

CITY OF ST. PETERSBURG, FLORIDA

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year 2017

October 1, 2016 - September 30, 2017



CITY OF ST. PETERSBURG, FLORIDA

City Mayor and Council Members as of September 30, 2017



DISTRICT 1
CHARLIE
GERDES



DISTRICT 2
JIM
KENNEDY



MAYOR
RICK
KRISEMAN



DEPUTY MAYOR
KANIKA
TOMALIN



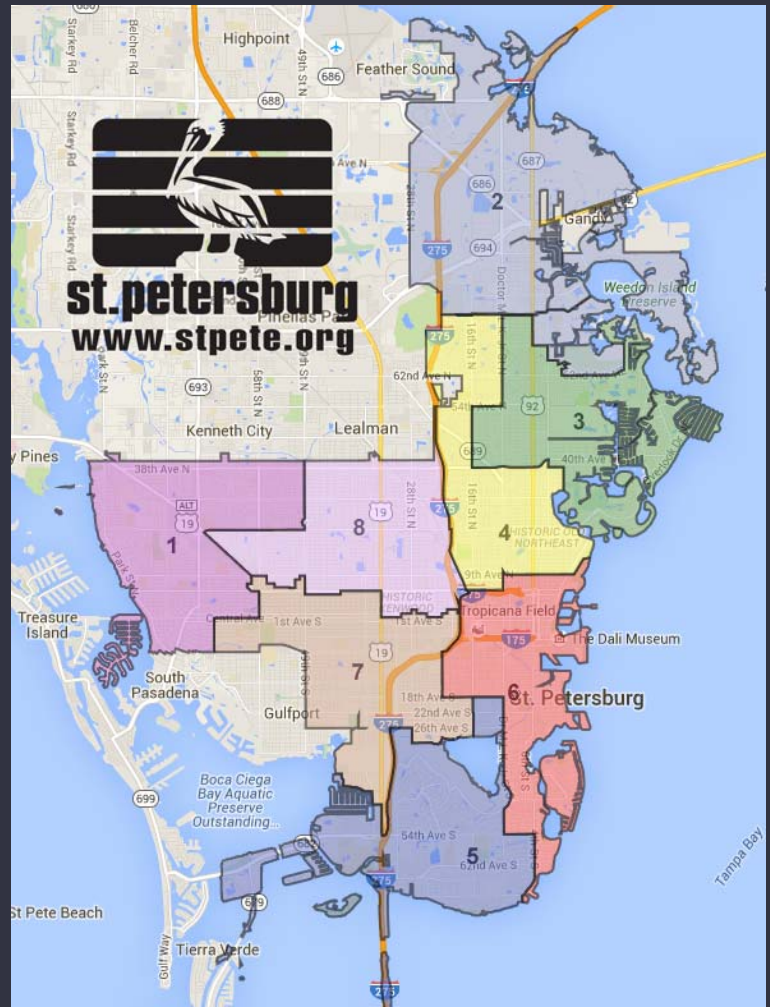
DISTRICT 3
ED
MONTANARI



DISTRICT 4
DARDEN
RICE



DISTRICT 5
STEVE
KORNELL



DISTRICT 6
KARL
NURSE



DISTRICT 7
LISA WHEELER-
BOWMAN



DISTRICT 8
AMY
FOSTER

CITY OF ST. PETERSBURG, FLORIDA

Popular Annual Financial Report • For the Year Ended September 30, 2017

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A MESSAGE FROM THE CITY

We understand the importance of being accountable for the proper management of public funds and are pleased to present the City's Popular Annual Financial Report (PAFR) for the year ended September 30, 2017. The report provides you, the citizens, a brief analysis of the City's fiscal operations and showcases the City's various programs and projects. The PAFR is an example of the City's commitment to improve communication with our citizens and increase transparency and public confidence in the government body of the City of St. Petersburg.

