,267,545	42,180,862
<hr/>	<hr/>	<hr/>
4,564,944	22,245,152	49,323,806

30,214	27,075	322,973
11,797	12,226	139,415
<hr/>	<hr/>	<hr/>
42,011	39,301	462,388

2,155,585	(5,130,011)	78,892,021
-	-	612,664
		-
<hr/>	<hr/>	<hr/>
2,681,992	2,316,689	18,766,230
<hr/>	<hr/>	<hr/>
\$ 4,837,577	\$ (2,813,322)	\$ 98,270,915

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2018

	Utility	Stormwater Drainage	Solid Waste
OPERATING REVENUES			
User Charges	\$ 15,588,286	\$ 950,272	\$ 3,783,062
Fees	2,878,460	-	36,628
Rental	-	-	-
Other	102,180	-	7,171
Total Operating Revenues	18,568,926	950,272	3,826,861
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	4,270,211	288,500	1,231,458
Utilities	777,839	877	9,963
Supplies and Materials	689,228	11,091	183,224
Contractual Services	389,126	12,147	2,108,535
Repairs and Maintenance	1,015,519	35,349	223,284
Cost of Goods Sold	-	-	-
Other	501,035	47,430	60,434
Administrative Overhead Charges	2,276,524	300,744	518,651
Depreciation and Amortization	3,771,467	553,381	285,918
Total Operating Expenses	13,690,949	1,249,519	4,621,467
Operating Income (Loss)	4,877,977	(299,247)	(794,606)
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	224,880	32,798	413
Interest Expense and Fiscal Charges	(328,303)	-	-
Gain (Loss) on Sale of Capital Assets	76,690	3,381	61,822
Other	541,743	-	45,052
Total Non-Operating Revenues (Expenses)	515,010	36,179	107,287
Income Before Contributions and Transfers	5,392,987	(263,068)	(687,319)
Capital Grants and Contributions	375,098	383,903	582,353
Transfers In	6,209,663	522,223	15,000
Transfers (Out)	(7,192,410)	(262,814)	(255,876)
Change in Net Position	4,785,338	380,244	(345,842)
Net Position - Beginning	74,961,576	15,082,454	2,021,054
Restatement	(461,661)	(31,552)	(144,951)
Net Position - Beginning, restated	74,499,915	15,050,902	1,876,103
Net Position - Ending	\$ 79,285,253	\$ 15,431,146	\$ 1,530,261

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
\$ 2,220,774	\$ 735,285	\$ 23,277,679
-	3,801,259	6,716,347
15,575	100	15,675
25,885	72,438	207,674
2,262,234	4,609,082	30,217,375
610,755	930,729	7,331,653
78,516	116,370	983,565
15,166	43,641	942,350
7,736	151,570	2,669,114
1,222,615	151,580	2,648,347
980,358	307,615	1,287,973
133,473	79,507	821,879
233,610	216,266	3,545,795
176,194	877,212	5,664,172
3,458,423	2,874,490	25,894,848
(1,196,189)	1,734,592	4,322,527
26,869	47,032	331,992
(102,449)	(897,609)	(1,328,361)
-	76	141,969
178,443	190,385	955,623
102,863	(660,116)	101,223
(1,093,326)	1,074,476	4,423,750
1,244,596	-	2,585,950
27,031	841,656	7,615,573
(161,358)	(1,293,751)	(9,166,209)
16,943	622,381	5,459,064
4,885,874	(3,368,089)	93,582,869
(65,240)	(67,614)	(771,018)
4,820,634	(3,435,703)	92,811,851
\$ 4,837,577	\$ (2,813,322)	\$ 98,270,915

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2018

	Utility	Stormwater Drainage	Solid Waste
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash Flows from Operating Activities:			
Received from Customers	\$ 18,869,781	\$ 732,094	\$ 4,835,222
Payment to Suppliers for Goods and Services	(5,929,833)	(260,446)	(3,084,523)
Paid to Employees	(4,270,211)	(288,500)	(1,231,458)
Other Revenues (Expenses)	-	-	-
Net Cash Flows from Operating Activities	8,669,737	183,148	519,241
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Outstanding Bond Issues	(2,315,000)	-	-
Interest Paid on Outstanding Bond Issues	(458,516)	-	-
Acquisition and Construction of Capital Assets	(6,408,890)	(1,019,195)	(52,717)
Proceeds from Sale of Assets	76,690	3,381	61,822
Bond Costs	-	-	-
Proceeds from borrowing	4,025,754		
Capital Contributions and Grants	375,098	383,903	582,353
Net Cash Flows from Capital and Related Financing Activities	(4,704,864)	(631,911)	591,458
Cash Flows from Investing Activities:			
Investment Income	224,880	32,798	413
Net Cash Flows from Investing Activities	224,880	32,798	413
Cash Flows from Non-Capital Financing Activities:			
Payments Under Interfund Loan Agreements	-	(2,617)	(751,291)
Transfers from Other Funds	6,209,663	522,223	15,000
Transfers (to) Other Funds	(7,192,410)	(262,814)	(255,876)
Net Cash Flows from Non-Capital Financing Activities	(982,747)	256,792	(992,167)
Net Change in Cash and Cash Equivalents	3,207,006	(159,173)	118,945
Cash and Cash Equivalents at Beginning of Year	10,997,385	1,922,405	-
Cash and Cash Equivalents at End of Year	\$ 14,204,391	\$ 1,763,232	\$ 118,945

(Continued)

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
-----------------------------	---	------------------------------

\$ 1,189,250	\$ 4,775,719	\$ 30,402,066
(2,445,126)	(1,081,236)	(12,801,164)
(610,755)	(930,729)	(7,331,653)

-	-	-
(1,866,631)	2,763,754	10,269,249

(80,000)	(754,694)	(3,149,694)
(102,449)	(903,001)	(1,463,966)
(1,134,917)	(142,183)	(8,757,902)
-	76	141,969
-	-	-
3,500,000		7,525,754
1,244,596	-	2,585,950

3,427,230	(1,799,802)	(3,117,889)
------------------	--------------------	--------------------

26,869	47,032	331,992
26,869	47,032	331,992

-	-	(753,908)
27,031	841,656	7,615,573
(161,358)	(1,293,751)	(9,166,209)

(134,327)	(452,095)	(2,304,544)
------------------	------------------	--------------------

1,453,141	558,889	5,178,808
------------------	----------------	------------------

130,694	2,013,148	15,063,632
----------------	------------------	-------------------

\$ 1,583,835	\$ 2,572,037	\$ 20,242,440
---------------------	---------------------	----------------------

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2018
(Continued)

	Utility	Stormwater Drainage	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Income	\$ 4,877,977	\$ (299,247)	\$ (794,606)
Adjustments to Reconcile Net Operating Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization	3,771,467	553,381	285,918
Provision for Uncollectible Accounts	459,432	63,534	83,537
Other Revenues (Expenses)	541,743	-	45,052
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(292,900)	(218,178)	963,309
Inventories	24,177	-	-
Prepays	(47,019)	(3,846)	(13,287)
Deferred Outflow of Resources	(28,654)	(2,119)	(7,896)
Accounts Payable and Compensated Absences	(639,047)	93,445	(30,295)
Net Pension Liability	33,033	2,442	9,102
Net OPEB liability	(53,918)	(3,685)	(16,929)
Deferred Inflow of Resources	(28,566)	(2,579)	(4,664)
Deposits Payable	52,496	-	-
Deferred Revenues	(484)	-	-
Total Adjustments	3,791,760	482,395	1,313,847
Net Cash Flows from Operating Activities	\$ 8,669,737	\$ 183,148	\$ 519,241

Non-Cash Transactions (transactions/amounts not included in the Statement of Cash Flows):

Amortization of unamortized bond refunding gain/loss to interest expense of \$135,605

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
-----------------------------	---	------------------------------

\$ (1,196,189) \$ 1,734,592 \$ 4,322,527

176,194 877,212 5,664,172
 - - 606,503
 178,443 190,385 955,623

(1,251,427) (30,512) (829,708)
 (14,700) (26,346) (16,869)
 (6,322) (6,530) (77,004)
 (3,855) (4,399) (46,923)
 257,679 30,390 (287,828)
 4,444 5,072 54,093
 (7,620) (7,897) (90,049)
 (3,278) (4,977) (44,064)
 - 9 52,505
 - 6,755 6,271

(670,442) 1,029,162 5,946,722

\$ (1,866,631) \$ 2,763,754 \$ 10,269,249

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2018

	Employee Retirement Funds
ASSETS	
Cash and Short-Term Investments	\$ 2,463,671
Receivables:	
Interest and Dividends	26,446
Due from State	-
Total Receivables	26,446
Prepaid Expense	650
Investments, at Fair Value:	
Fixed income securities	12,166,093
Equity securities	49,347,784
Alternative strategies	1,141,705
Real Estate Fund	11,578,220
Total Investments	74,233,802
Total Assets	76,724,569
LIABILITIES	
Expenses Payable	70,897
Total Liabilities	70,897
NET POSITION, Restricted For Pensions	\$ 76,653,672

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2018

	Employee Retirement Funds
ADDITIONS	
Contributions:	
Members	\$ 708,926
City	3,611,984
State Insurance Premium Tax from General Fund	423,102
Total Contributions	4,744,012
Other Income	
Other Income	5,505
Total Other Income	5,505
Investment Income:	
Net Increase in Fair Value of Investments	4,260,673
Interest and Dividends on Investments	1,829,348
Total Investment Income	6,090,021
Less Investment Expenses	287,026
Net Income from Investing Activities	5,802,995
Total Additions	10,552,512
DEDUCTIONS	
Benefit Payments	4,440,747
Termination Payments	138,786
DROP Payments	-
Administrative Expenses	167,121
Total Deductions	4,746,654
Change in Net Position	5,805,858
Net Position - Beginning	70,847,814
NET POSITION - ENDING	\$ 76,653,672

See accompanying notes to basic financial statements

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of St. Augustine, Florida (the City), was established in 1925, by Special Legislative Act 11148 of the Florida Legislature. The City operates under a commission-manager form of government and provides the following services as authorized by its charter: General Government, Public Safety, Public Works, Public Utilities, Culture, Recreation, and Community Development.

The accounting and reporting policies of the City relating to the funds included in the Basic Financial Statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principals prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governments* and by the Financial Accounting Standards Board (when applicable).

A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of St. Augustine, Florida, and its fiduciary funds. The fiduciary funds discussed here are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The City currently has separate and distinct defined benefit pension plans for the City's general employees, police officers and firefighters. These plans are legally separate from the City and are governed by board members who are both elected by their peers and appointed by the City Commission. For financial reporting purposes, these plans are reported as if they were part of the City's operations as the sole purpose of the plans are to provide retirement benefits for the City's employees. These plans have separately issued financial statements that can be obtained through the City Clerk's office.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following governmental fund level statements. The reconciliation briefly explains the adjustments necessary to convert the fund level statements into the government-wide governmental column presentations.

The City reports the following funds:

Major Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund and Special Revenue Fund have legally adopted annual budgets. The following are the City's major governmental funds:

a. General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Resources are generated primarily from local property and utility services taxes, franchises, licenses, permits and fees, intergovernmental revenues and charges for services. Expenditures are incurred to provide public safety, general government, public works, parks and recreation services.

b. Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Special Revenue Funds are as follows; The St. Augustine Community Redevelopment Agency fund was established by ordinance in 2000 to assist the City in redeveloping the Historic Area Community Redevelopment Area (HACRA), a blighted transportation and parking geographical area principally located in the historic downtown area. The Lincolnville Community Redevelopment Area (LCRA) was established in 2013. The primary focus of the CRA is maintaining Lincolnville's residential character. The St. Augustine Community Redevelopment Agency (CRA) funded by "increment," or the difference between appraised property values from an established base year in each of the two redevelopment areas, to the current year in the area. The CRA fund receives this amount of money from each taxing entity yearly.

c. Capital Project Fund

The Capital Project Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The principal sources of revenue are bond issue proceeds and transfers from the General Fund.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

d. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of the governmental funds.

e. Permanent Fund

Permanent funds are used to report resources available to support the City's programs that are legally restricted so that only earnings (and not principal) may be used. The Permanent Fund includes the Anderson Trust Fund, Woodman Trust Fund, and Sanchez House Trust Fund and accounts for assets held by the City as a trustee for individuals.

Major Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. Proprietary funds used by the City are:

a. Utility Fund

The Utility Fund accounts for the operation, maintenance and construction of the City-owned water and sewer system.

b. Stormwater Drainage Fund

The Stormwater Drainage Fund accounts for the operation, maintenance and construction of the City-owned stormwater drainage system.

c. Solid Waste Fund

The Solid Waste Fund accounts for the operation and maintenance of the City-owned solid waste pick-up and disposal service.

d. Municipal Marina Fund

The Marina Fund accounts for operations and maintenance of the City-owned Municipal Marina facilities.

e. Visitor Information Center Fund

The Visitor Information Center Fund accounts for the operations and maintenance of the City-owned Visitor Information Center and Historic Downtown Parking Facility.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City as a trustee or agent. Fiduciary Funds used by the City are:

a. General Employees' Pension Plan

The General Employees' Pension Plan accounts for the contributions of the general employees and the City, along with the benefits paid to the retired participants of the plan.

b. Police Officers' Pension Plan

The Police Officers' Pension Plan accounts for the contributions of the police officer employees, the City and the State of Florida, along with the benefits paid to the retired participants of the plan.

c. Firefighters' Pension Plan

The Firefighters' Pension Plan accounts for the contributions of the firefighter employees, the City and the State of Florida, along with benefits paid to the retired participants of the plan.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administration overhead charges between the general fund and the funds benefited. Elimination of these charges would distort the direct costs for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally

dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for goods and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The budget is prepared on a GAAP basis. The legal level of control for budget variations is at the fund level. However, actual spending can exceed the appropriated amount of the fund to the extent revenues exceed the fund's adopted budget.

D. Cash

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested with the State Board of Administration (SBA) Pool and two fully collateralized investment accounts with qualified public depositories. All of these investments are considered cash equivalents due to their liquidity and similarity to cash.

E. Investments

Investments within the Pension Trust Funds are made through financial brokers and are held by trustees. These assets are stated at fair value as determined in an active market.

F. Fair Value Measurement and Application

GSAB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. Receivables and Allowance for Uncollectible Accounts

All receivables are reported at gross value and, where appropriate, are reduced by the portion that is expected to be uncollectible. Estimated unbilled revenues from the Utility, Stormwater and Solid Waste Funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the year. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are classified as “due to/due from other funds”.

H. Inventories

Supply inventories held by the General Fund are valued at cost using the first-in/first-out (FIFO) method. Because the consumption method is used, the supply inventory items are recorded as expenditures at the time they are withdrawn from central stores. The supply inventory value has been recorded as an asset, offset by a reserve in an equal amount. Inventories held for resale in the Proprietary Funds are valued at the lower of cost (using FIFO method) or market. Inventories of these funds are expensed as used.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used for these items.

J. Restricted Assets

These assets consist of cash restricted for debt service, construction, renewal and replacement, and customer deposits (See Note 2).

K. Capital Assets

Capital outlays are recorded as expenditures in the Governmental Fund Financial Statements, and as assets in the Government-wide Financial Statements to the extent the City’s capitalization threshold of \$5,000 is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized. Infrastructure consists primarily of streets, curbs and sidewalks. Depreciation is recorded on general capital assets (except for land and construction in progress) on a government-wide basis using the straight-line method over the following estimated useful lives:

Buildings	30 years
Furniture and Other Equipment	3-20 years
Infrastructure	20-50 years

To the extent the City’s capitalization threshold of \$5,000 is met, capital outlays of the Proprietary Funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis using the following estimated useful lives:

Buildings	10-50 years
Furniture and Other Equipment	2-10 years
Infrastructure & Improvements	10-40 years

All capital assets were valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations in the government-wide financial statements.

L. Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Deferred inflows of resources represents the acquisition of net position that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities.

M. Compensated Absences

Annual vacation leave is accumulated in the following manner:

General, Municipal & Police Employees: 80 hours per year with 5 years or less, 88 hours with 6 years, 96 hours with 7 years, 104 hours with 8 years, 112 hours with 9 years, 120 hours with 10 to 15 years, 128 hours with 16 years, 136 hours with 17 years, 144 hours with 18 years, 152 hours with 19 years, maximum per employee is 160 hours with 20 or more years of service.

Fire Department Employees: 120 hours per year with 5 years of less, 156 hours with 6 years, 165 hours with 7 years, 174 hours with 8 years, 183 hours with 9 years, 192 hours with 10 to 15 years, 216 hours with 16 years, 228 hours with 17 years, 241 hours with 18 years, maximum per employee is 252 hours with 20 or more years of service.

Sick leave is available to be paid at termination, retirement, or resignation as follows:

General and Municipal Employees: 160 hours per year, no maximum
Police Department Employees: 160 hours per year, no maximum
Fire Department Employees: 224 hours per year, no maximum

The City has accrued for sick and vacation leave earned but unused at year end. This accrual was based on unused sick and vacation hours available to employees as maintained by the City's payroll system and as multiplied by each eligible employees individual hourly pay rate. Liquidation of the accrued sick and vacation leave has historically come from the general fund.

N. Other Post-Employment Benefits (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The 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. The City currently provides these benefits in accordance with the vesting and retirement requirements for its employees.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The City is financing the post employee benefits on a pay-as-you-go basis. As determined by an actuarial evaluation, the City records a net OPEB obligation in its government-wide financial statements related to the implicit and explicit subsidy. See Note 12 for further information.

O. Long-Term Obligations

In the government-wide financial statements, governmental long-term debt and other governmental long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Assets. Long-term debt and other long-term obligations of the proprietary funds are reported as liabilities in the business-type activities column of the Statement of Net Assets and the appropriate proprietary fund in the fund level statements.

P. Unearned Revenue

Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from pension plan net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Fund Balance Classifications

In fiscal year 2011, the City Commission implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* by adopting a fund balance policy. GASB No. 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints place on a government's fund balances more transparent. The policy was adopted by resolution No. 2013-09, therefore any modifications to the policy would require a subsequent resolution and majority vote by the Commission. This policy establishes the Commission as the body authorized to assign amounts to these categories. The following classifications describe the relative strength of the spending constraints.

Non-spendable fund balance - is established to report items that are not expected to be converted to cash such as inventory and prepaid items; items not currently in cash form such as the long-term amount of loans and notes receivable as well as property acquired for resale; and, items legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. A number of items that would otherwise qualify as restricted fund balance of the General Fund may be reported in special revenue funds or capital project funds as appropriate.

The following Restricted Fund Balance classifications are examples of those that may be used in reporting the City's financial position:

Unspent Bond Proceeds – The Unspent Bond Proceeds Reserve reflects those amounts relating to debt issued by the City for specific purposes and which are thereby restricted to be used for those purposes.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Grants Earned But Not Spent – The Grants Earned But Not Spent Reserve reflect those amounts relating to legally obligated proceeds issued to the City by another authority.

Committed Fund Balance – amounts constrained to specific purposes by the City itself by Commission approval. Commitment of fund balance may be made from time-to-time by ordinance by the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action that imposed the constraint originally. The use (appropriation) of committed fund balances will be considered in conjunction with the annual budget adoption process or by budget amendment approved by the City Commission during the fiscal year.

Assigned Fund Balance – assignment of fund balance may be a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Assigned fund balance shall reflect management's intended use of resources as established by either (1) the annual budget process (and any amendments thereto) or (2) by agreement of the City's administration prior to the end of each fiscal year. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

The following Assigned Fund Balance classification is an example of one that may be used in reporting the City's financial position:

Designated Carry Forward – The Designated Carry Forward Fund Balance Reserve is assigned by the City as set forth in the annual budget and any amendments thereto to provide funds for open encumbrances.

Unassigned Fund Balance – amounts that are available for any purpose.

Spending of Fund Balance - The General Fund is the only governmental fund that can report a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, if necessary, other governmental funds must report a negative unassigned fund balance when appropriate.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any governmental fund, it is the City's practice to use committed resources first, then assigned, and then unassigned as needed.

