

CITY OF ST. PETERSBURG, FLORIDA

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year 2018

October 1, 2017 - September 30, 2018



CITY OF ST. PETERSBURG, FLORIDA

City Mayor and Council Members as of September 30, 2018



DISTRICT 1
CHARLIE
GERDES



DISTRICT 2
BRANDI
GABBARD



MAYOR
RICK
KRISEMAN



DEPUTY MAYOR
KANIKA
TOMALIN



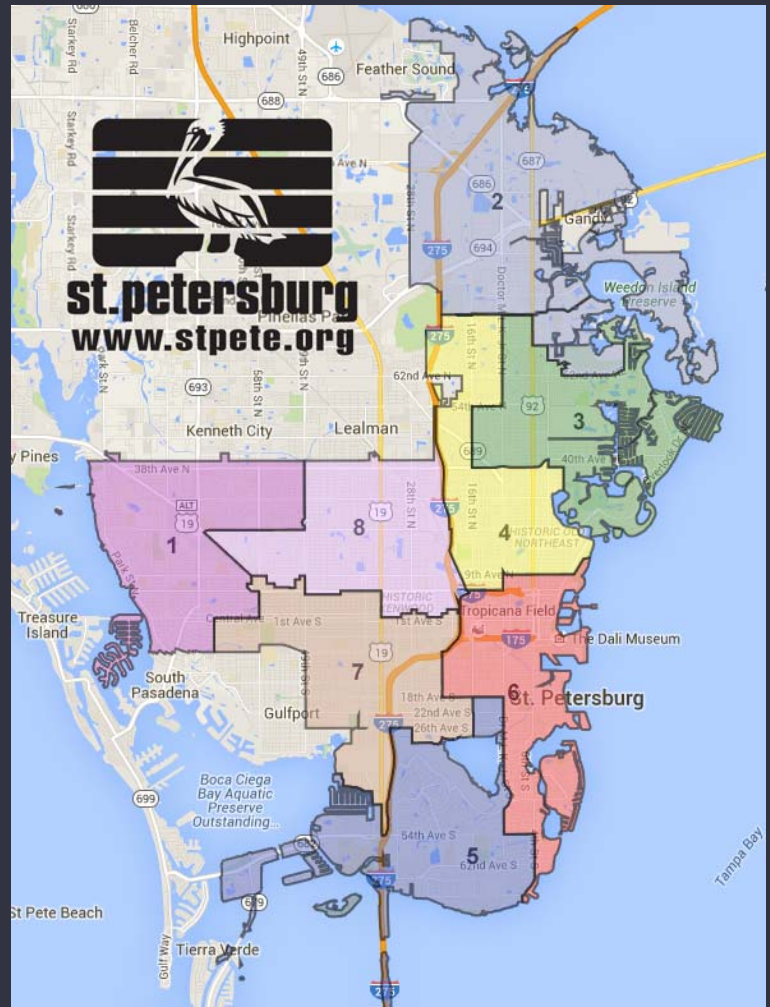
DISTRICT 3
ED
MONTANARI



DISTRICT 4
DARDEN
RICE



DISTRICT 5
STEVE
KORNELL



DISTRICT 6
GINA
DRISCOLL



DISTRICT 7
LISA WHEELER-
BOWMAN



DISTRICT 8
AMY
FOSTER

CITY OF ST. PETERSBURG, FLORIDA

Popular Annual Financial Report • For the Year Ended September 30, 2018

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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, 2018. 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.

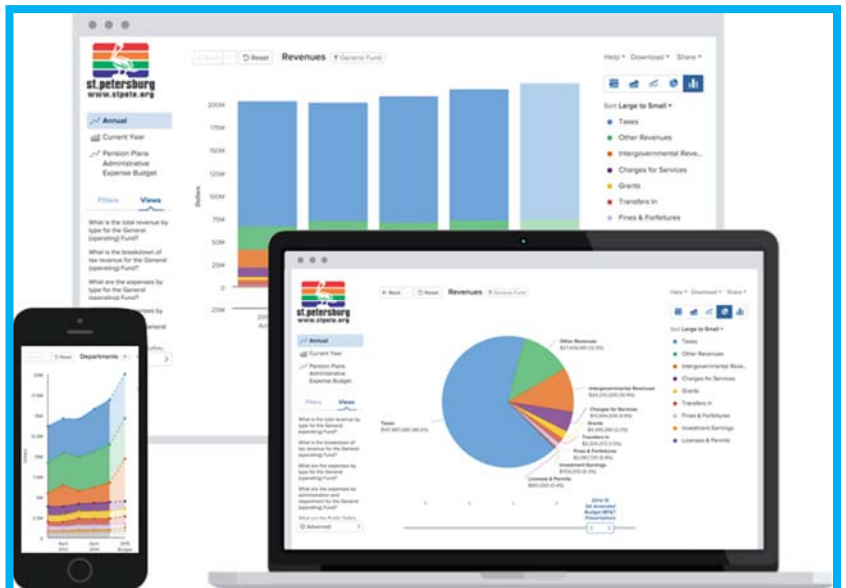
The City is committed to providing a full range of services, including police and fire protection, the construction and maintenance of highways, streets and bridges, golf courses, recreation and park facilities, libraries, performing arts, water, wastewater, reclaimed water, stormwater, solid waste, 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, 2018