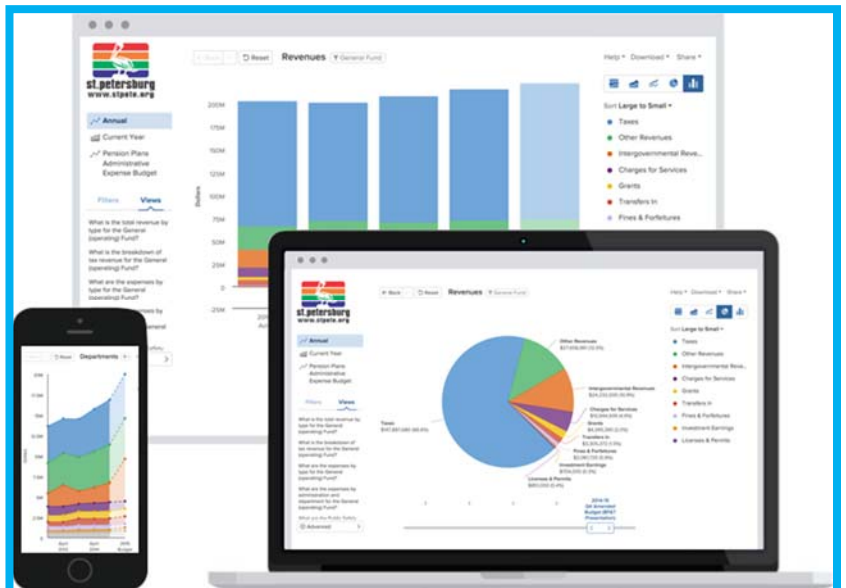
The City is committed to providing a full range of services, including police and fire protection, the construction and maintenance of highways, streets and bridges, golf courses, recreation and park facilities, libraries, performing arts, water, wastewater, reclaimed water, stormwater, solid waste, construction permitting and inspection, codes compliance and parking operations to our citizens in spite of many economic challenges. These services have been possible due to budgetary controls during difficult economic environments. Recent increases in property tax values have provided the resources needed to invest in additional neighborhood grants and youth and homeless programs across the City.

We also invite you to visit our online transparency reporting tool at <https://www.stpetersburgfl.opengov.com> to explore budget and financial data online in various graphical formats. On behalf of the City, we thank you for taking the opportunity to read our Popular Annual Financial Report. As always, we welcome any input or comments you may have regarding the report.

Sincerely,

Anne A. Fritz
Chief Financial Officer

Erika Langhans
Controller



CITY OF ST. PETERSBURG, FLORIDA

Popular Annual Financial Report • For the Year Ended September 30, 2017

ABOUT THE POPULAR ANNUAL FINANCIAL REPORT

The financial information presented in the PAFR is derived from the City's Comprehensive Annual Financial Report (CAFR) and is presented here in summarized form. The CAFR outlines the City's financial position and operating activities for fiscal year 2017 in great detail, includes financial statements audited by Cherry Bekaert LLP and is prepared in conformance with accounting principles generally accepted in the United States (GAAP).

The information in this report reflects the City's fiscal operations through summarized information from the governmental funds and the enterprise funds financial statements included in the CAFR. The PAFR does not include all funds of the City and component units. Governmental funds are those primarily supported by tax dollars for services such as parks and recreation, public safety and public works and are shown using the current financial resources measurement focus and modified accrual basis of accounting. The enterprise funds are primarily supported by charges for services such as water, storm-water and sanitation and are shown using the economic resources measurement and accrual basis of accounting.

The PAFR is a means of increasing public awareness about the City's financial condition through a more user-friendly presentation. It is unaudited and not presented in GAAP format. The CAFR & PAFR are available to be viewed and downloaded at the City's web site at <http://www.stpete.org/CAFR>.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of St. Petersburg
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