In 2013, the City Commission adopted a Resolution establishing a stabilization arrangement. This Resolution is in compliance with the Governmental Accounting Standards Board's issued Statement No. 54, Fund Balance Report and Governmental Fund Type Definitions. It establishes a minimum Committed Fund Balance in the

General Fund Reserve in an amount equal to no less than 33.33% percent (four months) of the City's budgeted general operating revenues as the emergency reserve level.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

S. Unamortized Bond Premium (Discount)

Unamortized bond premium (discount) represent the amount received above or below par on various bond issues. These costs are being amortized over the life of the respective bond issues using the straight-line method, which is comparable to the effective interest method. Unamortized costs at September 30, 2018 are as follows:

	<u>Original Cost</u>	<u>Accumulated Amortization</u>	<u>Unamortized Costs</u>
Beginning of year	\$ 3,373,681	\$ (1,182,158)	\$ 2,191,523
Current year additions	2,617,026	(354,304)	2,262,722
Current year retirements	197,073	(197,073)	-
End of year	<u>\$ 6,187,780</u>	<u>\$ (1,733,535)</u>	<u>4,454,245</u>

T. Revenue Recognition – Property Taxes

Property tax revenue is recognized when it becomes available and measurable. Property taxes, under Florida law, are levied on November 1 by the County Tax Appraiser and collected by the County Tax Collector and become a lien on the property on November 1.

The law allows a four percent discount if paid in November, a three percent discount if paid in December, a two percent discount if paid in January, and a one percent discount if paid in February. Taxes become delinquent on April 1 of each year. Delinquent real estate taxes are advertised during the month of May. Tax certificates are sold on May 30, at a public sale, against property on which the current taxes have not been paid. If not redeemed within two years, the property will be subject to an application for tax deed.

In accordance with National Council on Governmental Accounting (NCGA) Interpretation 3, property taxes that are measurable but not available are reported as deferred revenue. The deferred revenues are recognized in the fiscal year in which they become available. The City had no taxes subject to this deferral at year-end.

U. Community Redevelopment Area

The City established the HACRA and the LCRA Community Redevelopment special revenue funds to account for revenues and expenditures related to the community redevelopment areas. The financial results of the areas are presented as blended component units through the use of a special revenue funds.

For fiscal year ended September 30, 2018, the funds received \$542,998 in property tax revenue and a \$804,198 transfer from the general fund.. The City transfer included the City’s portion of the tax increment.

V. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. The General Fund provides administrative services and incurs overhead costs relating to the Proprietary Funds an administrative overhead charge, which is included in direct expenses.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

W. Future Accounting Pronouncements

- a. Statement No. 83, "Certain Asset Retirement Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2019.
- b. Statement No. 84, "Fiduciary Activities." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2019.
- c. Statement No. 85, "Omnibus 2017." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2018.
- d. Statement No. 86, "Certain Debt Extinguishment Issues." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2018.
- e. Statement No. 87, "Leases." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

NOTE 2. DEPOSITS AND INVESTMENTS:

A. Cash and Cash Equivalents

The City maintains a cash and investment pool that is designed for use by all funds. For the purposes of cash flows, the City considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. In addition, investments are separately held and accounted for by several of the City's funds where contractual agreements and bond covenants provide for and require such arrangements.

At September 30, 2018, the carrying amount of cash on hand was \$3,126,930 and the related bank balance was \$2,834,541. Monies, which are placed on deposit with financial institutions in the form of demand deposit accounts, are defined as Public Deposits and as such are secured as provided for in Chapter 280, Florida Statutes. Financial institutions, which meet the requirements for this chapter, can be designated as qualified public depositories eligible to receive Public Deposits. This chapter also created the Public Deposit Security Trust Fund to facilitate the recovery of administrative penalties resulting from the default or insolvency of any qualified Public Depository and the subsequent payment of any losses to Public Depositors. When Public

Deposits are made in accordance with this statute, no Public Depositor shall be liable for any loss thereof. Thus, all deposits at year-end are insured or collateralized with securities pursuant to Chapter 280, Florida Statutes.

State Statutes govern the City's investment policies. The basic allowable investment instruments include the Local Government Surplus Funds Trust Fund (State Board); Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating; interest-bearing time deposits or savings accounts in qualified public depositories; direct obligations of the United States Treasury; Federal agencies and instrumentalities; other investments authorized by law or ordinance for a county or municipality.

The State Board consists of the Local Government Surplus Trust Fund (Florida PRIME). The Florida PRIME is currently considered a SEC 2a7-like fund, thus the account balance should also be considered the fair value of the investment. Florida PRIME is rated by Standard & Poor's and currently has a rating of AAAM. The Florida PRIME balance of \$28,533,611 maturity as of September 30, 2018. A government money market account with a qualified public depository was established by the City in 2008. This account is fully collateralized and held a balance of \$551,362 as of September 30, 2018. A second account with a qualified public depository was established by the City in 2009. This account held a balance of \$0 as of September 30, 2018 due to the account being closed during the fiscal year and.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

B. Investment Measurement at Fair Value

Fair Value Hierarchy

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where the unobservable inputs are classified as Level 3.

Level 1 Inputs -to the Valuation Methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

Level 2 Inputs -are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

Level 3 Inputs -to the valuation methodology are unobservable and significant to the fair value measurement.

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund's NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purposes. The Plan would multiply the NAV per share owned to arrive at fair value. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes in to play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

	September 30, 2018	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
General Pension Plan				
Fixed Income Security	\$ 4,646,146	\$ -	\$ 4,646,146	\$ -
Equity Securities	28,229,827	28,229,827	-	-
Alternative Strategies	1,141,705	-	1,141,705	-
Real Estate funds	7,521,891	-	7,521,891	-
Investment at Fair Value	\$ 41,539,569	\$ 28,229,827	\$ 13,309,742	\$ -
Police Pension Plan				
Fixed Income Security	\$ 3,096,297	\$ -	\$ 3,096,297	\$ -
Equity Securities	12,908,852	12,908,852	-	-
Alternative Strategies	-	-	-	-
Real Estate funds	3,953,145	-	3,953,145	-
Investment at Fair Value	\$ 19,958,294	\$ 12,908,852	\$ 7,049,442	\$ -
Fire Pension Plan				
Fixed Income Security	\$ 4,423,650	\$ -	\$ 4,423,650	\$ -
Equity Securities	8,209,105	8,209,105	-	-
Alternative Strategies	-	-	-	-
Real Estate funds	103,184	-	103,184	-
Investment at Fair Value	\$ 12,735,939	\$ 8,209,105	\$ 4,526,834	\$ -
Total Investment at Fair Value	\$ 74,233,802	\$ 49,347,784	\$ 24,886,018	\$ -

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

C. Investments – General Pension Plan

Interest Rate Risk

The General Pension Plan Investment Policy limits interest rate risk by limiting the fixed-income portfolio duration to less than 135% of the market index duration, including investments in government issues, corporate bonds with an average rating of A or higher and/or Government National Mortgage Association pooled obligations. There may be exceptional circumstances indicating the use of longer maturities, but these exceptions should be few. As of September 30, 2018, the General Employee’s Pension Plan had the following fixed income investments and maturities at PAR value. :

<u>Investment Type</u>	<u>PAR Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>Between 1 and 5</u>	<u>Between 6 and 10</u>	<u>More Than 10</u>
Fixed	\$ 4,394,242	\$ 485,000	\$ 1,109,861	\$ 1,193,887	\$ 1,605,494

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan’s investment policy.

Foreign Currency

Investment in Foreign Securities is allowed under the investment plan; however, not more than twenty-five percent of the total fund market value may be invested in foreign securities.

D. Investments – Police Pension Plan

Interest Rate Risk

The Police Pension Plan Investment Policy limits fixed income securities to 135% of the duration of the market index, including investments in government issues, corporate bonds having an average quality rating of A or higher and/or securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. There may be exceptional circumstances indicating the use of longer maturities, but these exceptions should be few. As of September 30, 2018, the Police Officer’s Pension Plan had the following investments and maturities:

<u>Investment Type</u>	<u>% of Fund</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Effective Duration</u>
Carillon Core Plus	48.99%	\$ 1,516,790	AAA-B	5.20
T. Row Price Spectrum	51.01%	1,579,507	AAA-B or below	5.44
	<u>100.00%</u>	<u>\$ 3,096,297</u>		

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan’s investment policy. Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan’s investment guidelines limit its fixed income investments to a quality of “A” or equivalent as rated by Moody’s or by Standard & Poor’s board rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

Foreign Currency

Investment in foreign securities is allowed under the investment plan; however, not more than twenty-five percent of the total fund market value may be invested in foreign securities.

E. Investments – Firefighter Pension Plan

Interest Rate Risk

The Firefighter Pension Plan Investment Policy limits all investments in corporate fixed income securities to those that hold a rating of investment grade or higher. There is no limit imposed on investment in fixed income securities issued directly by the U.S. Government. The Plan limits the effective duration of its investment portfolio through the adoption of the Merrill Lynch Government/Corporate Bond Index bench mark. It is expected that the average duration of the total fixed income portfolio will not exceed 150% of the duration of the Index. As of September 30, 2018, the Firefighter Pension Plan held the following fixed income investments:

Investment Type	% of Fund	Fair Value	Rating	Effective Duration
US Government Agencies	32.8%	\$ 1,656,702	AA	10.0-15.0
Corporate Bonds	34.9%	1,758,765	A	11.0
International fixed income investment	20.0%	1,008,183	BBB-A	2.0-5.0
Temporary investment funds	12.3%	620,343	AAA	Daily
	100%	\$ 5,043,993		

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan’s investment policy.

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan’s investment guidelines limit its fixed income investments to a quality of “A” or equivalent as rated by Moody’s or by Standard &

Poor’s board rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Foreign Currency Risk

Investment in foreign securities is allowed under the plan; however, no more than twenty-five percent of the plan’s total assets may be invested in foreign securities.

NOTE 3. ACCOUNTS RECEIVABLE:

Receivables at September 30, 2018, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 1,219,431	\$ 3,311,261	\$ 4,355,942
Intergovernmental	400,000	2,839,235	3,413,985
Gross Receivables	\$ 1,619,431	\$ 6,150,496	\$ 7,769,926

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 4. CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2018:

Governmental Activities	Balance			Balance
	09/30/17	Increases	Decreases	09/30/18
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 8,055,150	\$ -	\$ (9,114)	\$ 8,046,036
Construction in Progress	1,127,163	1,416,651	(2,321,041)	222,773
Total Capital Assets Not Being Depreciated	<u>9,182,313</u>	<u>1,416,651</u>	<u>(2,330,155)</u>	<u>8,268,809</u>
Other Capital Assets:				
Buildings	20,906,685	812,778	(176,928)	21,542,535
Infrastructure	21,239,030	2,081,615	-	23,320,645
Furniture and Other Equipment	8,645,092	1,486,061	(648,613)	9,482,540
Total Other	<u>50,790,806</u>	<u>4,380,454</u>	<u>(825,541)</u>	<u>54,345,720</u>
Less Accumulated Depreciation For:				
Buildings	12,416,827	419,215	(10,763)	12,825,279
Infrastructure	8,723,695	626,544	-	8,900,239
Furniture and Other Equipment	6,920,794	540,587	(506,130)	6,955,251
Total Accumulated Depreciation	<u>27,611,316</u>	<u>1,586,346</u>	<u>(516,893)</u>	<u>28,680,769</u>
Other Capital Assets, Net	<u>23,179,491</u>	<u>2,794,108</u>	<u>(308,648)</u>	<u>25,664,951</u>
TOTAL	<u>\$ 32,361,804</u>	<u>\$4,210,759</u>	<u>\$(2,638,803)</u>	<u>\$ 33,933,760</u>

Depreciation was allocated to Governmental Activities as follows:

General Government	\$ 1,479,198
Public Safety	12,925
Physical Environment	94,224
Transportation	-
Culture & Recreation	-
Total	<u>\$ 1,586,346</u>

Construction in progress is composed of the following at September 30, 2018:

Charlotte Street Reconstruction	\$ 172,322
Mobility and Parking Improvements	50,451
Total	<u>\$ 222,773</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 4. CAPITAL ASSETS: (continued)

Business-Type Activities

	Balance 09/30/17	Increases	Decreases	Balance 09/30/18
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 1,145,803	\$ -	\$ -	\$ 1,145,803
Construction in Progress	5,813,815	3,165,582	(3,829,296)	5,150,101
Total Capital Assets Not Being Depreciated	<u>6,959,618</u>	<u>3,165,582</u>	<u>(3,829,296)</u>	<u>6,295,904</u>
Other Capital Assets:				
Buildings	60,301,259	281,402	(1,147,165)	58,837,839
Infrastructure	119,616,766	8,961,349	(389,136)	128,188,979
Furniture and Other Equipment	8,103,765	578,535	(589,325)	8,092,975
Total Other	<u>188,021,790</u>	<u>9,821,286</u>	<u>(2,125,626)</u>	<u>195,119,794</u>
Less Accumulated Depreciation For:				
Buildings	(29,086,470)	1,142,314	(410,010)	(29,818,774)
Infrastructure	(44,564,265)	3,968,101	(316,886)	(48,215,480)
Furniture and Other Equipment	(5,228,484)	553,757	(999,059)	(4,783,182)
Total Accumulated Depreciation	<u>(78,879,219)</u>	<u>5,664,172</u>	<u>(1,725,955)</u>	<u>(82,817,435)</u>
Other Capital Assets, Net	109,142,571	4,157,114	(399,671)	112,302,359
TOTAL	<u>\$ 116,102,189</u>	<u>\$7,322,969</u>	<u>(\$4,228,966)</u>	<u>\$119,195,919</u>

Depreciation was allocated to Business-Type Activities as follows:

Utility Fund	\$ 3,771,467
Stormwater Drainage Fund	553,381
Solid Waste Fund	285,918
Municipal Marina Fund	176,194
Visitor Information Center	877,212
Total	<u>\$ 5,664,172</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 4. CAPITAL ASSETS: (continued)

Construction in progress is composed of the following at September 30, 2018:

Category G FEMA Project 1	\$	2,044,636
Automated Meter Reading Rollup		1,177,946
Charlotte Street Reconstruction Project		946,495
May Street Intersection (Phase II)		374,381
Tidflex Valves Improvements		274,341
Coquina Avenue Outfall Improvement Rollup		102,074
R0218 Well D-3 Invest & Repairs		101,067
Lincolnville Drainage Project 2		65,943
2017 Stormwater Project		33,931
St Francis Sewer Replacement (R0228)		16,800
Lincolnville Drainage Project 1		6,400
Court Theophila-Edna Project		3470
Community Development Block Grant Project 1		2,617
Total	\$	5,150,101

NOTE 5. RISK MANAGEMENT, LITIGATION AND COMMITMENTS:

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. A small portion of the risk is covered by commercial insurance. The majority of this risk (Workers Compensation, Property and Liability) is covered through the Florida Municipal Insurance Trust (the "Trust"). The City pays an annual premium to the Trust for its coverage. The premiums are designed to fund the liability risk assumed by the Trust and are based on certain actual exposures and appropriate classifications of each member. The coverage provided for Workers Compensation is \$1,000,000 for each occurrence. Coverage provided Property and Liability is \$200,000 for each person and \$300,000 for each occurrence with a maximum up to \$1,000,000. The City also has Specific Excess Coverage of \$1,000,000 through the Trust. There were no claims paid that exceeded coverage in the past three fiscal years. Employee medical benefits are covered by commercial insurance.

The City Attorney estimates that the amount of any actual or potential claims against the City as of September 30, 2018, will not materially affect the financial condition of the City. Therefore, the financial statements contain no provision for estimated claims. The City has received notice pursuant to the requirements of the J. Bert Harris Private Property Rights Protection Act of a claim for damages exceeding \$3,400,000.00 allegedly arising out of the denial by the City Commission of approval for demolition of structures designated as historically significant. The City satisfied the requirements of the Harris Act by responding to that claim with a bona fide offer of settlement and a ripeness decision.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 5. RISK MANAGEMENT, LITIGATION AND COMMITMENTS (CONTINUED):

The City denied the claim and expressly denied the damages asserted. The owners filed suit in pursuit of this claim. The presiding judge entered judgment in favor of the City, holding that the plaintiffs failed to pursue this claim in a timely manner. The owners appealed this judgment, and the appellate court reversed the trial court and entered an

order retreating from their previous decision and finding the owners' claim and lawsuit timely, returning the case to circuit court. The presiding judge again entered judgment in favor of the City, and granted the City's motion for summary judgment. Plaintiffs have stated that they intend to appeal this decision. The City Attorney's Office has engaged the law firm of Marks Gray, P.A. in defense of the claim and intends to defend the action vigorously.

At September 30, 2018, the City had outstanding commitments of approximately \$5,326,500 relating to construction contracts.

NOTE 6. LONG-TERM DEBT:

Governmental Funds

Capital Improvement Refunding Revenue Bonds, Series 2011B:

On December 28, 2011, the City issued Capital Improvement Refunding Revenue Bonds totaling \$10,440,000. The Bonds are being issued for the purpose of (i) currently refunding all of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 2001, and (ii) paying certain costs of issuance incurred with respect thereto, including the premium for a Municipal Bond Insurance Policy. The proceeds of the Refunded Bonds were used to finance (i) the current refunding of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 1992, (ii) the acquisition, relocation, construction and/or equipping of a parking garage, a fire station and related facilities on different sites of the City and other capital projects of the City, (iii) the capitalization of interest on a portion of the Refunding Bonds, (iv) the purchase of a surety bond to fund the Reserve Account relating to the Refunded Bonds, and (v) the cost of issuance with respect to the Refunded Bonds. This issuance results in an \$814,718 difference in cash flow requirements with a present value economic gain of \$574,623.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2018 is as follows:

Year Ended September 30,	Capital Improvement Revenue Bonds		
	Principal	Series 2011B Interest	Total
2019	310,982	173,323	484,305
2020	314,326	165,548	479,874
2021	327,702	156,118	483,820
2022	337,733	145,468	483,201
2023	347,765	133,225	480,990
2024-2028	1,959,523	451,263	2,410,786
2029-2033	906,195	59,981	966,176
	\$ 4,504,226	\$ 1,284,926	\$ 5,789,152

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6: LONG TERM DEBT (continued):

Capital Improvement and Refunding Revenue Bonds, Series 2013:

On February 15, 2013, the City issued Capital Improvement and Refunding Revenue Bonds totaling \$20,645,000 to advance refund a portion of the outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034; and to finance the acquisition, construction and equipping of a portion of the cost of various capital improvement projects located within the City, including without limitation, the Historic Downtown Parking Facility and other municipal capital improvement projects to City facilities and infrastructure on file with the City; and to pay the costs of issuing the Series 2013 Bonds. This issuance savings results in a \$1,377,123 difference in cash flow requirements with a present value economic gain of \$1,078,678.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2018 is as follows:

Year Ended September 30,	Capital Improvement Revenue Bonds		
	Principal	Series 2013 Interest	Total
2019	7,406	76,475	83,881
2020	7,619	76,253	83,872
2021	7,832	76,024	83,856
2022	8,046	75,789	83,835
2023	8,365	75,548	83,913
2024-2028	46,461	372,919	419,380
2029-2033	72,035	362,533	434,568
2034-2038	753,841	292,878	1,046,719
2039-2042	645,000	65,437	710,437
	\$ 1,556,605	\$ 1,473,856	\$ 3,030,461

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6: LONG TERM DEBT (continued):

Capital Improvement and Refunding Revenue Bonds, Series 2017:

On December 14, 2017, the City issued Capital Improvement and Refunding Revenue Bonds totaling \$18,395,000 to advance refund the remaining outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2030 and all of the Series 2011 Bonds maturing on October 1, 2041; and to finance the costs of the design, installation, acquisition, construction reconstruction and equipping of various capital projects of the City including without limitation, capital improvements to the City's parking and access management system; and to pay the costs of issuing the Series 2017 Bonds. This issuance savings results in a \$2,709,447 difference in cash flow requirements with a present value economic gain of \$1,913,284.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2018 is as follows:

Year Ended September 30,	Capital Improvement Revenue Bonds		
	Series 2017		
	Principal	Interest	Total
2019	150,921	851,669	1,002,590
2020	155,638	845,632	1,001,270
2021	165,070	839,406	1,004,476
2022	169,787	832,803	1,002,590
2023	174,503	826,012	1,000,515
2024-2028	193,369	4,065,728	4,259,097
2029-2033	1,075,315	3,899,904	4,975,219
2034-2038	8,027,134	3,207,081	11,234,215
2039-2043	7,121,597	723,715	7,845,312
	\$ 17,233,334	\$16,091,950	\$ 33,325,284

Enterprise Funds

Capital Improvement Refunding Revenue Bonds, Series 2011B:

On December 28, 2011, the City issued Capital Improvement Refunding Revenue Bonds totaling \$10,440,000. The Bonds are being issued for the purpose of (i) currently refunding all of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 2001, and (ii) paying certain costs of issuance incurred with respect thereto, including the premium for a Municipal Bond Insurance Policy. The proceeds of the Refunded Bonds were used to finance (i) the current refunding of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 1992, (ii) the acquisition, relocation, construction and/or equipping of a parking garage, a fire station and related facilities on different sites of the City and other capital projects of the City, (iii) the capitalization of interest on a portion of the Refunding Bonds, (iv) the purchase of a surety bond to fund the Reserve Account relating to the Refunded Bonds, and (v) the cost of issuance with respect to the Refunded Bonds. This issuance results in an \$814,718 difference in cash flow requirements with a present value economic gain of \$574,623.