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 2018 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, stormwater 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

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**City of St. Petersburg
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

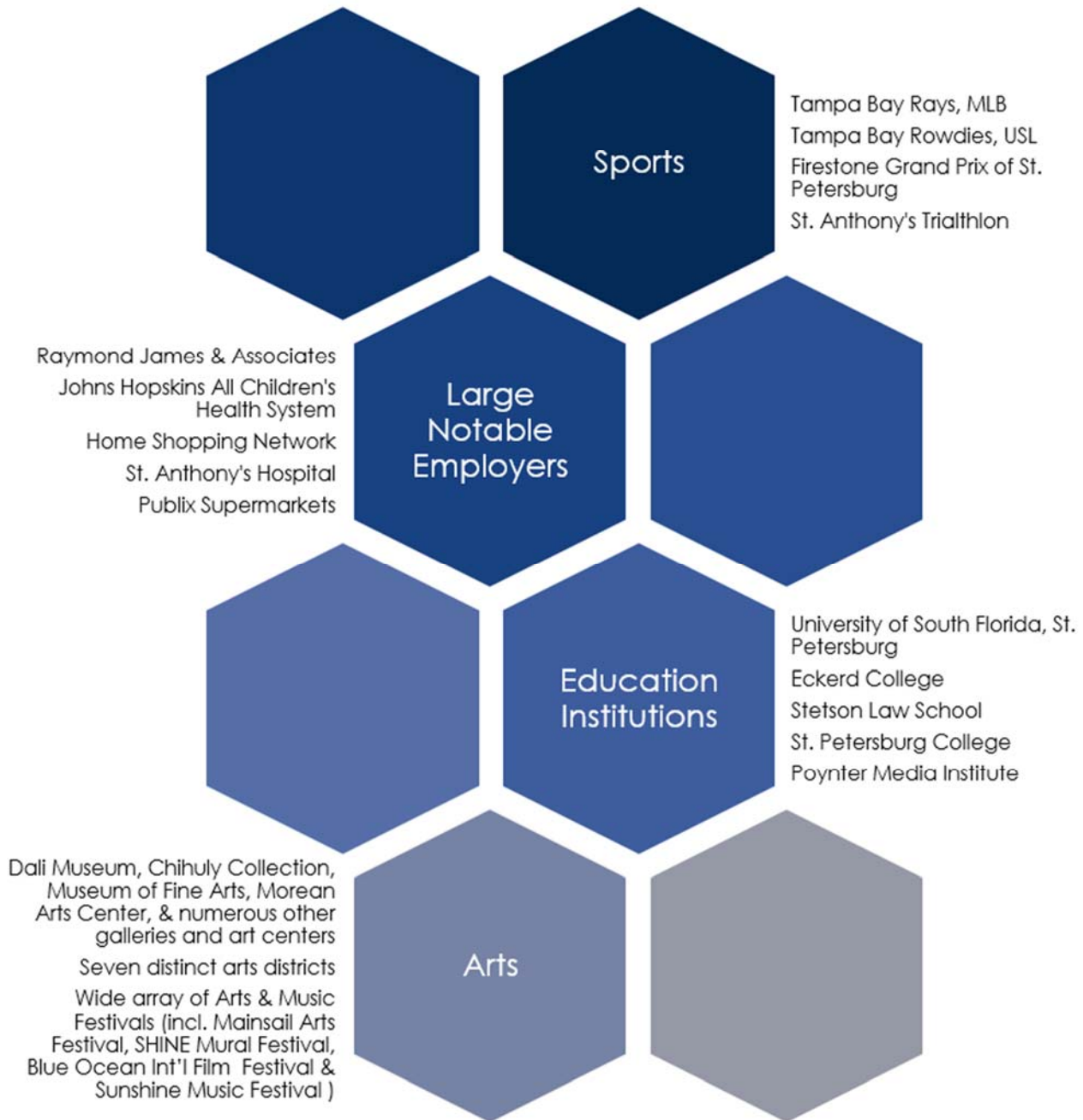
Christopher P. Morill

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:	2018	2017	2016	2015	2014
Available Fund Balance to Expenditures	12.21%	14.73%	18.72%	16.65%	13.84%
Quick Ratio	631.44%	927.82%	851.83%	842.37%	677.59%
Operational Liquidity	907.46%	1280.74%	1053.89%	821.63%	764.41%
Debt per Population	\$ 749	\$ 786	\$ 603	\$ 435	\$ 435
Revenue per Population	\$ 1,133	\$ 1,103	\$ 1,082	\$ 1,098	\$ 984
Expenditure per Population	\$ 1,385	\$ 1,130	\$ 1,109	\$ 1,095	\$ 1,049