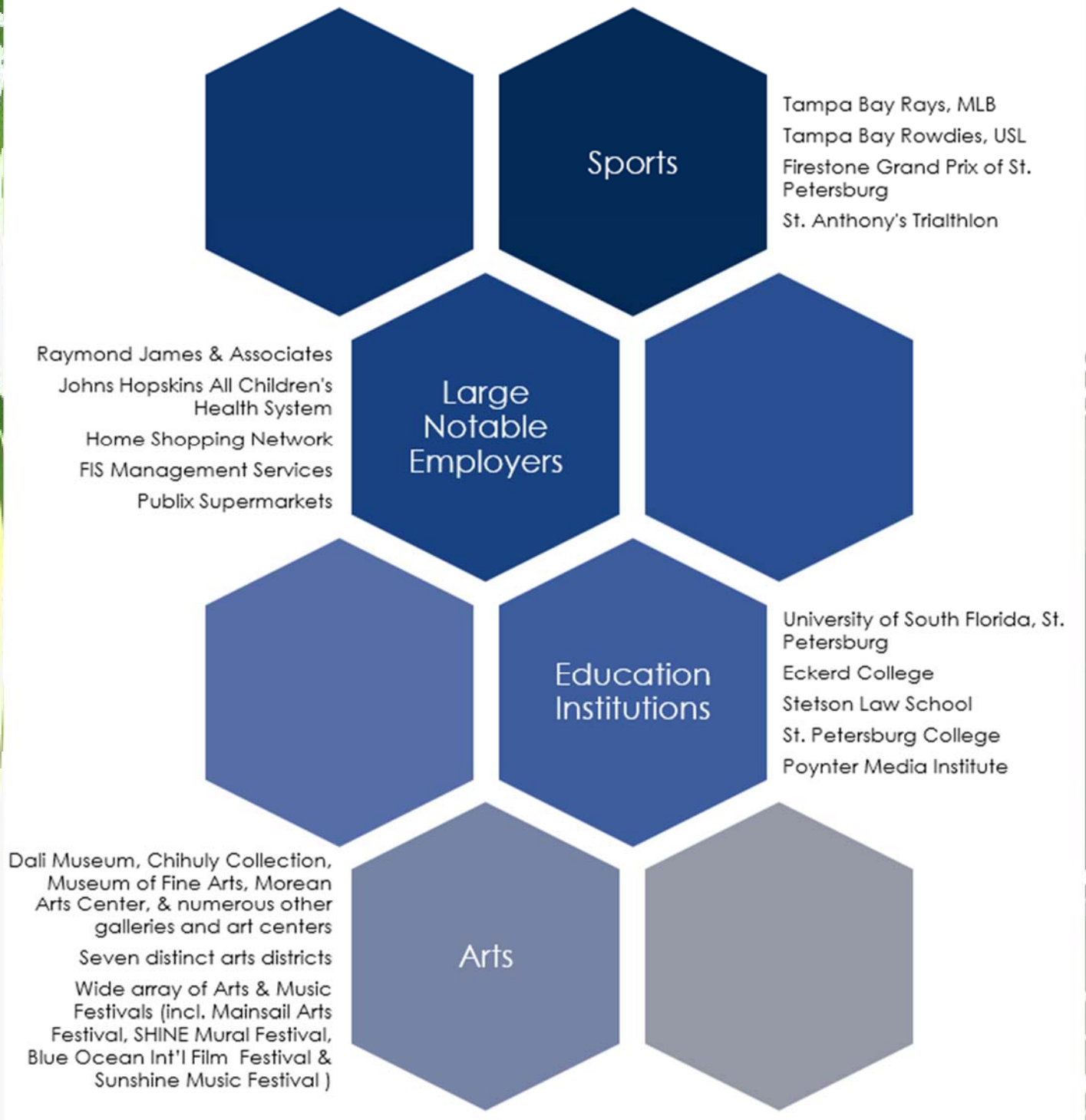
Christopher P. Morill

Executive Director/CEO

CITY OF ST. PETERSBURG, FLORIDA

About Our City

Located on a peninsula between Tampa Bay and the Gulf of Mexico, the City of St. Petersburg is Florida's fifth most populous city and part of the largest media and consumer market in the state. It is the anchor for Florida's High Tech Corridor and maintains the largest marine science cluster in the Southeast.



CITY OF ST. PETERSBURG, FLORIDA

Ratios and Trends

PURPOSE: Analyzing key financial ratios and trends over several years enables the City to have a clearer picture of where it has been and where it is going. All ratios are based on governmental funds financial data.

City Trends and Ratios:	2017	2016	2015	2014	2013
Available Fund Balance to Expenditures	14.73%	18.72%	16.65%	13.84%	11.86%
Quick Ratio	927.82%	851.83%	842.37%	677.59%	726.79%
Operational Liquidity	1,280.74%	1,053.89%	821.63%	764.41%	708.49%
Debt per Population	\$ 786	\$ 603	\$ 435	\$ 435	\$ 468
Revenue per Population	\$ 1,103	\$ 1,082	\$ 1,098	\$ 984	\$ 963
Expenditures per Population	\$ 1,130	\$ 1,109	\$ 1,095	\$ 1,049	\$ 968

Available Fund Balance to Expenditures: Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems for the City, even if the current fund balance is positive. The benchmark for comparable cities in Florida is 17.47% in fiscal year 2016 (1).

Quick Ratio: Percentages decreasing over time may indicate that the City has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs. A ratio of 100% or higher is desired. The benchmark for comparable cities in Florida is 951.60% in fiscal year 2016 (1).

Operational Liquidity: Decreasing results over time may indicate that the City has overextended itself in the long run or may be having difficulty raising the cash needed to meet its current needs. The benchmark for comparable cities in Florida is 737.54% in fiscal year 2016 (1).

Debt per Population: Increasing results over time may indicate that the City has a decreasing level of flexibility in how resources are allocated or decreasing ability to pay its long-term debt. The benchmark in Florida for comparable cities was \$1,334 for fiscal year 2016 (1).

Revenue per Population: Decreasing results indicate that the City may be unable to maintain existing service levels with current revenue sources. The benchmark in Florida for comparable cities was \$1,335 for fiscal year 2016 (1).

Expenditures per Population: Increasing results may indicate that the cost of providing services is outstripping the City's ability to pay (i.e., the City may be unable to maintain services at current levels.) The benchmark in Florida for comparable cities was \$1,360 for fiscal year 2016 (1).