Principal payments were due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2018 is as follows:

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6. LONG-TERM DEBT: (continued)

Year Ended September 30,	Capital Improvement Revenue Bonds		
	Series 2011B		
	Principal	Interest	Total
2019	154,018	85,840	239,858
2020	155,674	81,989	237,663
2021	162,298	77,320	239,618
2022	167,267	72,045	239,312
2023	172,235	65,981	238,216
2024-2028	970,477	223,493	1,193,970
2029-2033	448,805	29,706	478,511
	\$ 2,230,774	\$ 636,374	\$ 2,867,148

Water and Sewer Revenue Refunding Bonds, Series 2012:

On December 11, 2012, the City issued Water and Sewer Revenue Refunding Bonds, Series 2012 totaling \$15,930,000, to advance refund a portion of the outstanding principal amount of the City's Water and Sewer Revenue Bonds, Series 2003 maturing on October 1, 2013 and all of the outstanding principal amount maturing on and after October 1, 2014; to finance the costs of certain capital improvements to the City's Water and Sewer System, including without limitation water main and pipeline replacements (\$4,530,000); to pay Assured Guaranty Municipal Corp. a premium for insuring the 2012 Bonds; to purchase for deposit to the Reserve Account, a Reserve Fund Surety Bond issued by Assured securing the 2012 Bonds and certain other bonds issued on a parity with the 2012 Bonds; and to pay the costs of issuing the 2012 Bonds. This issuance results in a \$1,672,283 difference in cash flow requirements with a present value economic gain of \$1,522,648.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2018 is as follows

Year Ended September 30,	Water & Sewer Revenue Refunding Bonds		
	Series 2012		
	Principal	Interest	Total
2019	1,650,000	368,550	2,018,550
2020	2,455,000	302,550	2,757,550
2021	490,000	204,350	694,350
2022	1,805,000	184,750	1,989,750
2023	1,890,000	94,500	1,984,500
	\$ 8,290,000	\$ 1,154,700	\$ 9,444,700

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6. LONG-TERM DEBT: (continued)

Capital Improvement and Refunding Revenue Bonds, Series 2013:

On February 15, 2013, the City issued Capital Improvement and Refunding Revenue Bonds totaling \$20,645,000 to advance refund a portion of the outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034; and to finance the acquisition, construction and equipping of a portion of the cost of various capital improvement projects located within the City, including without limitation, the Historic Downtown Parking Facility and other municipal capital improvement projects to City facilities and infrastructure on file with the City; and to pay the costs of issuing the Series 2013 Bonds. This issuance results in a \$1,377,123 difference in cash flow requirements with a present value economic gain of \$1,078,678.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2018 is as follows:

<u>Year Ended September 30,</u>	Capital Improvement & Refunding Revenue Bonds		
	<u>Principal</u>	<u>Series 2013 Interest</u>	<u>Total</u>
2019	687,594	734,375	1,421,969
2020	707,381	713,747	1,421,128
2021	727,168	692,526	1,419,694
2022	746,954	670,711	1,417,665
2023	776,635	648,302	1,424,937
2024-2028	4,313,539	2,793,981	7,107,520
2029-2033	6,687,965	1,829,867	8,517,832
2034-2038	2,341,159	202,122	2,543,281
2039-2042	215,000	21,813	236,813
	<u>\$ 17,203,395</u>	<u>\$ 8,307,444</u>	<u>\$ 25,510,839</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6. LONG-TERM DEBT: (continued)

Water and Sewer Revenue Refunding Bonds, Series 2016:

On July 15th, 2016 the City issued Series 2016 Bond is being issued pursuant to Chapter 11148, Laws of Florida, Special Acts of 1925, as amended, Chapter 166, Part II, Florida Statutes, as amended, and other applicable provisions of law, and Resolution No. 86-5 adopted by the City Commission of the City (the "Commission") on June 25, 1986, as amended and supplemented, and as particularly amended by Resolution Nos. 90-09, 96-12 and 2003-26 adopted by the Commission on March 22, 1990, May 30, 1996 and November 4, 2003, respectively, and as may be further amended and supplemented from time to time, and as particularly amended and supplemented by a resolution adopted by the Commission on July 11, 2016 (collectively, the "Resolution") to provide for the deposit of the proceeds of the Series 2016 Bond to various funds and accounts established pursuant to the Resolution for the following purposes:

- (a) To currently refund the outstanding principal amount of the City's Water and Sewer Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds"); and
- (b) To pay the costs of issuing the Series 2016 Bond (the "Issuance Expenses").

Unless otherwise specifically defined, all capitalized terms used in this Certificate shall have the meanings as those set forth in the Resolution or in Sections 1.148-1 through 1.148-10 and Section 1.150-1 of the Income Tax Regulations (the "Regulations").

- (c) The refunding of the Series 2005 Bonds is being undertaken by the City in order to realize a significant present value interest cost savings. The Series 2005 Bonds will be redeemed on August 19, 2016, which is less than 90 days from the date hereof. The Series 2005 Bonds were issued for the purpose of (a) currently refunding the City's Water and Sewer Revenue Refunding Bonds, Series 1995A and Series 1995B (collectively, the "Series 1995 Bonds"); (b) currently refunding the City's Water and Sewer Revenue Refunding Bonds, Series 1996 (the "Series 1996 Bonds"); (c) advance refunding the City's Water and Sewer Revenue Bonds, Series 1999 (the "Series 1999 Bonds"); and (d) financing the costs of acquiring and constructing certain capital improvements to the water and sewer system (the "System") owned and operated by the City (the "2005 Project"). The Series 1995 Bonds and Series 1996 Bonds were issued to refund separate portions of the City's Water and Sewer Revenue Refunding Bonds, Series 1986 (the "Series 1986 Bonds"). The Series 1986 Bonds were issued to advance refund the City's Water and Sewer Revenue Refunding Bonds, Series 1985 (the "Series 1985 Bonds"). The Series 1985 Bonds were issued to advance refund the City's Water and Sewer Revenue Bonds, Series 1984 (the "Series 1984 Bonds"). The Series 1984 Bonds were issued to advance refund the City's Water and Sewer Refunding Revenue Bonds, Series 1983 (the "Series 1983 Bonds") and to finance certain capital improvements to the System (the "1984 Project"). The Series 1983 Bonds were issued to refund certain prior bonds of the City (the "Prior Refunded Bonds") originally issued to finance or refinance capital improvements to the System (the "Prior Projects"). The 1999 Bonds were issued to finance the acquisition and construction of certain capital improvements to the System (the "1999 Project"). The Prior Projects, 1984 Project, 1999 Project and 2005 Project are hereinafter collectively referred to as the "Refinanced Projects." This issuance savings results in a \$346,367 difference in cash flow requirements with a present value economic gain of \$331,880.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6. LONG-TERM DEBT: (continued)

Principal payments are due annually on October 1, and interest payments are due semi-annually on April 1 and October 1. The annual requirement to amortize bonded debt outstanding as of September 30, 2018 is as follows:

Year Ended September 30,	Water & Sewer Revenue Refunding Bonds		
	Principal	Series 2016 Interest	Total
2019	710,000	38,916	748,916
2020	-	28,905	28,905
2021	2,050,000	28,905	2,078,905
2022	-	-	-
2023	-	-	-
	\$ 2,760,000	\$ 96,726	\$ 2,856,726

Capital Improvement and Refunding Revenue Bonds, Series 2017:

On December 14, 2017, the City issued Capital Improvement and Refunding Revenue Bonds totaling \$18,395,000 to advance refund the remaining outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2030 and all of the Series 2011 Bonds maturing on October 1, 2041; and to finance the costs of the design, installation, acquisition, construction reconstruction and equipping of various capital projects of the City including without limitation, capital improvements to the City's parking and access management system; and to pay the costs of issuing the Series 2017 Bonds. This issuance savings results in a \$2,709,447 difference in cash flow requirements with a present value economic gain of \$1,913,284.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2018 is as follows:

Year Ended September 30,	Capital Improvement & Refunding Revenue Bonds		
	Principal	Series 2017 Interest	Total
2019	9,079	51,231	60,310
2020	9,362	50,868	60,230
2021	9,930	50,494	60,424
2022	10,213	50,097	60,310
2023	10,497	49,688	60,185
2024-2028	11,631	244,572	256,203
2029-2033	64,685	234,596	299,281
2034-2038	482,866	192,919	675,785
2039-2043	428,403	43,535	471,938
	\$ 1,036,666	\$ 968,000	\$ 2,004,666

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6. LONG-TERM DEBT: (continued)

State Revolving Fund Loan – DW 550410:

On May 9th, 2017, the State of Florida Department of Environmental Protection, State Revolving Fund Loan was obtained for the purpose of providing financing for the planning, design and construction of various public water systems projects. The loan is payable from and secured by pledged gross revenues of the water and/or sewer system. Principal and interest paid for the current fiscal year was \$ - and pledged revenues were \$4,713,224. At September 30, 2018, principal and interest to maturity in 2026 to be paid from pledged future revenues totaled \$4,098,455. As of September 30, 2018, outstanding principal, including capitalized interest, was \$4,025,754. The loan bears interest at 1.24%. The City must fix, establish, maintain and collect water and/or sewer system revenues which will at least equal 115% of the debt service requirements each fiscal year plus 100% of all additional debt service requirements.

Principal and interest payments are due semi-annually on June 15th and December 15th. Estimated annual debt service requirements to maturity based on the outstanding balance of the loan as of September 30, 2018 are as follows:

<u>Year Ended</u> <u>September 30,</u>	State Revolving Fund Loan DW 550410		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	268,506	5,996	274,502
2020	537,447	11,557	549,004
2021	538,145	10,859	549,004
2022	538,813	10,191	549,004
2023	539,481	9,523	549,004
2024-2026	1,603,362	24,575	1,627,937
	<u>\$ 4,025,754</u>	<u>\$ 72,701</u>	<u>\$ 4,098,455</u>

Note Payable

Capital Improvement Revenue Note, Series 2018

On April 23, 2018, the City entered into a loan agreement with the Branch Banking and Trust (BB&T) in the principal amount of \$3,500,000 with an interest rates of 4.17%. The purpose of the loan was used (i) to finance the cost of improvements to the City's Municipal Marina south and central dock systems and (ii) to pay the costs of issuance for the Series 2018 Note. The loan proceeds were funded through pledged funds consisting of (1) Non-Ad Valorem Revenues budgeted, appropriated, and deposited into the debt service fund, and (2) all moneys in the funds and accounts including the investments thereof, after being applied in accordance with the Resolution.

Principal payments will be made every October 1, and interest payments (4.17%) are due semiannually every April 1 and October 1. The annual requirements as of September 30, 2018 is as follows:

<u>Year Ended</u> <u>September 30,</u>	Capital Improvement Revenue Note		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	185,000	142,614	327,614
2020	195,000	134,899	329,899
2021	200,000	126,768	326,768
2022	210,000	118,428	328,428
2023	220,000	109,671	329,671
2024-2028	1,225,000	404,490	1,629,490
2029-2033	1,185,000	125,934	1,310,934
	<u>\$ 3,420,000</u>	<u>\$ 1,162,804</u>	<u>\$ 4,582,804</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 6. LONG-TERM DEBT: (continued)

Capital Lease – Fire Truck:

On September 1, 2013, the City entered into a lease purchase agreement for the purchase of a new pumper fire truck from Ferrara Fire Apparatus, Inc. The City made a down payment of \$75,000 and financed the remaining \$215,000 over five years.

Principal and interest payments are due annually on November 1. The annual requirement as of September 30, 2018, is as follows:

<u>Year Ended September 30,</u>	<u>Fire Truck Lease Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	46,283	1,233	47,516
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
	<u>\$ 46,283</u>	<u>\$ 1,233</u>	<u>\$ 47,516</u>

NOTE 7. CHANGES IN LONG-TERM DEBT:

	<u>Balance 10/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2018</u>	<u>Current Portion</u>
General Long-Term Debt & Obligations					
Capital Improvement and Refunding Revenue Bonds	\$ 22,594,470	\$ 17,351,241	\$ (16,651,546)	\$ 23,294,165	\$ 469,309
Unamortized (Premium) Discount	(341,928)	2,617,026	(67,232)	2,207,866	94,493
Capital Lease Obligation	90,619	-	(44,336)	46,283	46,283
Accrued Compensated Absences	2,361,273	1,449,724	(1,237,535)	2,573,462	104,465
Net Pension Liability	5,235,759	72,620	-	5,308,379	-
Net OPEB Obligation	1,601,384	-	(187,165)	1,414,219	-
Total General Long-Term Obligations	<u>\$ 31,541,577</u>	<u>\$ 21,490,611</u>	<u>\$ (18,187,814)</u>	<u>\$ 34,844,374</u>	<u>\$ 714,550</u>
Proprietary Fund Long-Term Obligations					
Accrued Compensated Absences	\$ 671,972	\$ 453,039	\$ (449,258)	\$ 675,753	\$ 35,410
Water and Sewer Revenue Bonds	13,365,000	-	(2,315,000)	11,050,000	2,360,000
Capital Improvement and Refunding Revenue Bonds	21,225,530	1,043,759	(1,798,454)	20,470,835	850,691
Unamortized (Premium) Discount	2,533,450	-	(287,071)	2,246,379	287,071
Taxable Capital Improvement Note	-	3,500,000	(80,000)	3,420,000	185,000
Revolving Fund Loan DW 550410	-	4,025,754	-	4,025,754	268,506
Net Pension Liability	3,543,757	54,093	-	3,597,850	-
Net OPEB Obligation	771,018	-	(90,049)	680,969	-
Total Proprietary Fund Long-Term Obligations	<u>\$ 42,110,727</u>	<u>\$ 9,076,645</u>	<u>\$ (5,019,832)</u>	<u>\$ 46,167,540</u>	<u>\$ 3,986,678</u>
Total Long-Term Debt & Obligations	<u>\$ 73,652,304</u>	<u>\$ 30,567,256</u>	<u>\$ (23,207,646)</u>	<u>\$ 81,011,914</u>	<u>\$ 4,701,228</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 8. INTERFUND RECEIVABLES, PAYMENTS, AND TRANSFERS:

A. As of September 30, 2018, interfund payments and transfers are as follows:

<u>Fund Type/Fund</u>	<u>Transfer-in</u>	<u>Transfers-out</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 3,270,049	\$ 3,114,433
Debt Service Fund	1,732,478	-
Special Revenue Fund-HACRA	500,514	840,756
Special Revenue Fund-LCRA	302,784	300,000
Capital Projects Fund	-	-
Permanent Fund	-	-
PROPRIETARY FUNDS		
Utility Fund	6,209,663	7,192,410
Stormwater Fund	500,514	262,814
Solid Waste Fund	15,000	255,876
Municipal Marina Fund	27,031	161,358
Visitor Information Center	841,656	1,293,751
	<u>\$ 13,421,198</u>	<u>\$ 13,421,198</u>

Transfers are used to move unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and to segregate money for anticipated capital projects.

<u>Fund Type/Fund</u>	<u>Administrative Overhead Charges</u>	<u>Administrative Overhead Expenses</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 3,545,795	\$ -
PROPRIETARY FUNDS		
Utility Fund	-	2,276,524
Stormwater Fund	-	300,744
Solid Waste Fund	-	518,651
Municipal Marina Fund	-	233,610
Visitor Information Center	-	216,266
	<u>\$ 3,545,795</u>	<u>\$ 3,545,795</u>

Administrative overhead charges are primarily used to move funds from proprietary funds to the General Fund for an allocated amount of overhead. These charges do not represent Interfund reimbursements and are not eliminated in the financial statements as such elimination would not accurately report the activities of the funds benefited.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 8. INTERFUND RECEIVABLES, PAYMENTS, AND TRANSFERS: (continued)

B. As of September 30, 2018, interfund receivables are as follows:

<u>Fund Type/Fund</u>	<u>Due to</u>	<u>Due from</u>
GOVERNMENTAL FUNDS		
General Fund	\$ -	\$ 20,097
Debt Service Fund	-	-
Special Revenue Fund-HACRA	-	-
Special Revenue Fund-LCRA	-	-
Capital Projects Fund	-	-
Permanent Fund	348	-
PROPRIETARY FUNDS		
Utility Fund	-	-
Stormwater Fund	-	-
Solid Waste Fund	-	-
Municipal Marina Fund	19,748	-
Visitor Information Center	-	-
	<u>\$ 20,097</u>	<u>\$ 20,097</u>

Interfund balances represent amounts loaned to or borrowed from other funds to assist in financing the operations of the borrowing fund.

NOTE 9. OPERATING LEASES:

The City leases various City and State owned buildings and properties under the terms of operating leases. The cost of the buildings and properties leased is not specifically identifiable as most of the leases are for only a portion of the building or property occupied. Future rental income expected from these leases is as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 1,211,603
2020	1,247,951
2021	1,285,389
2022	1,323,951
Total future minimum rentals	<u>\$ 5,068,894</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS:

The City of St. Augustine has established three pension trust funds: General Employees' Retirement System (GERS), Police Officers' Retirement System (PORS) and Fire Fighters' Retirement System (FFRS). All full-time employees are covered under one of these three separate single-employer defined benefit plans. Each plan is a governmental benefit plan and is tax exempt under the IRS Code. Each plan is administered by a Board of Trustees in which City administration and members of the plans are represented. Each plan presents separate financial statements, and are included as part (reporting as pension trust funds) of the City's financial reporting entity since they are not "legally separate". The plans issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained through the City Clerk's office. The General Fund would be used to liquidate any of the obligations for these pension funds or any other post-employment benefit.

A. Membership

As of September 30, 2018, employee membership data related to the pension plans were:

	GERS	PORS	FFRS	Total
Active Participants	222	51	33	306
Inactive Members or Beneficiaries Receiving Benefits	148	26	24	198
Drop Retirees	-	1	-	1
Disabled Members	-	3	-	3
Vested Terminated	14	8	4	26
Inactive or Limited Participants	40	4	-	44
Total Participants	424	93	61	578
Total Covered Payroll	\$10,272,429	\$3,615,909	\$1,940,595	\$15,828,933

B. Plan Descriptions – General

1. General Employees' Retirement System (GERS)

The City of St. Augustine General Employees' Retirement System (GERS) was authorized in its original form by City Ordinance 88-54, amending Chapter 20, Article IV of the Code of the City of St. Augustine, effective September 26, 1988. The Ordinance, along with five additional amendments, is used to govern the plan.