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 16.55% in fiscal year 2017 (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 674.08 in fiscal year 2017 (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 630.69% in fiscal year 2017 (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 \$1,258 for fiscal year 2017 (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 \$1,354 for fiscal year 2017 (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 \$1,390 for fiscal year 2017 (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 2018 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 2017 operating millage rate collected during fiscal year 2018 was 6.7550 mills.



City of St. Petersburg Property Tax Rate History 2009 to 2018



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

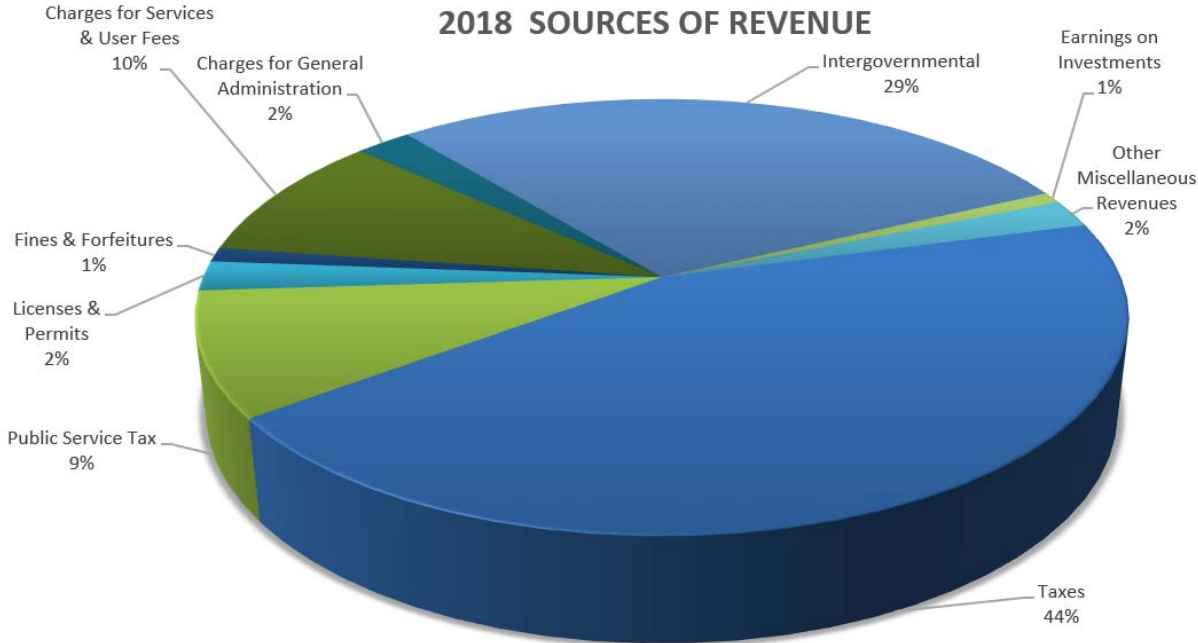
Even when the City’s tax rate is reduced, you may pay more taxes if your property value increases or other taxing authorities raise their rates.

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.