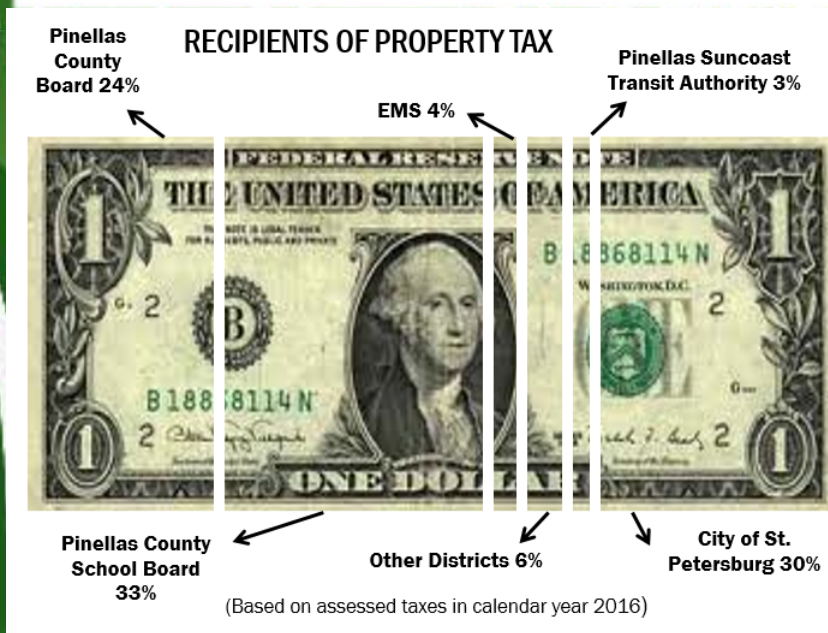
1) Benchmark information obtained from the State of Florida Auditor General Financial Condition Assessment workbooks for comparable municipalities.

SUMMARY: The City has continuing efforts to improve its overall condition and is living within its financial means, improving its liquidity and ability to pay its obligations when due. These measures along with consistent revenue sources in fiscal year 2017 position the City to continue to improve the quality of city services and remain fiscally solid in the near future.

CITY OF ST. PETERSBURG, FLORIDA

Understanding Property Taxes

Ad valorem tax or “property tax” is a major source of revenue for local governments in Florida. However, it is a limited revenue source. The Florida Constitution caps the millage rate assessed against the value of the property at 10 mills per taxing entity. That is, taxing units are prohibited from levying more than \$10 in taxes per \$1,000 of taxable value on properties they tax, without obtaining voter approval at least every two years. The City’s tax year 2016 operating millage rate collected during fiscal year 2017 was 6.7550 mills.



**City of St. Petersburg Property Tax Rate History
2008 to 2017**



Your City taxes will make up less than one-third of your total property tax bill.

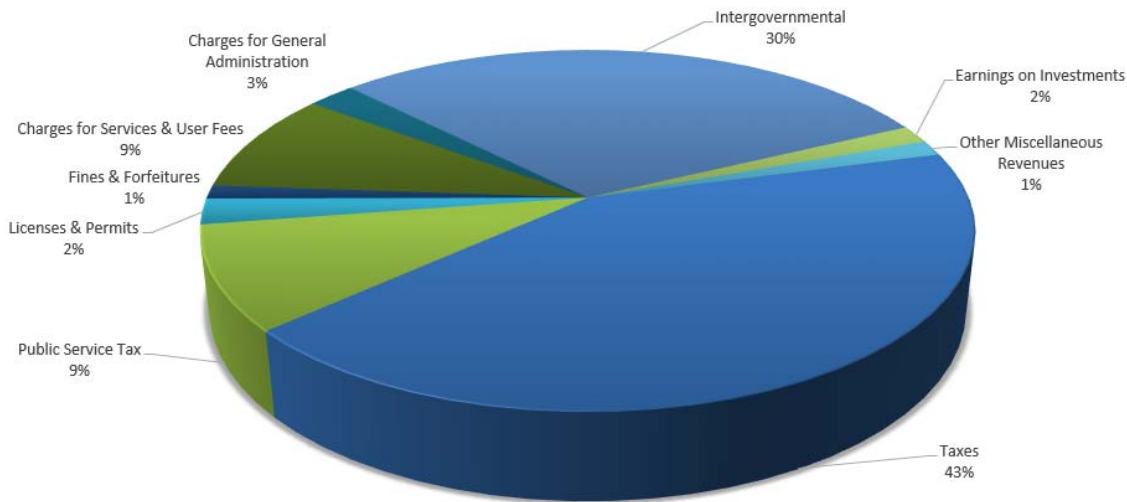
Even when the City’s tax rate is reduced, you may pay more taxes if your property value increases or other taxing authorities raise their rates.