As stipulated by City Ordinance 88-54, authority to establish and amend benefit provisions of the GERS rest with the City Commission, along with the authority to provide for cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of credited service to a maximum of 35 years, monthly benefits shall be earned at the rate of two and a half percent of the member's average final salary. A supplemental annuity benefit is available to senior managers and directors pay grade 32 and above who retire after March 31, 2002, with ten or more years of credited service earned after March 31, 2002. The annuity amount is .5 percent of final average compensation times credited service up to 35 years for service in pay grades 32 through 35 and 1 percent of final average compensation times credited service up to 35 years for pay grades 36 and higher. Benefits are paid for the life of the participant with 60 percent continued to a surviving eligible spouse, unless optional forms of payments are elected. Eligibility for normal retirement is the earlier of age 65 and 5 years of service, age 60 and 10 years of service, or age 55 and 25 years of service. No benefits will be paid to a member upon termination if the termination occurs prior to the completion of ten years of service. The member, however, will receive his or her contribution to the plan, along with 3 percent interest.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS: (continued)

If a member of the GERS dies a non-duty death or becomes disabled prior to five years of service, the member or beneficiary will receive a refund of the member's contribution to the fund. If a member dies in the line of duty or has 5 years of service, the eligible spouse will receive 60 percent of the projected benefits (with service credit extended to age 60) and eligible children will receive 10 percent of the projected benefits to a maximum of 20 percent.

Duty related disability with five or more years of service provides benefits under the group disability insurance contract. Upon termination of insurance, the pension benefit is computed as a normal retirement with additional service credit granted.

Members with ten or more years of service who have attained age and service conditions for normal retirement but are within five years of the earliest normal retirement date may elect to have their terminated benefits calculated as if the member had retired at an eligible normal retirement date up to five years earlier on or after February 13, 2006. Benefits that would have been payable are accumulated at interest to date of termination and paid or rolled over in a single sum, and payments are made directly to the member thereafter.

In the event the Plan terminates, the assets of the GERS shall be apportioned and distributed in accordance with the established provisions of Section 20-135 of the City of St. Augustine Code, which provides for the distribution of assets in the following order:

- a. To provide for all expenses of the Plan including any cost of liquidation; then
- b. To provide for the payment of each participant and non-retired former participant an amount equal to his or her accumulated participant contributions; then
- c. To provide for the continuance of retirement allowances to retirees and beneficiaries; then
- d. To provide for the potential rights of participants and former participants entitled to a vested termination retirement allowance; then
- e. To revert back to the City if any excess exists after satisfying subsections a through d above.

2. Police Officers' Retirement System (PORS)

The St. Augustine Police Officers' Retirement System (PORS) was created June 1, 1957, by the City of St. Augustine, Article X of the St. Augustine Code, under the provisions of general law pertaining to Municipal Police Officers' Retirement Trust Fund (Chapter 185, Florida Statutes).

As stipulated by City Ordinance 88-75, authority to establish and amend benefit provisions of the retirement system rests with the City Commission, along with the authority to provide cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of creditable service, monthly benefits shall be earned at the rate of 2.5 percent to 3.0 percent of the member's average final salary. Benefits are paid for life with 120 monthly payments guaranteed. Eligibility for normal retirement is the earlier of age 55 and 10 years of service or 25 years of service regardless of age. No benefits will be paid to a member upon termination if termination occurs prior to the completion of 10 years of service.

The Deferred Retirement Option Program (DROP) allows participants eligible for regular retirement to continue employment for a maximum of five years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. As of September 30, 2018, the balance of the Police Officers' Retirement System DROP plan is \$14,673.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS: (continued)

If a retirement system member dies before becoming eligible for any retirement benefits, the beneficiary will receive a refund, not including interest, of the deceased's member contributions to the fund. If ten years of creditable service had been attained, then the accrued benefit of the member is due to the surviving spouse, payable in 120 monthly payments. Disability benefits are based on the accrued benefit and are due to the member as of the disability retirement date. Minimum benefit is 42 percent of the average monthly earnings if the disability occurred in the line of duty, otherwise, the minimum benefit would be 25 percent of the average monthly benefits.

In the event the plan terminates, or upon written notice to the Board of Trustees that contributions they are under are being permanently discontinued, the assets of the retirement system shall be apportioned and distributed in accordance with the established provisions of Section 185.37, Florida Statutes. The amount of benefits which at the time of termination has accrued to the member or beneficiary shall not be affected, except to the extent that the assets of the retirement system may be determined to be inadequate.

3. Fire Fighters' Retirement System (FFRS)

The City of St. Augustine Firefighters' Retirement System (FFRS) was authorized in its present form by City Ordinance 87-60, amending Chapter 20, Article V of the Code of the City of St. Augustine, effective December 4, 1987.

As stipulated by City Ordinance 87-60, authority to establish and amend benefit provisions of the Fund rests with the City Commission, along with the authority to provide for cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of credited service to a maximum of 35 years, monthly benefits shall be earned at the rate of 3.0 percent of the member's average final compensation. Benefits are paid for the life of the participant with ten years certain. Eligibility for normal retirement is the earlier of age 55 and 10 years of credited service or 25 years of credited service, regardless of age. No benefits will be paid to a participant if termination occurs prior to the completion of ten years of service. Such participants, however, will receive their contributions to the plan along with three percent interest.

The Deferred Retirement Option Program (DROP) allows participants eligible for regular retirement to continue employment for a maximum of five years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. As of September 30, 2018, the balance of the Fire Fighters' Retirement System DROP plan is \$-0-.

If a member of the Fund dies a non-duty death prior to five years of service, the beneficiary will receive the member's contribution with three percent interest. If a member dies in the line of duty or has five years of credited service, the beneficiary will receive the value of accrued benefits based on the member's average final compensation (AFC) and credited service. Disability benefits, as determined by the Board of Trustees, are the member's accrued benefits, but not less than 42 percent of AFC for service incurred and 25 percent for non-service incurred disabilities. Benefits are paid in the form of a ten-year certain and life annuity.

In the event the plan terminates, the assets of the retirement system shall be apportioned and distributed in accordance with the established provisions of Section 20-210 of the Code of the City of St. Augustine. The amount of benefits, which at the time of termination has accrued to the member or beneficiary shall not be affected except to the extent that the assets of the retirement system may be determined to be inadequate.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS: (continued)

A. Actuarial Assumptions

The total pension liability was determined by actuarial valuations as of October 01, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

	GERB	PORS	FFRS
Inflation	3.25%	3.25%	2.50%
Salary Increases	Service based	Service based	Service based
Investment Rate of return, including inflation	7.65%	7.65%	7.50%
Mortality	Table 1	Table 1	Table 2

Mortality Table 1:

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
 Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 100% RP2000 100% Disable Female set forward two years, no projection scale.
 Male: 100% RP2000 Disabled Male setback four years, no projection scale.

Mortality Table 2:

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
 Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 100% Disable Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
 Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS: (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These estimates 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Development of Long Term Discount Rate – General Employee Retirement System</u>			
	Inflation	Policy Allocation	Long Term Expected Real Rate of Return
Domestic Equity	3.00%	55.0%	9.50%
Foreign Equity	3.00%	10.0%	10.50%
Bonds	3.00%	15.0%	5.50%
Real Estate	3.00%	15.0%	7.50%
Treasuries & Other Gov't Obligations	3.00%	5.0%	5.50%
Cash	3.00%	0.0%	2.0%

<u>Development of Long Term Discount Rate – Police Officer Retirement System</u>			
	Inflation	Policy Allocation	Long Term Expected Real Rate of Return
Domestic Equity	3.00%	55.0%	9.50%
Foreign Equity	3.00%	10.0%	10.50%
Corporate Bonds	3.00%	20.0%	5.50%
Real Estate	3.00%	15.0%	7.50%
U. S. Treasuries & Other Gov't Agencies	3.00%	0.0%	5.00%
Cash	3.00%	0.0%	1.0%

<u>Development of Long Term Discount Rate – Fire Fighters Retirement System</u>			
	Inflation	Policy Allocation	Long Term Expected Real Rate of Return
Domestic Equity	2.50%	50.0%	7.50%
Foreign Equity	2.50%	10.0%	8.50%
Fixed Income	2.50%	30.0%	2.50%
Alternative	2.50%	5.0%	3.50%

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS: (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.65% for the GERS and PORS and 7.50% for the FFRS. The projection of cash flows used to determine the discount rate assumed that City contributions will continue to be made at actuarially determined contribution rates based on the funding requirements of Florida Statutes, taking into account the applicable member rate. Based on those assumptions, the pension 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 pension plan investments was used as the discount rate and 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: The following presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

City's net pension liability (asset)	1% Decrease	Current	1% Increase
GERS (current rate of 7.65%)	\$ 14,293,354	\$ 8,658,193	\$ 3,893,079
PORS (current rate of 7.65%)	\$ 2,779,176	\$ 483,380	\$ (1,527,056)
FFRS (current rate of 7.50%)	\$ 1,391,600	\$ (235,343)	\$ (1,588,529)

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS: (continued)

	GERS	PORS	FFRS	Total
Statement of Fiduciary Net Position				
Assets				
Cash & Cash Equivalents	\$ 1,133,785	\$ 709,543	\$ 620,343	\$ 2,463,671
Receivables	-	-	26,446	26,446
Fixed Income	4,646,146	3,096,297	4,423,650	12,166,093
Equities	28,229,827	12,908,852	8,209,105	49,347,784
Real Estate	7,521,891	3,953,145	103,184	11,578,220
Alternative Strategies	1,141,705	-	-	1,141,705
Prepaid	-	-	650	650
Total Assets	<u>\$ 42,673,354</u>	<u>\$ 20,667,837</u>	<u>\$ 13,383,378</u>	<u>\$ 76,724,569</u>
Liabilities				
Accounts Payable	\$ 37,482	\$ 12,360	\$ 21,055	\$ 70,897
Total Liabilities	<u>\$ 37,482</u>	<u>\$ 12,360</u>	<u>\$ 21,055</u>	<u>\$ 70,897</u>
Net Position Held In Trust				
For Pension Benefits - (a)	<u>\$ 42,635,872</u>	<u>\$ 20,655,477</u>	<u>\$ 13,362,323</u>	<u>\$ 76,653,672</u>
Statement of Changes in Total Pension Liability				
	GERS	PORS	FFRS	Total
Service Cost at 10/1/2017	\$ 1,070,512	\$ 675,379	\$ 311,731	\$ 2,057,622
Interest	3,662,089	1,483,635	893,103	6,038,827
Change in Excess State Money	-	-	(389,245)	(389,245)
Changes in Benefit Terms	-	-	116,195	116,195
Differences between Expected and Actual Experience	1,205,174	782,820	316,244	2,304,238
Changes to Assumptions	270,413	114,054	-	384,467
Benefit Payments, including Refunds of Employee Contributions	(2,806,416)	(1,019,276)	(753,841)	(4,579,533)
Net Change in Total Pension Liability	<u>\$ 3,401,772</u>	<u>\$ 2,036,612</u>	<u>\$ 494,187</u>	<u>\$ 5,932,571</u>
Total Pension Liability at 10/1/2017	\$ 47,892,292	\$ 19,102,245	\$ 12,632,793	\$ 79,627,330
Total Pension Liability at 09/30/2018 (b)	\$ 51,294,064	\$ 21,138,857	\$ 13,126,980	\$ 85,559,901
Net Pension Liability (a) - (b)	<u>\$ (8,658,192)</u>	<u>\$ (483,380)</u>	<u>\$ 235,343</u>	<u>\$ (8,906,229)</u>

B. Funding Policy, Contributions, Status and Progress:

1. General Employees' Retirement System (GERS)

The City of St. Augustine General Employees' Retirement System is funded under the provisions of Chapter 20, Article IV, St. Augustine Code and Chapter 112, Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, and investment income from retirement system assets. Administrative costs of the System are financed through investment earnings.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 10. RETIREMENT SYSTEMS: (continued)

Effective November 8, 1988, contributions by retirement system members are based on four percent of compensation while the City of St. Augustine contributes one percent of compensation on behalf of the employees. Previously, retirement system members contributed five percent of compensation.

The System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. For the year ended September 30, 2018, the City made an actuarial contribution of 23.41 percent in addition to the required one percent contributed on behalf of the employees.

2. Police Officers' Retirement System (PORS)

The St. Augustine Police Officers' Retirement System is funded under the provisions of Article X, Section 10.03, St. Augustine Code and Chapter 185.07, Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, percentage of casualty insurance premiums collected on property located within the corporate limits of the City of St. Augustine, accretions to the fund by way of interest on bank deposits or otherwise, and any other source of income authorized by law to increase the retirement fund. At September 30, 2018, contributions by retirement system members are based on 5.5 percent of compensation while the City of St. Augustine contributes a minimum of 2.5 percent of compensation. Previously, retirement system members contributed four percent of fixed monthly compensation. The Board of Trustees for the Plan anticipates the above funding methods will result in all members' benefits being fully provided for by the time of their retirement. Effective October 1, 1993, the member contributions were changed from after tax compensation to pre-tax compensation.

Administrative costs are funded by City and member contributions.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The City made an actuarial contribution of 16.51 percent during the fiscal year ended September 30, 2018.

3. Fire Fighters' Retirement System (FFRS)

The City of St. Augustine Firefighters' Retirement System plan was created in 1987 under City Ordinance 87-60 amending Section 20, Article V of the Code of the City of St. Augustine, Florida. The Plan was substantively amended in 1993, 1995, 2000, 2001 and 2005. In addition, the Plan is a local law plan subject to provisions of Chapter 175 of the State of Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, 1.85 percent premium tax for property insurance and investment income from the retirement system assets. Administrative costs of the fund are financed through investment earnings. For the current fiscal year the state premium tax revenue was \$176,271.

Effective September 22, 2008, contributions by retirement system members are based on five percent of compensation while the City of St. Augustine contributes one percent of compensation on behalf of members. Previously, retirement system members contributed four percent.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The City was required to make an actuarial contribution of 17.17 percent during the fiscal year ended September 30, 2018, in addition to the ordinance-required contribution of 3.5 percent.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 11. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS:

C. Concentrations

As of September 30, 2018, the Plans had no investments that exceeded five percent of the Plans' net position as of that date.

For the year September 30, 2018, the City recognized pension expense as follows:

General Employees' Pension Plan	\$ 2,429,096
Police Officers' Pension Plan	424,963
Fire Fighters' Pension Plan	87,646
Total	<u>\$ 2,941,705</u>

At September 30, 2018 the City reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

Deferred Outflow of Resources:

	GERS	PORS	FFRS	Total
Differences between expected and actual experience	\$ 1,272,644	\$ 677,385	\$ 466,301	\$ 2,416,330
Changes in Assumption	1,702,114	516,075	196,731	2,414,920
Net difference between projected and actual earnings on investments	394,627	220,701	193,101	808,429
	<u>\$ 3,369,385</u>	<u>\$ 1,414,161</u>	<u>\$ 856,133</u>	<u>\$ 5,639,679</u>

Deferred Inflow of Resources:

	GERS	PORS	FFRS	Total
Differences between expected and actual experience	\$ -	\$ 52,025	\$ -	\$ 52,025
Changes in Assumption	-	-	21,664	21,664
Net difference between projected and actual earnings on investments	1,265,798	920,278	484,702	2,670,778
	<u>\$ 1,265,798</u>	<u>\$ 972,303</u>	<u>\$ 506,366</u>	<u>\$ 2,744,467</u>

Amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be Recognized in pension expense as follows:

<u>Year Ended September 30,</u>	GERS	PORS	FFRS	Total
2019	\$ 971,660	\$ 97,833	\$ 219,383	\$ 1,288,876
2020	424,356	(122,870)	(6,752)	294,734
2021	399,546	(14,206)	41,800	427,140
2022	308,025	153,247	42,624	503,896
2023	-	199,731	52,712	252,433
Thereafter	-	128,123	-	128,123
	<u>\$ 2,103,588</u>	<u>\$ 441,858</u>	<u>\$ 349,767</u>	<u>\$ 2,895,212</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Pursuant to Section 112.0801 of the Florida Statutes, the City is required to permit participation in the single-employer defined benefit health insurance plan (the “Plan”) by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

Based on Governmental Accounting Standards Board (GASB) approval of Statement Nos. 74 and 75 which set forth the guidelines for reporting and disclosure of Other Post-Employment Benefits (OPEB), the City had an actuary calculate future funding requirements using an appropriate actuarial cost method. The valuation was performed as of September 30, 2018 and covers subsidies for medical insurance benefits. The City has implemented the provisions of GASB Statement No. 75 prospectively. The City’s annual OPEB cost for the Plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The individual entry age actuarial cost method is specifically identified in GASB Statement 75 as the only appropriate method for determining a plan’s Total OPEB Liability (TOL), which is the portion of the present value of benefits attributable to past service.

1. Plan Description:

The City provides optional post-employment benefits to all eligible individuals including lifetime medical, prescription, dental, and certain life insurance coverage. Eligible individuals include all employees of the City of St. Augustine who retire from active service under one of the pension plans sponsored by the City.

Under certain conditions, eligible individuals also include spouses and dependent children. As of September 30, 2018, there were 314 future retirees, 14 retired and disabled participants receiving benefits, no spouses receiving benefits and no other dependents receiving benefits for a total of 328 included in the valuation. The Plan does not issue a publicly available financial report.