2018 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

SOURCES OF REVENUE:	2018	2017
Taxes	\$ 136,131,669	\$ 125,835,183
Public Service Tax	28,476,230	27,645,800
Licenses & Permits	6,834,401	6,819,973
Fines & Forfeitures	3,236,956	3,589,139
Charges for Services & User Fees	29,314,716	26,843,588
Charges for General Administration	7,193,880	7,052,832
Intergovernmental	89,464,251	89,794,335
Earnings on Investments	2,589,906	4,738,478
Other Miscellaneous Revenues	6,353,246	4,078,145
	<u>\$ 309,595,255</u>	<u>\$ 296,397,473</u>

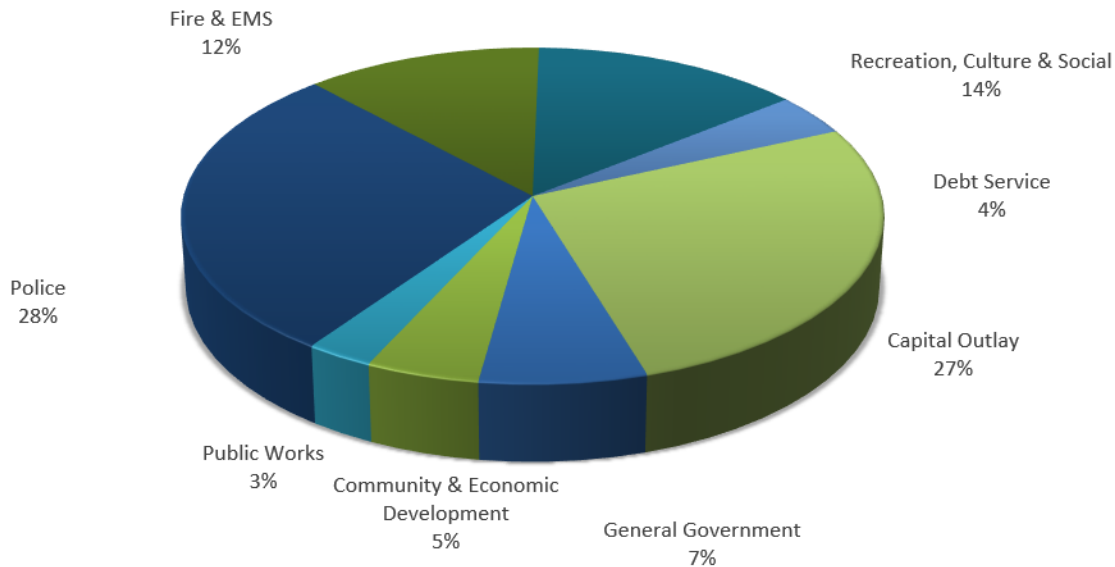
Governmental revenues in general were consistent year over year, however the revenue sources individually had some variance. During 2018 the City experienced an overall increase in taxable values within the City, increasing property tax revenues by \$9 million. The City of St. Petersburg has benefited from continued commercial growth and experienced its sixth consecutive increase in real property taxable values in fiscal year 2018 after five years of declining taxable values. Earnings on investments was less favorable in 2018 than in 2017 (decrease of \$2.15 million).

CITY OF ST. PETERSBURG, FLORIDA

Where The Money Goes • Governmental Funds Expenditures

The City governmental funds expenditures have experienced a \$74.6 million increase in total expenditures from fiscal year 2017 to 2018. 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 2017.

2018 EXPENDITURES BY PROGRAM



Expenditure by Program

	FY 2018
General Government	\$ 26,217,474
Community & Economic Development	\$ 17,863,104
Public Works	\$ 10,654,942
Police	\$ 107,296,893
Fire & EMS	\$ 46,210,377
Recreation & Culture	\$ 52,692,422
Debt Service	\$ 15,234,940
Capital Outlay	\$ 102,162,577
	\$ 378,332,729

EXPENDITURES BY PROGRAM DEFINITIONS

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 2018 (revenues and other sources were approximately \$4.8 million higher than expenses and other uses) due 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 an increase of \$9.6 million while revenues increased compared to the prior year increased by \$14.5 million.