CITY OF ST. PETERSBURG, FLORIDA

Where The Money Comes From • Governmental Funds Revenues

For financial reporting the City maintains 32 individual governmental funds. Governmental funds are those primarily supported by tax dollars for services and are shown using the current financial resources measurement focus and modified accrual basis of accounting. The governmental funds reflect the City's basic services provided, including public safety, transportation, general government administration and culture and recreation. The majority of services provided are supported through property tax, public service tax, franchise tax, state shared taxes and direct charges for services revenues.

2017 SOURCES OF REVENUE



SOURCES OF REVENUE DEFINITIONS

TAXES • City-imposed property, franchise and occupational taxes

PUBLIC SERVICE TAX • City-imposed utility taxes

LICENSES & PERMITS • Economic Development building permit fees, contractor licensing fees and special events permits

FINES & FORFEITURES • Receipts from fines and penalties imposed for violations of statutes and ordinances

CHARGES FOR SERVICES & USER FEES • Receipts collected from the public for services rendered (e.g. parks & recreation programs, use of off-duty police personnel, etc)

CHARGES FOR GENERAL ADMINISTRATION • Revenue collected from the City's business-type funds for general governmental services rendered.

INTERGOVERNMENTAL • includes federal, state and other grant revenues as well as the City's share of taxes imposed by the State of Florida and Pinellas County.

SOURCES OF REVENUE:

	2017	2016
Taxes	\$ 125,835,183	\$ 117,769,633
Public Service Tax	27,645,800	27,599,020
Licenses & Permits	6,819,973	6,668,289
Fines & Forfeitures	3,589,139	3,654,468
Charges for Services & User Fees	26,843,588	25,702,120
Charges for General Administration	7,052,832	6,914,592
Intergovernmental	89,794,335	85,352,284
Earnings on Investments	4,738,478	6,095,818
Other Miscellaneous Revenues	4,078,145	4,359,974
	<u>\$ 296,397,473</u>	<u>\$ 284,116,198</u>

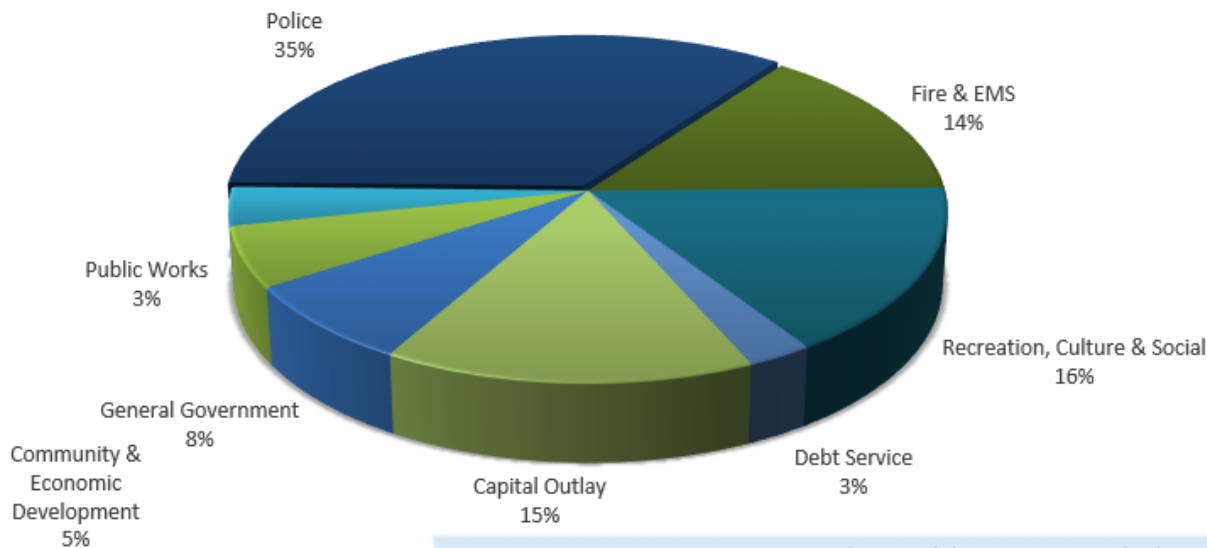
Governmental revenues in general were consistent year over year, however the revenue sources individually had some variance. During 2017 the City experienced an overall increase in taxable values within the City, increasing property tax revenues by \$8.2 million. The City of St. Petersburg has benefited from continued commercial growth and experienced its fifth consecutive increase in real property taxable values in fiscal year 2017 after five years of declining taxable values. Earnings on investments was less favorable in 2017 than in 2016 (decrease of \$1.36 million).