2. Funding Policy:

The City Commission is authorized to establish benefit levels and approve the actuarial assumptions used in the determination of contributions levels. The City Commission establishes the contributions requirements of plan members and the City. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the premium cost. Retirees must pay a monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage. Currently, the City’s subsidy to OPEB benefits is unfunded. There are no separate Trust Funds or equivalent arrangements into which the City makes contributions to advance-fund the OPEB obligations, as it does for its retiree pension plans. The City’s cost of the OPEB benefits, funded on a pay-as-you-go basis, was \$415,625 for the year ended September 30, 2018. The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its current investment policy. Under GASB Statement 75, the City’s expected discount rate of 3.90% reflects the 20-year tax-exempt municipal bond yield or index rate which is based on the assumption that the plan will not be funded.. This is consistent with GASB Statement No. 75 guidance.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB): (continued)

A. Actuarial Assumptions

Significant Actuarial Assumptions and methods used to estimate the OPEB liability are as follows:

Valuation date.....	October 01, 2017	
Actuarial cost method.....	Individual Entry Age	
Medical Inflation rate.....	5%	
Discount rate.....	3.90% per annum	
Aging Factor.....	<u>Under 65</u>	<u>65-85</u>
	3.00%	1.50%
Plan Expenses.....	Assumed payable outside of plan.	
Payroll Growth Rate.....	4.00%	
Projected Salary Increases.....	3.50% to 7.00%	
Healthcare Trend Rates.....	5.0%	
Ad hoc post-employment benefit changes.....	None	
Retirement Rates Based Service and Age		

<u>Age</u>	<u>General Employee</u>		
	<u>Years of Service</u>		
	<u>5-9</u>	<u>10-24</u>	<u>25+</u>
54 and under	0%	0%	0%
55	0%	0%	15%
56	0%	0%	10%
57	0%	0%	10%
58	0%	0%	10%
59	0%	0%	10%
60	0%	20%	20%
61	0%	15%	15%
62	0%	20%	20%
63	0%	10%	10%
64	0%	15%	15%
65	70%	70%	70%
66	30%	30%	30%
67	40%	40%	40%
68	50%	50%	50%
69	60%	60%	60%
70 and over	100%	100%	100%

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB): (continued)

	Police				
	20% immediate at retirement, 80% 5-year DROP				
	Years of Service				
<u>Age</u>	<u>10-24</u>	<u>25</u>	<u>26-28</u>	<u>29</u>	<u>30+</u>
49 and under	0%	0%	0%	0%	0%
50	0%	20%	20%	50%	100%
51	0%	10%	20%	50%	100%
52	0%	50%	50%	50%	100%
53	0%	50%	50%	100%	100%
54	0%	50%	50%	100%	100%
55	50%	100%	100%	100%	100%
56	50%	100%	100%	100%	100%
57 and over	100%	100%	100%	100%	100%

	Fire		
	20% immediate at retirement, 80% 5-year DROP		
	Years of Service		
<u>Age</u>	<u>10-24</u>	<u>25-26</u>	<u>27</u>
49 and under	0%	0%	0%
50	0%	20%	20%
51	0%	10%	20%
52	0%	50%	50%
53	0%	50%	50%
54	0%	50%	50%
55	50%	100%	100%
56	50%	100%	100%
57 and over	100%	100%	100%

Termination Rates Based on Age:

	General Employee				
	Years of Service				
<u>Age</u>	<u>0</u>	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3+</u>
Under 45	0%	0%	0%		
45-49	0%	0%	15%		
50+	0%	0%	10%		

<u>Age</u>	Police	Fire
	<u>Rate</u>	<u>Rate</u>
20	5.44%	18.00%
30	3.70%	14.72%
40	1.13%	7.88%
50	0.00%	0.00

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB): (continued)

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the City, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1.0% Decrease in Discount Rate 2.90%	Current Single Discount Rate 3.90%	1.0% Increase in Discount Rate 4.90%
Total OPEB Liability (TOL)	\$1,771,061	\$2,095,288	\$2,502,441
Plan Net Fiduciary Position	-	-	-
Net OPEB Liability	<u>\$1,771,061</u>	<u>\$2,095,288</u>	<u>\$2,502,441</u>
Plan Net Fiduciary Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%
Annual Covered Payroll	16,374,771	16,374,771	16,374,771
Net OPEB Liability as a Percentage of Covered Employee Payroll	10.82%	12.80%	15.28%

3. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:

At September 30, 2018, the City reported its proportionate share of the City's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

Deferred Outflow of Resources:

	<u>OPEB</u>
Differences between expected and actual experience	\$ -
Changes in Assumption	-
Net difference between projected and actual earnings on investments	-
	<u>\$ -</u>

Deferred Inflow of Resources:

Differences between expected and actual experience	\$ 76,993
Changes in Assumption	351,977
Net difference between projected and actual earnings on investments	-
	<u>\$ 428,970</u>

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (OPEB): (continued)

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

<u>Year Ended September 30,</u>	<u>Expense</u>
2019	\$ 71,495
2020	71,495
2021	71,495
2022	71,495
2023	71,495
Thereafter	71,495
	<u>\$ 428,970</u>

NOTE 13. 457 TAX-DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. On August 20, 1996, Section 457 of the Code was amended with the passage of the Small Jobs Protection Act of 1996. The Code now requires employers to maintain the plan assets in a trust, custodial account or annuity for each individual member as of January 1, 1999. Since the inception of its plan on October 1, 1993, the City has deposited all funds in a custodial account with The Variable Annuity Life Insurance Company.

In October 1997, the GASB issued Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This statement allows the employer to not report the assets and liabilities in their financial statements if the employer has met the new criteria of the Internal Revenue Code, Section 457 and does not retain fiduciary accountability for the plan assets. In fiscal year 1998, the City amended its deferred compensation plan to reflect the changes in the Internal Revenue Code and, in the opinion of management, does not retain fiduciary accountability for plan assets. Accordingly, the City has implemented GASB No. 32 and is no longer including the assets and liabilities of the deferred compensation plan in its financial statements. There is no effect on the City's overall fund balance as the plan was an agency fund in which plan assets equal liabilities.

NOTE 14. DEFICIT NET POSITION

The Visitor Information Center (VIC) Fund had a deficit net position of \$2,813,322 at September 30, 2018. This deficit has been the result of the funds debt service payments for the construction of the Historic District Parking Facility. The VIC Fund operating revenue exceeds its operating expenses for the current year and has done so for the previous five (5) years. The City began to appropriate funds beginning in 2018 fiscal year to eliminate the deficit and build reserves equal to three months of operations. The estimated timeline for this to be complete is five years.

NOTE 15. CAPITAL PROJECTS FUND

At the end of fiscal year 2018, all current year activities and previous fund balance amounts were combined with the General Fund.

CITY OF ST AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2018

NOTE 16. CATASTROPHIC EVENT

On October 7, 2016, Hurricane Matthew impacted both the residents of St. Augustine and the infrastructure of the City of St. Augustine. Immediately after the storm, the City expended \$1.75 million for debris removal throughout the City. Approximately 91% of these costs were reimbursed by FEMA and the State of Florida. The City saw significant damages to 13 sewer lift stations in the City. This project is expected to exceed \$10 million and has been obligated by FEMA. The large breakwater dock at the City Marina was also damaged. Costs were just under \$1 million for this repair and we continue to work with FEMA and the State to get this project obligated and reimbursed. Several smaller scale damages were experienced with City buildings and equipment, with approximately 87.5% of the City's costs being reimbursed. Any required spending matches and any costs that are not deemed reimbursable by FEMA and the State will be spent from the City's committed reserves (emergency reserves).

In addition to Hurricane Matthew, in September 2017 Hurricane Irma impacted both the residents of St. Augustine and the infrastructure of the City of St. Augustine. Damage to our lift stations and the Marina occurred again as well as debris pickup and emergency protective measures totaling approximately \$7 million. These damages have been submitted to FEMA and the State of Florida, and we are working through the process to receive reimbursement.

NOTE 17. GASB 75 & BEGINNING FUND BALANCE RESTATEMENT

Based on Governmental Accounting Standards Board (GASB) approval of Statement Nos. 74 and 75, the City updated its guidelines for reporting and disclosure of Other Post-Employment Benefits (OPEB). The restatement of net position resulted in a change in beginning fund balances of \$(437,341) from governmental activities and \$(771,018) from business-type activities, resulting in a \$(1,208,359) difference.

This Page Intentionally Left Blank

**Required Supplementary
Information Other than
Management Discussion & Analysis
(MD&A)**

CITY OF ST. AUGUSTINE, FLORIDA

General Employees' Retirement Systems
Schedule of Changes in Net Pension Liability and Related Ratios
 Last 5 Fiscal Years

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 1,070,512	\$ 934,169	\$ 877,693	\$ 803,520	\$ 773,148
Interest	3,662,089	3,354,032	3,199,137	2,974,850	2,922,230
Differences Between Expected and Actual					
Experience	1,205,174	-	292,529	957,468	524,737
Changes of Assumptions	270,413	2,259,593	293,019	64,099	-
Contributions - Buy Back	-	-	-	-	-
Benefit Payments, Including Refunds of					
Employee Contributions	<u>(2,806,416)</u>	<u>(2,560,373)</u>	<u>(2,318,001)</u>	<u>(2,445,651)</u>	<u>(1,946,951)</u>
Net Change in Total Pension Liability	3,401,772	3,987,421	2,344,377	2,354,286	2,273,164
Total Pension Liability - Beginning	47,892,292	43,904,875	41,560,498	39,206,212	36,933,048
Total Pension Liability - Ending	<u>51,294,064</u>	<u>47,892,292</u>	<u>43,904,875</u>	<u>41,560,498</u>	<u>39,206,212</u>
Plan Fiduciary Net Position					
Contributions - Employer	2,720,877	2,199,188	1,981,476	1,890,973	1,818,974
Contributions - Employee	440,965	417,923	403,094	388,933	299,058
Contributions - State	-	-	-	-	-
Contributions - Buy Back	-	-	-	-	-
Net Investment Income (loss)	2,977,936	4,487,841	2,936,911	712,816	3,220,400
Benefit Payments, Including Refunds of					
Employee Contributions	<u>(2,806,415)</u>	<u>(2,560,372)</u>	<u>(2,318,001)</u>	<u>(2,445,651)</u>	<u>(1,946,951)</u>
Administrative Expenses	<u>(65,056)</u>	<u>(59,340)</u>	<u>(57,582)</u>	<u>(39,139)</u>	<u>(88,525)</u>
Net Change in Plan Fiduciary Net Position	3,268,307	4,485,240	2,945,898	507,932	3,302,956
Plan fiduciary net position - beginning	39,367,565	34,882,325	31,936,427	31,428,495	28,125,539
Plan fiduciary net position - ending	<u>42,635,872</u>	<u>39,367,565</u>	<u>34,882,325</u>	<u>31,936,427</u>	<u>31,428,495</u>
Net Pension Liability	8,658,192	8,524,727	9,022,550	9,624,071	7,777,717
Plan Fiduciary Net Position as a Percentage of the Total Liability	83.12%	82.20%	79.45%	76.84%	80.20%
Actuarial determined contributions	\$ 2,514,305	\$ 2,065,477	\$ 1,907,612	\$ 1,791,789	\$ 1,749,201
Contributions in relation to the actuarially determined contributions	<u>2,825,631</u> <u>(311,326)</u>	<u>2,283,857</u> <u>(218,380)</u>	<u>2,058,258</u> <u>(150,646)</u>	<u>1,964,248</u> <u>(172,459)</u>	<u>1,893,589</u> <u>(144,388)</u>
Covered Payroll	<u>10,272,429</u>	<u>9,681,447</u>	<u>9,396,015</u>	<u>9,168,707</u>	<u>8,704,913</u>
Contribution as a percent of covered employee payroll	<u>27.51%</u>	<u>23.59%</u>	<u>21.91%</u>	<u>21.42%</u>	<u>21.75%</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>84.30%</u>	<u>88.05%</u>	<u>96.03%</u>	<u>104.97%</u>	<u>89.35%</u>

Notes to Schedule:

Valuation Date: - September 30, 2017
 Actuarial Cost Method - Individual Entry Age, Level Percent of Pay
 Amortization Method - Level Dollar, Closed
 Remaining Amortization Period - 13 to 15 years based on year established
 Asset Valuation Method - Actuarial Value, based on 5-year recognition of returns greater or
 less than assumed investment return
 Inflation - 3.25%
 Salary Increases - 3.5% to 7.0%
 Investment Rate of Return - 7.65%
 Retirement Age - Schedule of probabilities based on age and service, increasing as age and
 service increase
 Mortality RP-2000 Mortality Table Dynamic with projection to valuation year.

CITY OF ST. AUGUSTINE, FLORIDA

Police Employees' Retirement Systems
Schedule of Changes in Net Pension Liability and Related Ratios
 Last 5 Fiscal Years

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 675,379	\$ 540,900	\$ 535,582	\$ 514,463	\$ 461,946
Interest	1,483,635	1,381,385	1,667,171	1,218,700	1,208,257
Differences Between Expected and Actual					
Experience	782,820	-	(19,092)	(234,101)	(109,454)
Changes of Assumptions	114,054	501,237	93,784	19,821	-
Contributions - Buy Back	-	-	-	-	-
Benefit Payments, Including Refunds of					
Employee Contributions	(1,019,276)	(1,440,875)	(799,841)	(689,626)	(876,479)
Net Change in Total Pension Liability	2,036,612	982,647	1,477,604	829,257	684,270
Total Pension Liability - Beginning	19,102,245	18,119,598	16,641,994	15,812,737	15,128,467
Total Pension Liability - Ending	<u>21,138,857</u>	<u>19,102,245</u>	<u>18,119,598</u>	<u>16,641,994</u>	<u>15,812,737</u>
Plan Fiduciary Net Position					
Contributions - Employer	541,133	478,581	399,211	411,658	387,688
Contributions - Employee	170,931	178,168	153,529	164,848	140,007
Contributions - State	246,831	194,937	175,835	181,087	167,880
Contributions - Buy Back	-	-	-	-	-
Net Investment Income (loss)	1,766,632	2,159,405	1,654,228	123,357	1,619,894
Benefit Payments, Including Refunds of					
Employee Contributions	(1,019,276)	(1,440,875)	(799,841)	(689,626)	(876,479)
Administrative Expenses	(60,925)	(50,802)	(59,938)	(40,273)	(47,946)
Net Change in Plan Fiduciary Net Position	1,645,326	1,519,414	1,523,024	151,051	1,391,044
Plan fiduciary net position - beginning	19,010,151	17,490,737	15,967,713	15,816,662	14,425,618
Plan fiduciary net position - ending	<u>20,655,477</u>	<u>19,010,151</u>	<u>17,490,737</u>	<u>15,967,713</u>	<u>15,816,662</u>
Net Pension Liability	483,380	92,094	628,861	674,281	(3,925)
Plan Fiduciary Net Position as a Percentage of the Total Liability	97.71%	99.52%	96.52%	95.93%	100.02%
Actuarial determined contributions	\$ 704,412	\$ 613,512	\$ 606,441	\$ 578,501	\$ 538,160
Contributions in relation to the actuarially determined contributions	818,301	699,448	597,329	610,097	571,885
	<u>(113,889)</u>	<u>(85,936)</u>	<u>9,112</u>	<u>(31,596)</u>	<u>(33,725)</u>
Covered Payroll	<u>3,615,909</u>	<u>2,943,236</u>	<u>2,646,904</u>	<u>2,867,573</u>	<u>2,812,632</u>
Contribution as a percent of covered employee payroll	<u>22.62%</u>	<u>23.80%</u>	<u>22.60%</u>	<u>21.30%</u>	<u>20.30%</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>13.38%</u>	<u>3.14%</u>	<u>23.76%</u>	<u>23.51%</u>	<u>-0.14%</u>

Notes to Schedule:

Valuation Date: - September 30, 2017

Actuarial Cost Method - Individual Entry Age, Level Percent of Pay

Amortization Method - Level Dollar, Closed

Remaining Amortization Period - 13 to 15 years based on year established

Asset Valuation Method - Actuarial Value, based on 5-year recognition of returns greater or less than assumed investment return

Inflation - 3.25%

Salary Increases - 3.5% to 7.0%

Investment Rate of Return - 7.65%

Retirement Age - Schedule of probabilities based on age and service, increasing as age and service increase

Mortality RP-2000 Mortality Table Dynamic with projection to valuation year.

CITY OF ST. AUGUSTINE, FLORIDA

**Fire Employees' Retirement Systems
Schedule of Changes in Net Pension Liability and Related Ratios
Last 6 Fiscal Years**

	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Service Cost	\$ 311,731	\$ 275,743	\$ 234,355	\$ 230,062	\$ 209,592	\$ 194,969
Interest	893,103	740,339	787,330	721,743	753,466	795,175
Changes in excess state money	(389,245)	88,941	(295,791)	90,698	9,746	-
Share plan allocation	116,195	-	378,685	165,171	29,234	-
Differences Between Expected and Actual Experience	316,244	160,964	124,845	-	-	-
Changes of Assumptions	-	(32,498)	393,462	-	-	-
Contributions - Buy Back	-	-	924	13,864	3,178	3,063
Benefit Payments, Including Refunds of Employee Contributions	(753,841)	(767,735)	(700,051)	(643,641)	(765,357)	(516,658)
Net Change in Total Pension Liability	494,187	465,754	923,759	577,897	239,859	476,549
Total Pension Liability - Beginning	12,632,793	12,167,039	11,243,280	10,665,383	10,425,524	9,948,975
Total Pension Liability - Ending	<u>13,126,980</u>	<u>12,632,793</u>	<u>12,167,039</u>	<u>11,243,280</u>	<u>10,665,383</u>	<u>10,425,524</u>
Plan Fiduciary Net Position						
Contributions - Employer	349,974	225,053	196,389	243,834	270,792	245,509
Contributions - State	176,271	163,451	157,404	180,080	186,295	162,413
Contributions - Employee	97,030	92,832	81,793	80,812	78,484	73,063
Contributions - Buy Back	-	-	924	13,864	3,178	3,063
Net Investment Income (loss)	1,063,931	1,158,206	1,082,244	(138,907)	1,107,564	1,061,817
Benefit Payments, Including Refunds of Employee Contributions	(753,841)	(767,735)	(700,051)	(643,641)	(765,357)	(516,658)
Administrative Expenses	(41,140)	(47,428)	(47,394)	(37,717)	(24,882)	(25,655)
Net Change in Plan Fiduciary Net Position	892,225	824,379	771,309	(301,675)	856,074	1,003,552
Plan fiduciary net position - beginning	12,470,098	11,645,719	10,874,410	11,176,085	10,320,011	9,316,459
Plan fiduciary net position - ending	<u>13,362,323</u>	<u>12,470,098</u>	<u>11,645,719</u>	<u>10,874,410</u>	<u>11,176,085</u>	<u>10,320,011</u>
Net Pension Liability	(235,343)	162,695	521,320	368,870	(510,702)	105,513
Plan Fiduciary Net Position as a Percentage of the Total Liability	101.79%	98.71%	95.71%	96.70%	104.83%	98.98%
Actuarial determined contributions	\$ 438,963	\$ 334,010	\$ 303,615	\$ 350,237	\$ 381,591	\$ 362,976
Contributions in relation to the actuarially determined contributions	<u>688,965</u>	<u>301,274</u>	<u>336,351</u>	<u>350,237</u>	<u>381,591</u>	<u>362,976</u>
	<u>(250,002)</u>	<u>32,736</u>	<u>(32,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	<u>1,940,595</u>	<u>1,856,640</u>	<u>1,635,855</u>	<u>1,645,062</u>	<u>1,569,689</u>	<u>1,461,256</u>
Contribution as a percent of covered employee payroll	<u>35.50%</u>	<u>16.23%</u>	<u>20.56%</u>	<u>21.29%</u>	<u>24.31%</u>	<u>24.84%</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>-12.12%</u>	<u>8.77%</u>	<u>31.87%</u>	<u>22.42%</u>	<u>-32.54%</u>	<u>7.22%</u>

Notes to Schedule:

Changes of assumptions:

For measurement date 09/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report.

For measurement date 09/30/2016, the following method and assumption changes have been incorporated, based on results of a special Experience Study, dated July 26, 2016.

Salary Scale - Change from a flat rate for all years of Credited Service to and assumption based on credited Service.

Normal Retirement rates - Modified based on age and years of Credited Services.

Investment Return - Lowered from 7.90% to 7.85%. Additional reductions will occur with future valuations according to the below table:

10/01/2017 - 7.80%

10/01/2018 - 7.50%

Withdrawal - change from age-based to service-based rates.

Mortality - Incorporation of rates pursuant to Chapter 2015-157, Laws of Florida

Actuarial Cost Method - Changed from Aggregate to Entry Age Normal Actuarial Cost Method.