CITY OF ST. PETERSBURG, FLORIDA

Where The Money Goes • Governmental Funds Expenditures

The City governmental funds expenditures have experienced a \$12.45 million increase in total expenditures from fiscal year 2016 to 2017. Public Safety, recognized as a community priority, consistently ranks as the largest outlay. Police expenditures increased primarily as a result of hiring and equipping additional personnel and enhanced investment in public safety activities. Increases in Capital Outlay include the initiation of large-scale upgrades and the construction of the Pier, Pier Approach and new police headquarters. Many of the other programs are overall consistent to fiscal year 2016.

2017 EXPENDITURES BY PROGRAM



EXPENDITURES BY PROGRAM DEFINITIONS

EXPENDITURES BY PROGRAM:

	2017	2016
General Government	\$ 23,268,097	\$ 21,473,235
Community & Economic Development	17,384,870	14,039,942
Public Works	11,036,522	10,683,589
Public Safety: Police	105,528,893	99,772,940
Public Safety: Fire & EMS	44,323,468	44,341,874
Recreation, Culture & Social	48,398,807	46,813,999
Debt Service	8,083,425	15,881,666
Capital Outlay	45,663,755	38,229,051
	\$ 303,687,837	\$ 291,236,296

GENERAL GOVERNMENT • Consists of services that benefit the public and City as a whole

PUBLIC SAFETY: POLICE • Includes the 7 bureaus of the Police department

PUBLIC SAFETY: FIRE & EMS • Includes the Fire and EMS divisions

PUBLIC WORKS • Reflects the costs incurred for planning and maintaining public infrastructure such as city roads, medians and city facilities

COMMUNITY & ECONOMIC DEVELOPMENT • Consists of costs of providing services which develop and improve the economic condition of the community

RECREATION, CULTURE & SOCIAL • Includes the costs of providing libraries, parks and recreational/cultural facilities and programs

DEBT SERVICE • Includes principal and interest payments on municipal debt.

CAPITAL OUTLAY • Expenditures of the City's Capital Improvement Program projects.

CITY OF ST. PETERSBURG, FLORIDA

Enterprise Funds • Major Funds

For financial reporting the City operates 14 enterprise funds that are primarily supported by “business” charges for services such as water, stormwater, sanitation, and other charges, and are shown using the economic resources measurement and accrual basis of accounting. Enterprise funds are set apart from other revenue sources and governmental funds as they are designed to highlight the extent to which fees and charges are sufficient to cover the cost of providing goods and services.

The major enterprise funds at the City are the Water Resources, Stormwater, Sanitation and Tropicana Field Funds. The other enterprise funds at the City are the Airport, Port, Marina, Golf Courses, Jamestown Complex, Parking, Pier, Mahaffey Theater, Coliseum and Sunken Gardens.

MAJOR ENTERPRISE FUNDS:

The revenues versus expenses comparison demonstrates if funds have sufficient resources to pay operating costs and debt and interest payments during the year to operate as self-supporting enterprise funds.

Water resources experienced an increase in net position in 2017 (revenues and other sources were approximately \$7.9 million higher than expenses and other uses) due to primarily to utility rate increases. The utility rate increases (and thus excess revenues over expenditures) are to be

used to invest in water resources utility system upgrades and related future debt service payments. As compared to the prior year, total expenses and other uses experienced a slight increase of \$850,000 while revenues increased compared to the prior year increased by \$9.3 million.

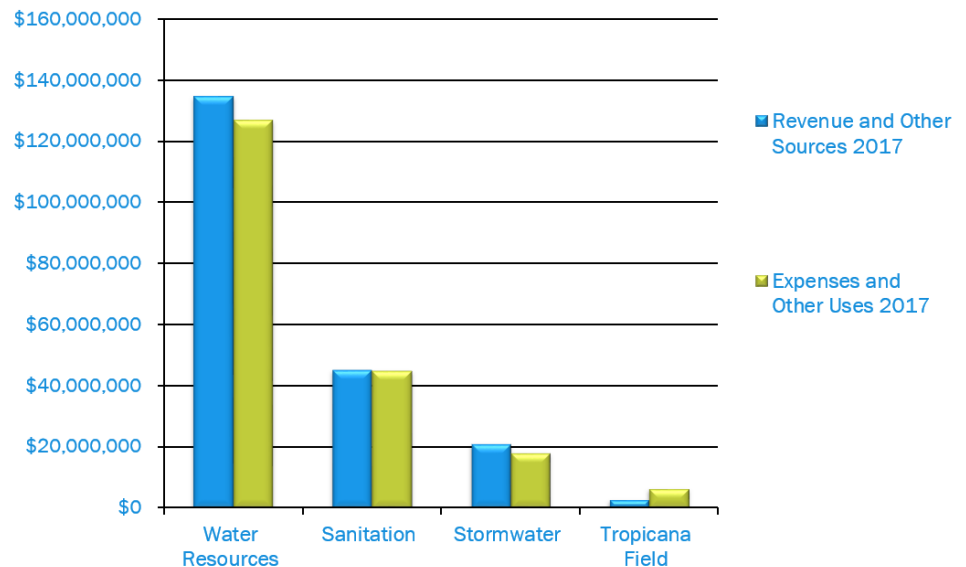
Sanitation results show an increase in net position of \$404,000 as user charges for services are sufficient to cover operating and debt and interest costs of the enterprise.