Changes to Unfunded Actuarial Accrued Liability will be amortized as a level dollar according to the type of base as follows:

Gains/Losses - 10 years

Method/Assumption changes - 20 years

Benefit Changes - 30 years

Furthermore the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

CITY OF ST. AUGUSTINE, FLORIDA

Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
 First Year

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 81,206	\$ -
Interest	76,692	-
Differences Between Expected and Actual		
Experience	-	-
Changes of Assumptions	123,660	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of		
Employee Contributions	<u>(58,167)</u>	-
Net Change in Total OPEB Liability	223,391	-
Total OPEB Liability - Beginning	<u>1,871,897</u>	-
Total OPEB Liability - Ending	<u><u>2,095,288</u></u>	<u><u>-</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	-	-
Contributions - Employee	-	-
Contributions - Buy Back	-	-
Net Investment Income (loss)	-	-
Benefit Payments, Including Refunds of		
Employee Contributions	-	-
Administrative Expenses	-	-
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u><u>-</u></u>	<u><u>-</u></u>
Net OPEB Liability	2,095,288	-
Plan Fiduciary Net Position as a Percentage of the Total Liability	0.00%	0.00%
Actuarial determined contributions	\$ 415,625	\$ 245,055
Contributions in relation to the actuarially determined contributions	<u>62,316</u>	<u>58,167</u>
	<u><u>353,309</u></u>	<u><u>186,888</u></u>
Covered Payroll	<u><u>16,374,771</u></u>	<u><u>15,744,972</u></u>
Contribution as a percent of covered employee payroll	<u><u>0.40%</u></u>	<u><u>0.40%</u></u>
Net OPEB Liability as a Percentage of Covered Payroll	<u><u>12.80%</u></u>	<u><u>0.00%</u></u>

Notes to Schedule:

Valuation Date: - October 1, 2017
 Actuarial Cost Method - Individual Entry Age
 Amortization Method - Level Dollar, Closed
 Remaining Amortization Period - 6 years
 Asset Valuation Method - N/A
 Medical Inflation - 5.0%
 Salary Increases - 3.5% to 7.0%
 Investment Rate of Return - 3.9%
 Retirement Age - 100% at Normal Retirement System Mortality Table
 Morality - Florida Retirement System Mortality Table

Combining Statements

CITY OF ST. AUGUSTINE, FLORIDA

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

	General Employees' Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Employee Retirement Funds
ASSETS				
Cash and Short-term Investments	\$ 1,133,785	\$ 709,543	\$ 620,343	\$ 2,463,671
Receivables:				
Interest and Dividends	-	-	26,446	26,446
Total Receivables	-	-	26,446	26,446
Prepaid Expense	-	-	650	650
Investments, at Fair Value:				
Fixed income securities	4,646,146	3,096,297	4,423,650	12,166,093
Equity securities	28,229,827	12,908,852	8,209,105	49,347,784
Alternative strategies	1,141,705	-	-	1,141,705
Real Estate Fund	7,521,891	3,953,145	103,184	11,578,220
Total Investments	41,539,569	19,958,294	12,735,939	74,233,802
Total Assets	42,673,354	20,667,837	13,383,378	76,724,569
LIABILITIES				
Expenses Payable	37,482	12,360	21,055	70,897
Total Liabilities	37,482	12,360	21,055	70,897
NET POSITION, Restrictd For Pensions	\$ 42,635,872	\$ 20,655,477	\$ 13,362,323	\$ 76,653,672

CITY OF ST. AUGUSTINE, FLORIDA

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

	General Employees' Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Employee Retirement Funds
ADDITIONS				
Contributions				
Members	\$ 440,965	\$ 170,931	\$ 97,030	\$ 708,926
City	2,720,877	541,133	349,974	3,611,984
State Insurance Premium Tax, from General Fund	-	246,831	176,271	423,102
Total Contributions	3,161,842	958,895	623,275	4,744,012
Other Income				
Other Income	3,951	1,378	176	5,505
Total Other Income	3,951	1,378	176	5,505
Investment Income				
Net Increase in Fair Value of Investments	2,187,124	1,446,100	627,449	4,260,673
Interest and Dividends on Investments	965,151	379,095	485,102	1,829,348
Total Investment Income	3,152,275	1,825,195	1,112,551	6,090,021
Less Investment Expenses	178,289	59,941	48,796	287,026
Net Investment Income	2,973,986	1,765,254	1,063,755	5,802,995
Total Additions	6,139,779	2,725,527	1,687,206	10,552,512
DEDUCTIONS				
Benefit Payments	2,709,397	977,509	753,841	4,440,747
Termination Payments	97,019	41,767	-	138,786
DROP payments	-	-	-	-
Administrative Expenses	65,056	60,925	41,140	167,121
Total Deductions	2,871,472	1,080,201	794,981	4,746,654
Change in Net Position	3,268,307	1,645,326	892,225	5,805,858
Net Position - Beginning	39,367,565	19,010,151	12,470,098	70,847,814
NET POSITION - ENDING	\$ 42,635,872	\$ 20,655,477	\$ 13,362,323	\$ 76,653,672

**Schedule of Expenditures
of Federal Awards
and State Financial Assistance**

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended September 30, 20189

Federal Grantor/Pass-through Grantor/Program	CFDA Number	Contract Number	Federal Expenditures
U.S. Department of Justice			
Florida Office of Criminal Justice			
St Augustine Police Dept. Equipment		2017-JAGD-STJO-1-F8-051	2,294
St Augustine Police Dept. Equipment		2017-JAGD-STJO-3-F9-093	3,351
Total U.S Department of Justice			5,645
US Department of Environmental Protection			
Capitalization Grants for State Revolving Funds			
Florida Department of Environmental Protection			
Drinking Water State Revolving Fund			2,200,187
FEMA PA-04-FL-4283	97.036		256,458
FEMA PA-xx-FL-4337	97.036	Z0107	1,755,378
Total Expenditures of Federal Awards			\$ 4,217,668

State Agency	CFSA Number	Contract Number	State Expenditures
Florida Inland Navigation District			
Derelict Vessel Program	N/A	ICW-SJ-SA-18-01	20,776
Total Florida Inland Navigation			20,776
Florida Department of State			
Bureau of Historical Resources			
Lincolville Drainage Project		18DB-OM-04-65-02-NE1	5,780
Lincolville Drainage Projects (2)			62,443
Community Development Block Grant			2,617
S. Dixie Hwy Improve. Box Culvert			253,765
Tideflex Valves			59,298
St. Augustine Water Works Rehabilitation		SC605	278,610
			662,513
Florida Department of Agriculture & Consumer Services			
Urban & Community Forestry		FDACS 023764	20,000
FEMA PA-04-FL-4283	97.036		41,810
FEMA PA-XX-FL-4337	97.036	Z0107	233,328
Total Expenditures of State Financial Assistance			\$ 978,427

A. Basis of Presentation:

The schedule of expenditures of Federal awards presented on page 143 (the Schedule) includes the federal grant activity of the City of St. Augustine for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) , Chapter 69I-5, Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services; and Chapter 10.550, Rules of the Auditor General. Therefore, some of the amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	148-155
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	156-160
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	
Debt Capacity	161-168
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	169-177
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	178-182
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

CITY OF ST. AUGUSTINE, FLORIDA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Millions)**

	2008/09	2009/10	2010/11	2011/12 *
<u>Governmental Activities</u>				
Invested in Capital Assets, net of related debt	\$ 15,619,162	\$ 16,449,454	\$ 14,525,576	\$ 11,255,991
Restricted	194,949	194,949	741,252	5,620,856
Unrestricted	12,094,285	12,094,285	11,906,201	9,834,076
Total governmental activities net position	\$ 27,908,396	\$ 28,738,688	27,173,029	\$ 26,710,923
<u>Business-type activities</u>				
Invested in Capital Assets, net of related debt	\$ 38,596,536	\$ 41,464,233	\$ 48,685,820	\$ 51,779,723
Restricted	1,780,856	2,128,544	2,866,119	2,147,376
Unrestricted	15,081,493	14,587,206	9,058,342	9,505,607
Total business-type activities net position	\$ 55,458,885	\$ 9,322,157	\$ 60,610,281	\$ 63,432,706
<u>Primary Government</u>				
Invested in Capital Assets, net of related debt	\$ 54,215,698	\$ 57,913,687	\$ 63,211,396	\$ 63,035,714
Restricted	1,975,805	2,367,967	3,607,371	7,768,232
Unrestricted	27,175,778	25,382,154	20,964,543	19,339,683
Total primary government net position	\$ 83,367,281	\$ 85,663,808	\$ 87,783,310	\$ 90,143,629

2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$ 1,503,296	\$ 2,977,346	\$ 6,987,074	\$ 8,168,623	\$ 10,018,643	\$ 11,227,466
1,936,545	2,212,379	1,150,905	596,974	712,728	398,551
8,071,115	8,064,965	1,005,259	3,039,161	1,674,662	3,464,098
<u>\$ 11,510,956</u>	<u>\$ 13,254,690</u>	<u>\$ 9,143,238</u>	<u>\$ 11,804,758</u>	<u>\$ 12,406,033</u>	<u>\$ 15,090,115</u>
\$ 60,744,774	\$ 61,798,072	\$ 67,005,168	\$ 69,601,163	\$ 78,978,209	\$ 78,892,021
4,994,135	3,872,255	5,279,739	6,293,059	560,168	612,664
15,838,640	17,383,273	10,953,364	9,907,553	14,044,492	18,766,230
<u>\$ 81,577,549</u>	<u>\$ 83,053,600</u>	<u>\$ 83,238,271</u>	<u>\$ 85,801,775</u>	<u>\$ 93,582,869</u>	<u>\$ 98,270,915</u>
\$ 62,248,070	\$ 64,775,418	\$ 73,992,242	\$ 77,769,786	\$ 88,996,852	\$ 90,119,487
6,930,680	6,084,634	6,430,644	6,890,033	1,272,896	1,011,215
23,909,755	25,448,238	11,958,623	12,946,714	15,719,154	22,230,328
<u>\$ 93,088,505</u>	<u>\$ 96,308,290</u>	<u>\$ 92,381,509</u>	<u>\$ 97,606,533</u>	<u>\$ 105,988,902</u>	<u>\$ 113,361,030</u>

CITY OF ST. AUGUSTINE, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)
"UNAUDITED"**

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
EXPENSES										
Governmental Activities:										
General Government	\$ 10,030	\$ 9,478	\$ 9,516	\$ 8,713	\$ 10,348	\$ 9,150	\$ 9,064	\$ 8,786	\$ 10,633	\$ 8,265
Public Safety	8,280	8,192	8,218	8,179	8,439	8,849	9,327	9,406	9,474	9,048
Physical Environment	3,512	3,464	3,836	3,679	3,681	3,982	2,572	2,707	2,643	2,509
Transportation	1,329	1,149	214	214	202	229	1,956	2,980	2,731	3,156
Culture & Recreation	526	518	521	447	485	471	1,456	425	1,438	1,245
Interest and Fiscal Charges	390	370	816	1,223	1,200	1,224	1,227	1,213	1,515	1,263
Total Governmental Activities Expenses	\$ 24,067	\$ 23,171	\$ 23,121	\$ 22,455	\$ 24,355	\$ 23,904	\$ 25,599	\$ 26,518	\$ 28,433	\$ 25,487
Business-type Activities:										
Utility	\$ 10,685	\$ 10,621	\$ 10,726	\$ 11,471	\$ 12,131	\$ 12,058	\$ 12,425	\$ 13,137	\$ 13,793	\$ 14,019
Stormwater Drainage	539	467	356	555	630	741	904	1,258	1,264	1,250
Solid Waste	2,707	2,681	2,849	2,970	3,275	3,120	3,569	3,945	5,727	4,621
Municipal Marina	1,988	2,208	2,587	2,410	2,243	2,347	2,238	2,138	2,423	3,561
Visitor Information Center	-	3,068	3,221	3,911	3,606	3,522	3,331	3,688	3,683	3,772
Heritage Tourism	4,762	1,712	1,842	-	-	-	-	-	-	-
Total Business-type Activities Expenses	\$ 20,681	\$ 20,757	\$ 21,581	\$ 21,317	\$ 21,885	\$ 21,789	\$ 22,468	\$ 24,165	\$ 26,890	\$ 27,223
Total Primary Government Expenses	\$ 44,748	\$ 43,928	\$ 44,708	\$ 43,772	\$ 46,240	\$ 45,693	\$ 48,067	\$ 50,683	\$ 55,324	\$ 52,709
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services										
General Government	\$ 4,086	\$ 4,159	\$ 4,708	\$ 5,227	\$ 5,794	\$ 5,242	\$ 2,724	\$ 2,841	\$ 2,474	\$ 1,816
Public Safety	1,069	1,001	940	1,098	1,213	1,276	2,100	2,481	2,633	1,587
Physical Environment	352	302	319	353	380	399	373	505	335	0
Transportation	116	118	18	21	22	22	2,643	2,718	2,107	2,486
Culture/Recreation	55	47	43	43	46	77	190	256	190	0
Operating Grants and Contributions	396	265	72	27	81	76	30	43	1,000	45
Capital Grants and Contributions	593	763	765	1,062	164	1,803	1,481	284	20	775
Total Governmental Activities Program Revenues	\$ 6,667	\$ 6,655	\$ 6,865	\$ 7,831	\$ 7,700	\$ 8,896	\$ 9,540	\$ 9,128	\$ 8,758	\$ 6,709
Business-type activities (a):										
Charges for Services										
Utility	\$ 11,511	\$ 11,471	\$ 11,936	\$ 12,364	\$ 12,759	\$ 13,221	13,888	\$ 15,689	\$ 18,182	\$ 18,569
Stormwater Drainage	735	747	747	750	749	875	\$ 944	926	920	950
Solid Waste	3,275	3,364	3,355	3,367	3,409	3,427	3,420	3,669	3,653	3,827
Municipal Marina	2,007	2,197	2,554	2,482	2,343	2,508	2,533	2,363	2,632	2,262
Visitor Information Center	-	1,328	1,850	3,188	2,825	3,066	3,871	4,084	3,847	4,609
Heritage Tourism	3,030	1,876	1,175	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	8	-	-	-
Capital Grants and Contributions	1,448	1,047	415	2,163	4,348	1,312	3,190	1,444	4,484	2,586
Total Business-type Activities Program Revenues	\$ 22,006	\$ 22,030	\$ 22,032	\$ 24,314	\$ 26,433	\$ 24,409	\$ 27,853	\$ 28,174	\$ 33,718	\$ 32,803
Total Primary Government Revenues	\$ 28,673	\$ 28,685	\$ 28,897	\$ 32,145	\$ 34,133	\$ 33,305	\$ 37,302	\$ 37,302	\$ 42,476	\$ 39,512

(continued)

NOTES:

(a) Business-type expenses do not include Debt Service, Capital Outlay, or Transfers.

CITY OF ST. AUGUSTINE, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)
"UNAUDITED"**

(continued)

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Net (Expense)/Revenue										
Governmental Activities	\$ (17,399)	\$ (16,516)	\$ (16,254)	\$ (14,624)	\$ (16,654)	\$ (15,008)	\$ (16,059)	\$ (17,390)	\$ (19,675)	\$ (18,778)
Business-type Activities	1,325	1,273	451	2,997	4,548	2,620	5,385	4,009	6,827	5,580
Total primary government net expense	\$ (16,074)	\$ (15,243)	\$ (15,803)	\$ (11,627)	\$ (12,106)	\$ (12,388)	\$ (10,674)	\$ (13,381)	\$ (12,848)	\$ (13,198)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 11,400	\$ 10,691	\$ 9,125	\$ 8,309	\$ 8,042	\$ 8,354	\$ 8,767	\$ 9,699	\$ 10,509	\$ 11,235
Utility Taxes	696	962	1,043	1,015	1,104	1,207	1,213	1,341	1,496	1,577
Communication Service Taxes	954	1,047	1,133	1,108	1,080	818	919	902	1,484	916
Franchise Fees	1,465	1,415	1,534	1,448	1,368	1,450	1,588	1,642	1,602	1,738
State Revenue Sharing, Unrest	548	547	548	549	549	554	563	565	570	577
Local Option Gas Taxes	505	535	534	517	487	502	525	554	527	514
Local Option Sales Taxes	929	878	898	880	936	1,005	1,077	1,138	1,166	1,225
Insurance Premium Taxes	396	358	360	330	295	354	361	333	358	423
Other Taxes	142	99	94	153	108	142	149	162	160	178
Miscellaneous	888	920	1,473	661	999	1,133	1,088	2,131	2,162	1,742
Investment Income	124	41	26	36	29	52	50	67	119	223
Interfund Trans of Assets (net)	-	-	-	-	-	-	-	-	-	0
Transfers	(1,351)	(1,402)	(1,936)	(467)	(13,545)	1,181	2,139	1,516	121	1,551
Total Governmental Activities	\$ 16,696	\$ 16,091	\$ 14,832	\$ 14,539	\$ 1,452	\$ 16,752	\$ 18,439	\$ 20,051	\$ 20,276	\$ 21,899
Business-type activities (a):										
Unrestricted Invest Earnings	\$ 136	\$ 45	\$ 43	\$ 82	\$ 52	\$ 36	\$ 95	\$ 71	\$ 146	\$ 332
Interfund Trans of Assets (net)	-	-	-	-	-	-	-	-	-	-
Transfers	1,351	1,402	1,936	467	13,545	(1,181)	(2,139)	(1,516)	(1,215)	(1,551)
Total Business-type Activities	\$ 1,487	\$ 1,447	\$ 1,979	\$ 549	\$ 13,597	\$ (1,145)	\$ (2,043)	\$ (1,445)	\$ (1,069)	\$ (1,219)
Total Primary Government	\$ 18,183	\$ 17,538	\$ 16,811	\$ 15,088	\$ 15,049	\$ 15,607	\$ 16,395	\$ 18,606	\$ 20,275	\$ 21,898
Change in Net Position										
Governmental Activities	\$ (703)	\$ (425)	\$ (1,422)	\$ (85)	\$ (15,202)	\$ 1,744	\$ 2,380	\$ 2,662	\$ 601	\$ 3,121
Business-type Activities	2,812	2,720	2,430	3,546	18,145	1,475	3,341	2,564	7,781	5,459
Total Primary Government	\$ 2,109	\$ 2,295	\$ 1,008	\$ 3,461	\$ 2,943	\$ 3,219	\$ 5,721	\$ 5,225	\$ 8,382	\$ 8,580

NOTES:

(a) Business-type expenses do not include Debt Service, Capital Outlay, or Transfers.

CITY OF ST. AUGUSTINE, FLORIDA

**FUND BALANCES GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
(In Millions)
"UNAUDITED"**

	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$ -	\$ 772,028	\$ 1,679,414	\$ 610,785	\$ 671,931
Restricted	1,060,567	130,821	472,396	15,541,007	65,389
Committed	-	-	-	1,881,954	1,206,207
Assigned	-	-	-	425,560	219,170
Unassigned	11,399,627	10,704,273	23,770,779	7,193,586	8,071,115
Total General Fund	12,460,194	11,607,122	25,922,589	25,652,892	10,233,812
All Other Governmental Funds					
Nonspendable	-	-	-	63,743	63,829
Restricted	905,501	620,744	733,684	-	1,135,396
Committed	-	-	-	-	1,101,692
Unassigned reported in:					
Capital Projects Fund	9,022	54,928	54,155	-	-
Debt Service	-	-	-	-	-
Total All Other Governmental Funds	\$ 914,523	\$ 675,672	\$ 787,839	\$ 63,743	\$ 2,300,917
Total Governmental Funds	\$ 13,374,717	\$ 12,282,794	\$ 26,710,428	\$ 25,716,635	\$ 12,534,729

CHANGES IN NET POSITION

	2014	2015	2016	2017	2018
\$	634,204	\$ 636,991	\$ 783,289	\$ 893,538	\$ 1,331,857
	70,933	64,333	70,806	77,301	785,120
	7,871,887	7,305,641	8,538,824	7,483,630	7,920,294
	555,497	555,541	1,047,221	509,887	976,224
	798,893	10,646	220,916	88,440	313,234
	9,931,414	8,573,152	10,661,056	9,052,796	11,326,729
	312,977	314,256	-	-	313,790
	1,194,265	135,325	324,556	308,351	-
	363,094	500,761	371,115	365,823	471,068
	-	-	-	-	-
	(430)	-	-	-	-
\$	1,869,906	\$ 950,342	\$ 695,671	\$ 674,174	\$ 784,858
\$	11,801,320	\$ 9,523,494	\$ 11,356,727	\$ 9,726,970	\$ 12,111,587

CITY OF ST. AUGUSTINE, FLORIDA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Millions)**