Stormwater also experienced an increase in net position of \$2.8 million in 2017 due to rate increases. Total revenues and other sources increased \$7.8 million compared to the prior year and will be used to invest in the Stormwater Master Plan for system upgrades and future debt service payments.

Tropicana Field results are consistent compared to 2016 but still show a decrease in net position in 2017 due to significant depreciation expense recognized on capital assets. Tropicana Field depreciation expense included in expenses and other uses was \$3.6 million in 2017.

Each of the major enterprise funds have a positive unrestricted net position at the end of 2017, noting any one year deficiencies were able to be absorbed by the fund’s resources accumulated over the long term.

MAJOR ENTERPRISE FUNDS REVENUES VS. EXPENSES 2017



CITY OF ST. PETERSBURG, FLORIDA

Enterprise Funds • Nonmajor Funds

NONMAJOR ENTERPRISE FUNDS:

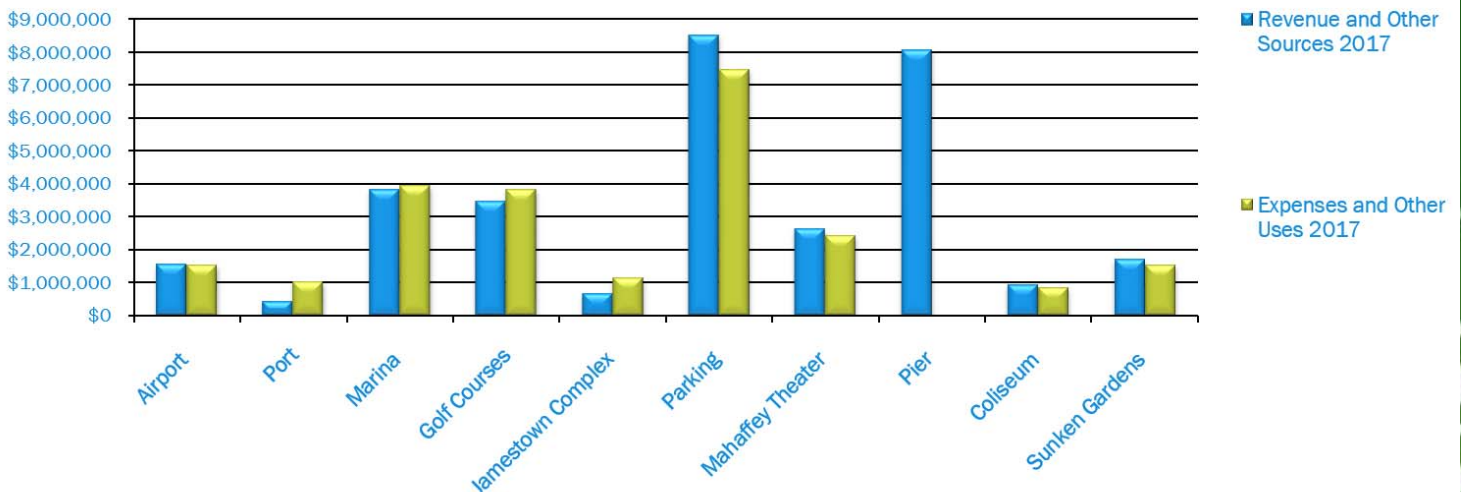
Many of the nonmajor enterprise funds at the City have experienced rising costs of providing services due to inflation or increased healthcare costs and have not been able to pass on the increase through charges for services. In many instances the City has continued to “subsidize” some of these enterprise funds through transfers and loans, as needed, to continue operations and provide services to residents.

In 2017, the Parking and Marina funds had sufficient revenues and other sources to cover the costs of providing services.

The Port, Sunken Gardens, Coliseum, Mahaffey Theater, Golf Courses and Jamestown funds all receive transfers or loans from the General Fund to support operations. The Airport received additional capital assets which are factored into revenues and other sources. The Pier fund received significant contributions of capital assets that is factored into the total for revenues and other sources. The new Pier construction is funded by the Downtown tax increment financing district.