	2008/09	2009/10	2010/11	2011/12
REVENUES				
Ad Valorem Taxes	\$ 10,966,589	\$ 10,361,986	\$ 8,880,436	\$ 8,088,994
Sales and Use Taxes	900,942	892,825	894,378	846,498
Utility Excise Taxes	1,649,673	2,008,624	2,176,019	2,123,115
Licenses, Permits & Fees	2,199,545	2,567,238	2,746,002	3,218,885
Intergovernmental	2,091,824	1,892,676	1,823,510	1,824,800
Fines & Forfeitures	294,423	280,874	293,660	256,665
Interest Earnings	124,421	41,447	26,486	35,596
Administrative Service Charges	2,306,131	1,983,565	1,798,737	1,979,089
Other	4,181,187	4,119,474	4,995,917	4,464,133
Total Revenues	24,714,735	24,148,709	23,635,145	22,837,775
EXPENDITURES				
Current:				
General Government	8,882,214	8,020,835	6,707,477	6,976,904
Public Safety	8,157,878	8,143,485	8,199,851	8,160,380
Physical Environment	3,354,800	3,346,170	3,833,649	3,677,011
Transportation	1,102,977	1,112,354	213,003	213,598
Culture & Recreation	525,588	517,985	520,305	446,285
Capital Outlay	2,167,291	2,000,736	2,168,860	2,283,141
Debt Service:				
Principal Retirement	313,781	326,938	341,823	335,177
Interest and Fiscal Charges	390,469	369,659	815,610	1,222,551
Issuance Cost	-	-	-	158,142
Total Expenditures	24,894,998	23,838,162	22,800,578	23,473,189
Excess (deficiency) of revenues over (under) expenditures	(180,263)	310,547	834,567	(635,414)
Other Financing Sources (Uses)				
Borrowing from Capitalized Lease	-	-	-	-
Transfers In	4,640,885	3,276,693	3,620,608	4,995,305
Transfers (Out)	(5,991,895)	(4,679,164)	(5,556,714)	(5,462,473)
Long-term Debt Issued	-	-	16,215,000	6,971,120
Retirement to Escrow Agent	-	-	-	(6,720,721)
Bonds Refunded	-	-	-	-
Bond Proceeds	-	-	-	-
Payments to Defeased Bonds	-	-	-	-
Discount on Long-Term Debt Issued	-	-	(685,827)	(74,404)
Premium on Long-Term Debt Issued	-	-	-	(67,206)
Total Other Financing Sources (Uses)	(1,351,010)	(1,402,471)	13,593,067	(358,379)
Net Change in Fund Balances	\$ (1,531,273)	\$ (1,091,924)	\$ 14,427,634	\$ (993,793)
Debt Service as a percentage of noncapital expenditures	3.10%	3.19%	5.61%	8.10%

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
\$	7,858,737	\$ 8,353,876	\$ 8,767,045	\$ 9,698,505	\$ 10,509,003	\$ 11,234,749
	781,883	856,593	885,819	886,755	527,151	423,187
	2,186,496	2,025,371	2,131,711	2,243,500	2,979,244	2,492,867
	3,780,188	3,311,962	3,698,959	3,655,864	3,483,221	819,746
	1,814,169	1,730,263	1,788,627	1,865,806	2,255,292	2,360,183
	299,368	282,512	466,019	621,657	360,707	384,656
	29,342	51,680	50,300	67,261	119,451	223,499
	2,131,456	2,134,031	2,532,364	3,536,037	3,423,132	3,545,795
	3,818,462	5,720,966	5,519,453	5,087,729	5,285,986	9,118,720
	22,700,101	24,467,254	25,840,297	27,663,114	28,943,187	30,603,402
	8,573,559	8,064,638	8,063,056	7,251,493	9,322,157	7,826,693
	8,235,598	8,858,310	9,263,984	9,784,975	9,600,675	10,395,600
	3,635,979	3,883,309	2,459,077	2,602,746	2,578,357	2,769,827
	188,283	223,122	1,949,930	2,979,462	2,772,239	3,802,800
	477,295	471,297	1,452,229	1,424,595	1,459,825	1,436,229
	1,131,616	3,475,857	5,398,703	1,634,176	3,416,681	3,303,643
	392,983	396,186	442,785	454,974	342,952	469,631
	1,200,327	1,223,670	1,226,945	1,213,391	1,201,548	1,262,847
	-	-	-	-	-	-
	23,835,640	26,596,389	30,256,709	27,345,812	30,694,434	31,267,270
	(1,135,539)	(2,129,135)	(4,416,412)	317,302	(1,751,247)	(663,868)
	-	215,000	-	-	-	-
	7,071,268	5,387,354	7,931,816	5,602,834	5,102,468	5,805,825
	(20,616,655)	(4,206,628)	(5,793,230)	(4,086,903)	(4,980,978)	(4,255,189)
	1,576,691	-	-	-	-	17,351,241
	-	-	-	-	-	-
	(197,083)	-	-	-	-	(16,226,241)
	-	-	-	-	-	19,968,267
	-	-	-	-	-	(18,470,418)
	-	-	-	-	-	(2,244,177)
	119,412	-	-	-	-	2,617,026
	(12,046,367)	1,395,726	2,138,586	1,515,931	121,490	4,546,334
\$	(13,181,906)	\$ (733,409)	\$ (2,277,826)	\$ 1,833,233	\$ (1,629,757)	\$ 2,384,617
	7.02%	7.01%	6.72%	6.49%	5.66%	6.20%

CITY OF ST. AUGUSTINE, FLORIDA

**TOTAL ASSESSED VALUATIONS AND TOTAL EXEMPTIONS
LAST TEN FISCAL YEARS
(In Millions)
"UNAUDITED"**

	2009	2010	2011	2012	2013
Real Property	\$ 1,671,365,155	\$ 1,670,891,378	\$ 1,567,068,493	\$ 1,506,640,382	\$ 1,550,025,682
Personal Property	88,602,566	108,370,268	103,283,994	98,758,852	99,441,437
Railroad & Telegraph	2,478,097	2,230,412	2,304,747	2,148,694	2,558,367
Total Assessed Valuations	1,762,445,818	1,781,492,058	1,672,657,234	1,607,547,928	1,652,025,486
Homestead Exempt Property (a)	154,994,874	141,949,847	139,393,599	139,761,480	141,569,199
Other Exemptions	225,336,597	426,874,275	416,816,893	394,769,492	394,162,661
Total Exempt Property	380,331,471	568,824,122	556,210,492	534,530,972	535,731,860
Total Taxable Value	\$ 1,382,114,347	\$ 1,212,667,936	\$ 1,116,446,742	\$ 1,073,016,956	\$ 1,116,293,626
Direct Rate	6.823	7.500	7.500	7.500	7.500

NOTES:

2016

(a) Real property is assessed at 100 percent of fair market value. Tangible Personal Property: Equipment is assessed at current depreciated value. Centrally Assessed Property: (1) State of Florida makes annual assessments of all operating property of railroad and railroad terminal companies in the State. Such assessment is apportioned to each county, based upon actual situs, and, in the case of property not having situs in a particular county, is apportioned based upon track miles. (2) All private car and freight line and equipment companies operating rolling stock in Florida other than in (1) above shall return for taxation the average number of their cars which are habitually present within Florida and shall state the fair market value thereof. Property is assessed as of January 1st. Tax bills are mailed November 1st. Four percent discount, if paid in November, three percent if paid in December, two percent if paid in January, one percent discount if paid in February, full amount due in March, delinquent April 1st.

Source: St. Johns County Property Appraiser, St. Johns County Tax Collector, Department of Revenue, State of Florida

(b) Figures are from the PRELIMINARY tax rolls. These could change once the final tax rolls are received.

2014	2015	2016	2017	2018
\$ 1,600,223,236	\$ 1,718,302,003	\$ 1,829,080,525	\$ 1,917,447,480	\$ 2,065,250,505
101,527,054	103,628,284	103,885,128	114,084,278	124,468,101
2,928,245	3,369,083	3,695,243	3,872,697	3,900,865
1,704,678,535	1,825,299,370	1,936,660,896	2,035,404,455	2,193,619,471
145,786,764	150,699,482	155,237,830	160,319,086	164,471,795
389,557,411	402,135,455	407,304,069	409,105,684	425,129,343
535,344,175	552,834,937	562,541,899	569,424,770	589,601,138
\$ 1,169,334,360	\$ 1,272,464,433	\$ 1,374,118,997	\$ 1,465,979,685	\$ 1,604,018,333
7.500	7.500	7.500	7.500	7.500

CITY OF ST. AUGUSTINE, FLORIDA

**PROPERTY TAX RATES AND TAX LEVIEES
DIRECT AND OVERLAPPING GOVERNMENTS**

(In Thousands)

September 30, 2018

"UNAUDITED"

Fiscal Year Ended	Direct	Overlapping				Total
	St. Augustine	St. Johns County	School District	Management District	Other	
2009	7.500	5.547	7.801	0.416	0.381	21.645
2010	7.500	5.547	8.069	0.416	0.228	21.760
2011	7.500	5.937	7.979	0.331	0.228	21.976
2012	7.500	5.937	7.683	0.331	0.231	21.682
2013	7.500	5.937	7.544	0.328	0.231	21.540
2014	7.500	5.937	7.342	0.316	0.343	21.439
2015	7.500	5.875	7.228	0.302	0.273	21.178
2016	7.500	5.867	6.928	0.289	0.311	20.894
2017	7.500	5.867	6.543	0.272	1.717	21.900
2018	7.500	5.867	6.278	0.256	1.722	21.623

NOTES:

Millage rates are per \$1,000 of assessed valuation.

Source: St. Johns County Tax Collector

CITY OF ST. AUGUSTINE, FLORIDA

PRINCIPAL TAX PAYERS

September 30, 2018

(In Millions)

"UNAUDITED"

Taxpayer	2017/2018			2007/2008		
	Taxable Assessed Value	Rank	Percent of Total Assessment	Taxable Assessed Value	Rank	Percent of Total Assessment
Patris Real Estate LLC	\$ 14,004,406	1	0.87%			
The Flagler Resort, LTD	12,466,950	2	0.78%	16,440,456	2	0.94%
116 San Marco LLC	10,123,100	3	0.63%	8,326,400	6	0.47%
Sebastian Hotel LLC	8,039,294	4	0.50%			
SHP IV Harbour Island LLC	7,847,008	5	0.49%			
Target Corporation	6,512,010	6	0.41%	10,324,787	3	0.59%
Sea Wall Motor Lodge, INC	6,231,733	7	0.39%	9,858,308	5	0.56%
Home Depot USA, Inc.	5,866,845	8	0.37%			
Any JV Owner LLC	5,542,512	9	0.35%			
Ponce Hospital Inc.	5,521,069	10	0.34%			
	<u>82,154,927</u>		<u>5.12%</u>	<u>44,949,951</u>		<u>2.56%</u>
	<u>\$ 1,604,018,333</u>		<u>100.00%</u>	<u>\$ 1,756,583,688</u>		<u>100.00%</u>

Source: St. Johns County Property Appraiser's Office

CITY OF ST. AUGUSTINE, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

(In Millions)
"UNAUDITED"

Fiscal Year Ended	Total Tax Levy	Current Tax Collection	Percent (a) of Levy Collected	Assessed Taxable Value	Estimated Actual Value (Thousands)	Estimated % of Fair Market Value
2009	11,172,404	10,743,591	96.16%	1,762,445,818	1,762,446	100%
2010	10,352,987	9,939,071	96.00%	1,781,492,058	1,781,492	100%
2011	9,099,510	8,797,391	96.68%	1,672,657,234	1,672,657	100%
2012	8,341,338	8,088,994	96.97%	1,607,547,928	1,607,548	100%
2013	8,023,465	7,858,707	97.95%	1,652,025,486	1,652,025	100%
2014	8,366,909	8,136,439	97.25%	1,704,678,535	1,704,679	100%
2015	8,775,490	8,509,409	96.97%	1,825,299,370	1,825,299	100%
2016	9,502,422	9,338,782	98.28%	1,936,660,896	1,936,661	100%
2017	10,994,857	10,038,504	91.30%	1,465,979,685	1,465,979	100%
2018	11,011,494	10,684,346	97.03%	1,604,018,333	1,604,018	100%

NOTES:

- (a) Florida Statutes provide for a discount of up to four percent for early payment of Ad Valorem Taxes.

CITY OF ST. AUGUSTINE, FLORIDA

**RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA**

September 30, 2018

"UNAUDITED"

Fiscal Year	Population (a)	Assessed Value (In Thousands) (b)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2009	13,663	1,762,446	-	-	-	-	-
2010	13,719	1,781,492	-	-	-	-	-
2011	13,056	1,672,657	-	-	-	-	-
2012	13,092	1,607,548	-	-	-	-	-
2016	13,092	1,607,548	-	-	-	-	-
2013	13,271	1,652,025	-	-	-	-	-
2014	13,414	1,704,679	-	-	-	-	-
2015	13,590	1,825,299	-	-	-	-	-
2016	13,747	1,936,661	-	-	-	-	-
2017	13,862	1,465,979	-	-	-	-	-
2018	14,021	1,604,018	-	-	-	-	-

NOTES:

(a) City of St. Augustine, Planning & Building Department

(b) Previous year's preliminary tax role is adjusted to final role in current year.

CITY OF ST. AUGUSTINE, FLORIDA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

September 30, 2018

(In Millions)

"UNAUDITED"

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2009	313,781	390,469	704,250	21,349,627	3.30
2010	326,938	369,659	696,597	21,979,202	3.17
2011	341,823	815,610	1,157,433	20,856,626	5.55
2012	335,177	1,222,551	1,557,728	20,778,307	7.50
2013	392,983	1,200,327	1,593,310	20,827,487	7.65
2014	396,186	1,223,670	1,619,856	21,858,437	7.41
2015	442,785	1,226,945	1,669,730	24,456,114	6.83
2016	454,974	1,213,391	1,668,365	24,289,220	6.87
2017	342,952	1,201,548	1,544,500	29,013,360	5.32
2018	469,631	1,262,847	1,732,478	29,434,497	5.89

CITY OF ST. AUGUSTINE, FLORIDA
UTILITY REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
September 30, 2018
(In Millions)

Fiscal Year Ended	Gross Revenue (a)	Operating Expenses (b)	Net Revenue (c)	Debt Service Requirements	Debt Service Coverage
2009	12,138,979	7,307,097	4,831,882	3,254,261 (d)	1.48
2010	11,876,944	6,979,489	4,897,455	3,288,337 (d)	1.49
2011	12,301,380	6,847,896	5,453,484	3,318,894 (d)	1.64
2012	12,293,699	7,586,408	4,707,291	3,344,052 (d)	1.41
2013	20,661,902	8,223,690	4,417,087	2,843,032 (d)	1.55
2014	12,864,764	8,264,157	4,600,607	2,833,938 (d)	1.62
2015	13,275,185	8,561,023	4,714,162	2,837,388 (d)	1.66
2016	15,230,758	8,907,224	6,323,535	3,828,544 (d)	1.65
2017	18,182,456	9,509,919	8,672,537	4,406,936 (d)	1.97
2018	18,568,926	9,919,482	8,649,444	2,764,666 (d)	3.13

NOTES:

- (a) **Gross Revenue = Operating Revenue + Net Transfers In (Out) + Interest Revenue + Miscellaneous Revenue**
- (b) **Operating Expenses = Total Operating Expenses - Depreciation and Amortization**
- (c) **Net Revenue = Gross Revenue - Operating Expenses - Extraordinary Revenues + Extraordinary Expenses**
- (d) **Includes interest on zero-coupon bonds**

CITY OF ST. AUGUSTINE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
September 30, 2018
(In Millions)

Fiscal Year	General Obligation Bonds Governmental Activities	Percentage of Taxable Value of Property (a)	Per Capita (b)	Percentage of Personal Income [c]
2009	7,658,893	0.55%	561	0.07%
2010	7,331,955	0.60%	534	0.06%
2011	23,205,133	2.08%	1,777	0.20%
2012	23,120,355	2.15%	1,766	0.20%
2013	24,106,979	2.16%	1,817	0.21%
2014	23,710,792	2.03%	1,768	0.21%
2015	21,951,282	1.73%	1,597	0.17%
2016	22,895,020	1.67%	1,665	0.17%
2017	22,594,470	1.54%	1,630	0.16%
2018	25,548,314	1.74%	1,843	0.18%

Fiscal Year	General Obligation Bonds Business-Type Activities	Percentage of Taxable Value of Property (a)	Per Capita (b)	Percentage of Personal Income [c]
2009	24,726,106	1.79%	1,810	0.22%
2010	24,323,044	2.01%	1,773	0.21%
2011	23,909,867	2.14%	1,831	0.21%
2012	23,614,644	2.20%	1,804	0.21%
2013	23,663,021	2.12%	1,783	0.21%
2014	23,114,207	1.98%	1,723	0.20%
2015	23,908,718	1.88%	1,739	0.19%
2016	21,954,980	1.60%	1,597	0.16%
2017	21,225,530	1.45%	1,531	0.15%
2018	22,717,214	1.55%	1,639	0.16%

Fiscal Year	Water Revenue Bonds	Total Primary Government (d)	Per Capita (b)	Percentage of Personal Income [c]
2009	25,363,644	57,018,643	4,227	0.22%
2010	23,799,012	70,914,012	4,042	0.21%
2011	22,191,968	68,926,967	5,308	0.20%
2012	20,508,832	68,278,832	5,136	0.18%
2013	21,800,000	68,624,999	5,242	0.19%
2014	19,815,000	65,675,000	4,968	0.17%
2015	17,750,000	63,610,000	4,627	0.14%
2016	15,650,000	60,500,000	4,401	0.11%
2017	13,365,000	57,185,000	964	0.09%
2018	11,050,000	59,315,528	797	0.08%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) Schedule for taxable property value data.

(b) Schedule for population data.

[c] See Schedule for total personal income data.

(d) Includes governmental activities debt and business-type activities debt.