NONMAJOR ENTERPRISE FUNDS REVENUES VS. EXPENSES 2017



CITY OF ST. PETERSBURG, FLORIDA

Debt Outstanding

As of September 30, 2017, the total gross indebtedness of the City was \$593 million with reserves of \$34 million for a net debt of \$559 million. A comparison of gross debt of \$485 million as of September 30, 2016, shows an increase of \$108 million during the year. Governmental debt had a net increase of \$50 million in gross debt due to \$55 million in debt issuances and \$5 million in principal payments. Enterprise debt had a net increase of \$ 58 million in gross debt due to \$121 million in debt issuance, \$53 million in refunded debt and \$10 million in principal payments. The following debt issuances were closed during the fiscal year ended September 30, 2017:

Debt Issuance	Amount	Purpose
Public Utility Refunding Revenue Bonds, Series 2016B	\$53,025,000	Public Utility Capital Projects – Refunding Series 2009A
Public Utility Revenue Bonds, Series 2016C	\$45,115,000	Public Utility Capital Projects
TD Bank Non-Ad Valorem Revenue Note, Series 2017A	\$2,525,000	Marina Capital Projects
TD Bank Non-Ad Valorem Refunding Revenue Note, Series 2017B	\$3,210,000	Marina Refunding Note (Refunded FFGFC Series 2007)
TD Bank Non-Ad Valorem Revenue Note, Series 2017C	\$40,095,000	Governmental Debt – Police Headquarters
TD Bank Non-Ad Valorem Revenue Note, Series 2017D	\$12,515,000	Governmental Debt – Police Training Facility & Parking Garage
BOA Taxable Non-Ad Valorem Revenue Note (QECB), Series 2017E	\$2,570,000	Governmental Debt – Solar Panels



CITY OF ST. PETERSBURG, FLORIDA

Debt Outstanding

Combined Schedule Of Gross Debt and Net Debt September 30, 2017

Date of Issue	Debt Description	Interest Rate	Maturity Date	Gross Debt	Reserves (1)	Net Debt
Governmental Revenue Bonds						
8/1/2014	Professional Sports Facility Sales Tax Refunding Revenue Bonds, Series 2014	2.63%	10/1/2025	\$ 14,845,000	1,725,212	\$ 13,119,788
3/9/2016	Public Service Tax Revenue Bonds, Series 2016A	2.52%	10/1/2031	37,695,000	642,275	37,052,725
3/9/2016	Public Service Tax Revenue Bonds, Series 2016B	2.52%	10/1/2031	18,110,000	897,194	17,212,806
Total Revenue Bonds				<u>70,650,000</u>	<u>3,264,681</u>	<u>67,385,319</u>
Governmental Notes Payable						
3/11/2008	Banc of America N.A. Taxable Non Ad Valorem Revenue Note, Series 2008B	4.79%	2/21/2021	716,000	-	716,000
12/10/2010	BB&T Non Ad Valorem Revenue Note, Series 2010	2.06%	10/1/2020	870,000	-	870,000
12/6/2011	JP Morgan Chase Non Ad Valorem Refunding Revenue Notes, Series 2011	1.91%	2/1/2020	8,485,000	-	8,485,000
5/12/2017	TD Bank Non Ad Valorem Revenue Note, Series 2017C	1.83%	12/1/2020	40,095,000	-	40,095,000
5/12/2017	TD Bank Non Ad Valorem Revenue Note, Series 2017D	1.84%	12/1/2022	12,515,000	-	12,515,000
5/12/2017	BOA Leasing & Capital LLC Taxable Non Ad Valorem Revenue Note (QECB), Series 2017E	3.87%	12/1/2032	2,570,000	-	2,570,000
Total Notes Payable				<u>65,251,000</u>	<u>-</u>	<u>65,251,000</u>
Total Governmental Debt				<u>\$ 135,901,000</u>	<u>\$ 3,264,681</u>	<u>\$ 132,636,319</u>
Enterprise Revenue Bonds						
Various	Public Utility Revenue & Refunding Revenue Bonds	Various	Various	414,895,000	30,255,396	384,639,604
Enterprise Notes Payable						
Various	State Revolving Fund Loans	Various	Various	33,539,158	919,413	32,619,745
10/7/2014	Hancock Bank Non Ad Valorem Revenue Notes, Series 2014	1.44%	10/1/2022	3,650,000	-	3,650,000
3/8/2017	TD Bank - 2017A Note - Marina Project	1.98%	7/1/2031	2,525,000	-	2,525,000
3/8/2017	TD Bank - 2017B Note - Marina Project (Refund 2007)	1.98%	7/1/2022	3,015,000	-	3,015,000
Total Notes Payable				<u>42,729,158</u>	<u>919,413</u>	<u>41,809,745</u>
Total Enterprise Debt				<u>457,624,158</u>	<u>31,174,809</u>	<u>426,449,349</u>
Total Indebtedness September 30, 2017				<u>\$ 593,525,158</u>	<u>\$ 34,439,490</u>	<u>\$ 559,085,668</u>



FINANCE DEPARTMENT • Telephone: (727) 893-7304 • Fax: (727) 893-7120