CITY OF ST. AUGUSTINE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
September 30, 2018
(In Millions)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
St. Johns County Capital Improvement Revenue Bonds, Series 2012	6,032,000	6.30%	379,874
St. Johns County Revenue Sharing Revenue & Refunding Revenue Bonds, Series 2014	13,580,000	6.30%	855,219
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2015	48,820,000	6.30%	3,074,507
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2012	39,695,000	6.30%	2,499,847
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2009A	1,505,000	6.30%	94,779
St. Johns County Sales Tax Revenue Bonds, Series 2009	14,770,000	6.30%	930,161
St. Johns County Transportation Improvement Revenue Bonds, Series 2012	20,870,000	6.30%	1,314,317
St. Johns County Taxable Capital Improvement Revenue Bonds, Series 2014	3,345,000	6.30%	210,656
St. Johns County Community Redevelopment Agency Refunding Note, Series 2012	1,484,000	6.30%	93,457
St. Johns County Transportation Improvement Revenue Bonds, Series 2015	23,485,000	6.30%	1,479,000
Other Debt			-
St. Johns County School Board Certificates of Participation	81,452,976	6.30%	5,131,537
St. Johns County School Board General Obligation Bonds, Series, 2006A through 2014B	3,085,000	6.30%	194,282
Subtotal Overlapping Debt			\$ 16,257,638
City Direct Debt			
Capital Improvement and Refunding Revenue Bonds	25,502,031	100%	25,502,031
Capital Lease Obligation	46,283	100%	46,283
Subtotal Direct Debt			\$ 25,548,314
Total Direct and Overlapping Debt			\$ 41,805,952

Sources: Assessed value data used to estimate applicable percentages provided by St. Johns County Property Appraiser. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of St. Augustine. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF ST. AUGUSTINE, FLORIDA

DIRECT AND OVERLAPPING RATIOS

September 30, 2018

(In Millions)

Direct and Overlapping General Obligation Debt	\$	41,805,952
Per Capita	\$	3,016
As a Percentage of Taxable Assessed Valuation		2.05%
As a Percentage of Total Just Valuation		2.85%

CITY OF ST. AUGUSTINE, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2018

(In Thousands)

**The Constitution of the State of Florida, Florida Statutes 200.131, and
the City of St. Augustine Charter set no legal debt margin.**

CITY OF ST. AUGUSTINE, FLORIDA

**SUMMARY OF PLEDGED FUNDS
Public Service Tax/Guaranteed Entitlement Bonds
(In Millions)
"UNAUDITED"**

Revenue Source	2013/14	2014/15	2015/16	2016/17	2017/18
Public Service Tax					
Electric	\$ 1,125,221	\$ 1,146,071	\$ 1,291,612	\$ 1,445,175	\$ 1,525,928
Communication	818,429	918,884	902,282	1,483,667	916,000
Gas	81,721	66,756	49,607	50,402	50,939
Fuel Oil	-	-	-	-	-
Total	\$ 2,025,371	\$ 2,131,711	\$ 2,243,501	\$ 2,979,244	\$ 2,492,867
Florida Revenue Sharing					
Revenue Sharing	\$ 554,391	\$ 562,696	\$ 565,395	\$ 570,421	\$ 576,587
Guaranteed Entitlements					
Local Option Gas Tax	\$ 502,418	\$ 524,651	\$ 553,516	\$ 527,151	\$ 514,361
Total	\$ 502,418	\$ 524,651	\$ 553,516	\$ 527,151	\$ 514,361
Total Pledged Funds	\$ 3,082,180	\$ 3,219,058	\$ 3,362,411	\$ 4,076,816	\$ 3,583,815

CITY OF ST. AUGUSTINE, FLORIDA

DEMOGRAPHIC STATISTICS

September 30, 2018

(In Thousands)

Year	Population		Per Capita Personal Income	Total Personal Income (In Millions)	Unemploy- Rate
	City of St. Augustine	St. Johns County			
2009	13,663	183,244 (est.)	\$ 48,283	\$ 8,999,561	8.2%
2010	13,719	189,764 (est.)	\$ 49,327	\$ 9,377,675	9.6%
2011	13,056	192,570 (est.)	\$ 47,544	\$ 10,009,692	8.4%
2012	13,092	195,847 (est.)	\$ 52,205	\$ 10,957,330	6.9%
2013	13,271	201,325 (est.)	\$ 58,019	\$ 12,156,922	5.2%
2014	13,414	207,443 (est.)	\$ 59,102	\$ 12,886,864	4.9%
2015	13,590	226,640	\$ 60,441	\$ 13,698,259	4.0%
2016	13,747	235,078	\$ 60,441	\$ 13,698,259	4.3%
2017	13,862	229,715 (est.)	\$ 61,423	\$ 14,439,811	3.7%
2018	14,021(est.)	238,742 (est.)	\$ 64,177	\$ 15,647,080	3.3%

Year	Population Projection	
	City of St. Augustine	St. Johns County
2019	14,790	295,800
2024	16,480	329,600
Avg Household Size:	2.30	2.50

**Source: City of St. Augustine, Planning & Building Department,
St. Johns County Chamber of Commerce
Office of Economic and Demographic Research**

CITY OF ST. AUGUSTINE, FLORIDA

MAJOR EMPLOYERS IN ST. AUGUSTINE AREA

September 30, 2018

(In Thousands)

Establishment	Product	2017/2018		2007/2008	
		Approximate Employees	% of Total County Employment	Approximate Employees	% of Total County Employment
St. Johns County School Board	Educational	4,534	4.36%	3,357	3.18%
Flagler Hospital	Health Care	1,900	1.83%	1,503	1.42%
St. Johns County	County Government	1,213	1.17%	1,546	1.46%
Northrop Grumman	Aircraft Overhaul & Modification	1,100	1.06%	900	0.85%
PGA Tour, Inc.	Event Management	800	0.77%		
Florida School for the Deaf and Blind	Educational Institution	685	0.66%	767	0.73%
Carlisle Interconnect Technologies (Tensolite Company)	Manufacturer	650	0.63%	320	0.30%
St. Johns County Sherriff's Office	Public Safety	609	0.59%	595	0.56%
Ponte Vedra Inn & Club	Resorts	550	0.53%		
Flagler College	Four-Year Liberal Arts College	514	0.49%	405	0.38%
		12555	12%	13360	11%

CITY OF ST. AUGUSTINE, FLORIDA

SUMMARY OF TEN LARGEST WATER CUSTOMERS

September 30, 2018

(In Millions)

Customer	Usage for Fiscal Year Ended September 30, 2018 (in gallons)
City of St. Augustine	21,554,500
Flagler College	17,911,400
St. Johns County School Board	12,674,300
DR Horton	12,100,800
St. Johns County Board of County Commissioners	11,978,300
Flagler Hospital	11,478,200
Florida School for the Deaf & Blind	11,470,100
Northrup Grumman Systems Corp	10,738,200
Flagler Resort LTD	7,759,200
The Lofts at Sebastian Cove Condominium	6,953,900

Source: City of St. Augustine Customer Service Department

CITY OF ST. AUGUSTINE, FLORIDA

**HISTORICAL UTILITY CUSTOMERS AND SALES OF THE SYSTEM
LAST TEN FISCAL YEARS**

**(In Thousands)
"UNAUDITED"**

Fiscal Year Ended	Water Customers			Sewer Customers		
	Inside City	Outside City	Total	Inside City	Outside City	Total
2009	7,047	4,183	11,230	6,697	2,134	8,831
2010	6,988	4,419	11,407	6,704	2,210	8,914
2011	6,793	4,440	11,233	6,374	2,332	8,706
2012	6,901	4,527	11,428	6,476	2,409	8,885
2013	6,826	4,532	11,358	6,727	2,408	9,135
2014	6,842	4,585	11,427	6,717	2,485	9,202
2015	6,771	4,714	11,485	6,624	2,534	9,158
2016	7,695	5,700	13,395	6,950	3,044	9,994
2017	7,623	5,790	13,413	6,862	3,174	10,036
2018	7,907	6,263	14,170	7,109	3,522	10,631

Source: City of St. Augustine Customer Service Department

Water Sales (Thousands of Gallons)		
Inside City	Outside City	Total
513,033	378,125	891,158
521,691	344,701	866,392
540,729	374,552	915,281
542,757	398,102	940,859
535,938	366,881	902,819
595,408	391,182	986,590
540,026	368,309	908,335
563,563	404,526	968,089
587,371	425,859	1,013,230
548,945	411,312	960,257

CITY OF ST. AUGUSTINE, FLORIDA

**WATER AND WASTE WATER TREATMENT PLANTS
SUMMARY OF HISTORICAL DAILY FLOWS**

(In Millions)
"UNAUDITED"

Fiscal Year Ended	Water Treatment Plant (a)		Wastewater Treatment Plant	
	Annual Average Daily Flow (Millions of Gallons Per Day)	Maximum Monthly Average Daily Flow (Millions of Gallons Per Day)	Annual Average Daily Flow (Millions of Gallons Per Day)	Maximum Monthly Average Daily Flow (Millions of Gallons Per Day)
2009	3.388	4.119	3.697	9.639
2010	3.356	3.769	3.033	9.030
2011	3.244	3.692	2.674	3.581
2012	3.058	3.601	3.587	5.772
2013	2.974	3.389	3.913	5.724
2014	2.959	3.178	3.678	4.614
2015	3.110	3.443	3.828	7.915
2016	3.320	3.702	3.213	4.429
2017	3.304	3.690	3516	5.553
2018	3.225	3.382	3.955	6.417

Source: City of St. Augustine Engineering Department

CITY OF ST. AUGUSTINE, FLORIDA

**WATER AND SEWERS UTILITIES
HISTORICAL RATE STRUCTURES**

**(In Thousands)
"UNAUDITED"**

Effective October 1,	Service Area	Minimum Charge Flow Rate Gal./Month	Water		Sewer	
			Minimum Charge	Additional Charge Per 1,000 Gal.	Minimum Charge	Additional Charge Per 1,000 Gal.
2009	Inside City	3,000	15.42	4.24	21.32	5.37
	Outside City	3,000	19.26	5.31	26.64	6.71
2010	Inside City	3,000	16.19	4.47	22.35	5.66
	Outside City	3,000	20.20	5.59	27.92	7.07
2011	Inside City	3,000	16.46	4.56	22.69	5.77
	Outside City	3,000	20.54	5.70	28.34	7.21
2012	Inside City	3,000	16.83	4.68	22.99	5.87
	Outside City	3,000	20.99	5.85	28.70	7.33
2013	Inside City	3,000	17.12	4.76	23.40	5.98
	Outside City	3,000	21.37	5.95	29.22	7.46
2014	Inside City	3,000	17.30	4.82	23.40	6.06
	Outside City	3,000	21.61	6.03	29.22	7.56
2015 (a)	Inside City	0	11.53	2.50-10.62	11.77	5.56
	Outside City	0	14.30	3.10-13.17	14.59	6.89
2016	Inside City	0	11.53	2.50-10.62	11.77	5.56
	Outside City	0	14.30	3.10-13.17	14.59	6.89
2017	Inside City	0	12.19	2.64-11.26	12.45	6.14
	Outside City	0	14.99	3.25-13.85	15.31	7.55
2018	Inside City	0	12.89	2.79-11.66	13.17	6.47
	Outside City	0	15.73	3.40-14.23	16.07	7.89

(a) In 2015, the City changed to a conservation rate structure. There is no longer a minimum bill of 3,000 gallons of usage.

CITY OF ST. AUGUSTINE, FLORIDA

BUILDING PERMIT ACTIVITY

LAST TEN FISCAL YEARS

(In Thousands)

September 30, 2018

"UNAUDITED"

Fiscal Year	Single Family Units	Multi-Family Units	New Residential Valuation	New Non-Residential Valuations	Residential & Non-Residential Additions/Alterations	Public Valuation	Total Valuation
2009	7	1	4,179	4,224	6,812	2,851	18,066
2010	13	-	2,417	3,547	526	921	7,411
2011	41	-	49,910	-	834	-	50,744
2012	38	-	7,986	3,561	-	-	11,547
2013	49	-	10,964	14,490	1	12,644	38,100
2014	67	-	12,135	9,069	65	8,153	29,422
2015	89	-	17,335	13,730	129	9,256	40,450
2016	61	-	11,523	25,918	84	9,256	46,781
2017	58	-	15,390	9,093	370	20,660	45,143
2018	71	524	56,812	15,815	135	12,538	85,168

Source: City of St. Augustine Planning & Building Department

CITY OF ST. AUGUSTINE, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSIT

(In Millions of Dollars)

September 30, 2018

"UNAUDITED"

Fiscal Year	Commercial Construction (a)		Residential Construction (a)		Bank Deposits (b)
	Number of Units	Value	Number of Units	Value	
2009	309	10,023	559	8,043	2,786,112
2010	8	3,547	13	2,417	2,850,983
2011	-	-	41	49,910	2,868,734
2012	30	3,561	38	3,986	2,833,072
2013	31	14,490	49	10,964	2,940,180
2014	33	15,779	104	13,578	3,100,391
2015	60	23,882	164	20,531	3,500,629
2016	16	25,918	61	11,523	3,879,785
2017	14	9,093	58	15,390	4,125,350
2018	15	15,815	595	56,812	4,267,208

NOTES:

(a) **Planning and Building Division**

(b) **Deposits for St. Johns County (\$000)**

Source: www.FDIC.gov

CITY OF ST. AUGUSTINE, FLORIDA

MISCELLANEOUS STATISTICAL DATA September 30, 2018

Date of Incorporation	May 30, 1925
Form of Government	Commission - Manager
Area:	
Square Miles	13.89 Miles
Paved Streets	66.61
Unpaved Streets	10.5
Altitude	13 Feet Above Sea Level
Education:	
Elementary	3
Secondary	1
Post-Secondary	2
Fire Protection:	
Number of Fire Stations	2
Number of Firefighters	33
Police Protection:	
Number of Police Stations	1
Number of Police Officers	49
Utility Customers:	
Water	14,170
Sewer	10,631
Solid Waste	7,286
Tourism Facts (St. Johns County):	
Visitors (Per Year)	9,597,518
Airports	1
Attractions/Points of Interest	50 +
Camp Sites	1241
Condominium Units (Rentals)	4000
Hotel/Motel Units	5600
Marinas	7
Parks and Playgrounds	29
Public Golf Courses	5
Public Tennis Courts	28
Restaurants	200 +
Sightseeing Services	6
State Parks	5

(continued)

CITY OF ST. AUGUSTINE, FLORIDA

MISCELLANEOUS STATISTICAL DATA

September 30, 2018

(continued)

Climate:

Average Temperature and Precipitation in St. Johns County			
Quarter	Average Daily Max. Temperature	Average Daily Min. Temperature	Total Rainfall
October - December	76.0	52.0	8.51
January - March	72.0	45.7	7.77
April - June	80.3	67.0	14.95
July - September	84.7	77.3	8.55

**Source: St. Johns County Chamber of Commerce,
Weather Underground**

CITY OF ST. AUGUSTINE, FLORIDA

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST FIVE FISCAL YEARS
"UNAUDITED"**

FUNCTION	Full-time Equivalent Employees as of September 30,				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:					
General Government	54.5	56.5	53.5	53.5	56.5
Public Safety	99.5	102.5	100	104	105
Physical Environment	46.5	33	33	34.5	36.5
Transportation	0	17.5	18	18	18
Culture/Recreation	5	9	10	9	10
Business-Type Activities					
Utilities	57.5	63	63	60	63
Stormwater	3	3	3	3	4
Solid Waste	17	17	16	19	19
Municipal Marina	13.5	14	12	11.5	11.5
Visitor Information Center	15.5	17.5	19.5	21.5	21

Source: City of St. Augustine Human Resources Department

CITY OF ST. AUGUSTINE, FLORIDA

**OPERATING INDICATORS BY FUNCTION
LAST FIVE FISCAL YEARS
"UNAUDITED"**

FUNCTION	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police					
Physical Arrests	1,261	1,333	1,336	979	1,345
Traffic Violations	3,693	3,253	2,818	2,012	1,105
Calls for Service	41,351	43,962	42,108	45,151	44,643
Parking Violations (includes those issued by Parking Enforcement)	11,672	16,981	13,696	11,880	12,835
Fire					
Number of calls answered	3,789	4,053	4,403	4,288	4,235
Inspections	520	572	489	432	218
Pre-fire tours	792	868	492	419	270
Hydrants Flow Tested	171	328	955	303	1,648
Highways and Streets					
New Street Pavings (miles)	-	-	-	-	-
Streets Resurfaced (miles)	2.5	6.4	3.5	3.7	6.6
Sanitation					
Refuse Collected (tons/day)	63.1	65.8	67.3	68.5	69.7
Recyclables Collected (tons/day)	4.9	5.0	8.6	9.5	10.5
Culture and Recreation					
Field Permits Issued	21	21	16	16	16
Plaza Permits Issued	40	32	30	30	26
Other Event Permits Issued	32	54	51	52	62
Water					
New Connections	138	275	315	466	397
Average Daily Consumption (thousands of gallons)	2,959	2,841	3,320	3,304	3,225
Wastewater					
Average Daily Usage (thousands of gallons)	3,678	3,541	3,213	3,516	3,955

Source: Various City Departments

CITY OF ST. AUGUSTINE, FLORIDA

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST FIVE FISCAL YEARS
"UNAUDITED"**

FUNCTION	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police					
Stations	1	1	1	1	1
Boats	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Vehicles	8	8	9	10	10
Boats	1	1	1	2	2
Sanitation					
Collection Trucks	7	7	7	13	13
Water					
New Feet of Water Mains Added	10,254	3,779	18,400	12,475	10,404
Fire hydrants	1,092	1,105	1,127	1,173	1,177
Maximum Monthly Average Daily Flow (thousands of gallons)	3,178	3,443	3,702	3,690	3,382
Wastewater					
New Feet of Sanitary Sewer Added	3,336	12,860	10,544	12,306	9,327
New Feet of Storm Sewers Added	1,731	3,416	1,536	1,000	1,192
Maximum Monthly Average Daily Flow (thousands of gallons)	4,614	7,915	4,429	5,553	6,417

Source: Various City Departments

Compliance Section

This Section Contains the Following:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Accountants' Report on Compliance With Section 218.415, Florida Statutes

Independent Auditors' Report On Compliance For Each Major Program and State Project and Report On Control Over Compliance Required by the Uniform Guidance and Chapter 215.97 Florida Single Audit Act.

Schedule of Findings and Questioned Costs

Management Letter

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

Honorable Mayor and Members of the City Commission
Mr. John Reagan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

We have audited, in accordance with the 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 St. Augustine, Florida (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2019.

Internal Control Over Financial Reporting:

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

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

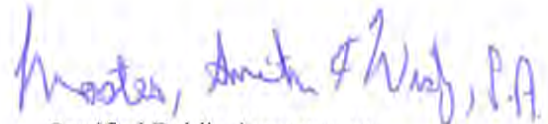
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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



Certified Public Accountants
Jacksonville, Florida

March 29, 2019



STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
DAVID W. HOWIE, CPA

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Honorable Mayor and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

We have examined the City of St. Augustine, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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 specific requirements.

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

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, The Florida Auditor General, Federal and other granting agencies and pass through entities, The Mayor and City Council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Masters, Smith & Wisby, P.A.
Certified Public Accountants
Jacksonville, Florida

March 29, 2019

JACKSONVILLE OFFICE
4811 BEACH BLVD., SUITE 300
JACKSONVILLE, FL 32207
P 904.396.2202 F 904.398.1315
WWW.MSWCPA.COM

PONTE VEDRA OFFICE
822 A1A NORTH, SUITE 310
PONTE VEDRA BEACH, FL 32082
P 904.247.1565 F 904.247.1665
WWW.MSWCPA.COM

This Page Intentionally Left Blank

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND STATE PROJECT AND REPORT ON
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

Honorable Mayor and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

Report on Compliance for Each Major State Project

We have audited the City of St. Augustine, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2018. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its awards applicable to federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Florida Auditor General. Those standard, the Uniform Guidance and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major federal program and state projects. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2018.

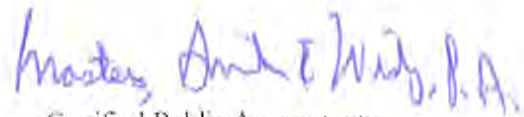
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.


Certified Public Accountants
Jacksonville, Florida

March 29, 2019

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Findings
and Questioned Costs
For the Year Ended September 30, 2018

Financial Statements

Type of Auditors' Report Unmodified

Internal Control Over Financial Reporting:

Material weakness identified? No

Reportable conditions identified not considered to be material weakness? None reported

Noncompliance material to financial statements noted? No

Federal Programs and State Projects:

Internal Control Over Major Programs:

Material weaknesses identified? No

Reportable condition identified not considered to be material weakness? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a), or Chapter 10.550, Rules of the Auditor General? No

Identification of major programs:

Federal Program

CFDA No.

Disaster Grants - Public Assistance	97.036
Drinking water State Revolving Fund	66.468

State Project

CSFA No.

Florida Department of State/Bureau of Historical Resources	45.032
St. Johns River Management District	N/A
Disaster Grants - Public Assistance	N/A

Dollar threshold used to distinguish Type A and Type B programs	Federal	State
	\$ 750,000	\$ 100,000

Auditee qualified as low-risk auditee pursuant to Uniform Guidance Yes

(continued)

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Findings
and Questioned Costs
For the Year Ended September 30, 2018

(continued)

Financial Statement Findings:

No matters required to be reported.

Major Federal Programs and State Projects Findings and Questioned Costs:

No matters required to be reported.

Other Issues

A corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts



MANAGEMENT LETTER (Amended)

Honorable Mayor and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

Report on the Financial Statements

We have audited the financial statements of the City of St. Augustine, Florida (the City) as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated March 29, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Rewards (Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance and Independent Accountants' Report on an examination conducted in accordance with the AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions had not been taken for the prior year finding 2017-1 but were taken for finding 2017-2.

Finding and Recommendation 2017-1:

The City's year end closing of its books and records extended to over 90 days past year end and were still in need of adjustment at the time of the audit. Certain accounts had not been reviewed prior to the City's initial closing which resulted in additional journal entries and a continual changing general ledger. In addition, detail for certain account balances was not readily available upon request. We again recommend the City take steps to ensure a more timely closing of its books which should include a review of all asset, liability, and fund balance accounts to ensure they are correct and fully supported by detail.

Response:

The City acknowledges that the closing of its books could be more timely and accurate and is in process of developing a year end close out procedure to ensure that takes place.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any recommendations other than that noted above in our prior year audit findings that were not corrected in the current year.

Special District Component Units

Section 10.554(1)(i)5.(d), Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 there were no special district component units that were required to be reported in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Masters Smith & Wisby, P.A.

Certified Public Accountants
Jacksonville, Florida

June 13, 2019