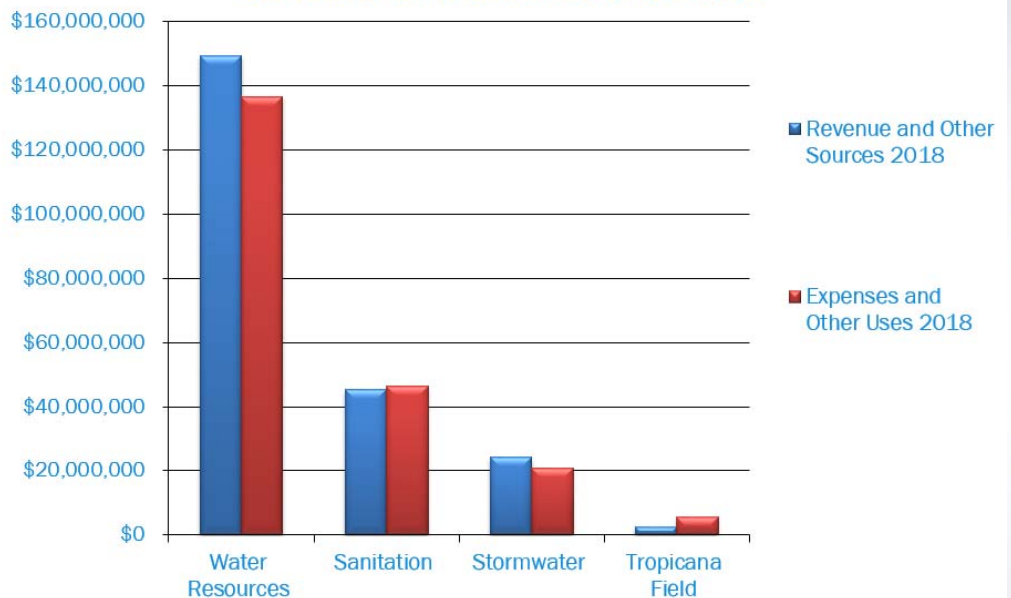
Sanitation results show a decrease in net position of \$921,677 in 2018 due to reductions in recycling material sales.

Stormwater experienced an increase in net position of \$3.3 million primarily due to increases in Stormwater fees that will be used to fund upcoming capital improvements and future debt service payments. Total revenues and other sources increased \$3.1 million compared to the prior year.

Tropicana Field results are consistent compared to 2017 but still show a decrease in net position in 2018 due to significant depreciation expense recognized on capital assets. Tropicana Field depreciation expense included in expenses and other uses was \$3.4 million in 2018.

Each of the major enterprise funds have a positive unrestricted net position at the end of 2018, 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 2018



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.

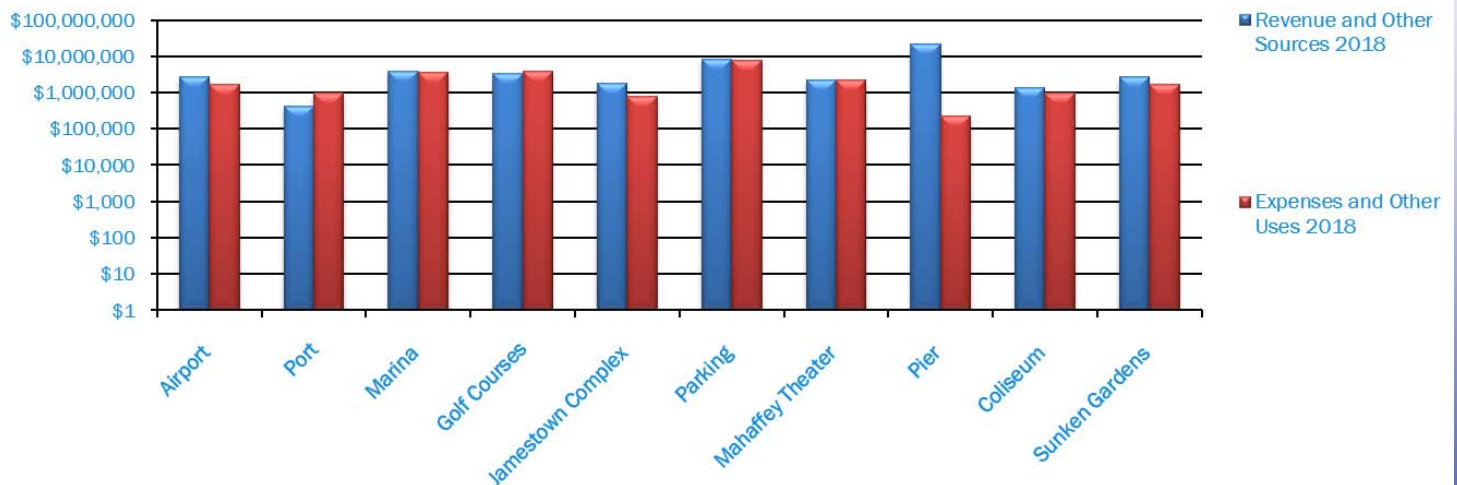
In 2018, the Parking and Marina funds had sufficient revenues and other sources to cover the costs of providing services.

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 and Pier re-

ceived capital assets (construction in progress) from governmental activities sponsored funding sources, such as tax increment financing and grants, that is included in the total for revenues and other sources.



NONMAJOR ENTERPRISE FUNDS REVENUES VS. EXPENSES 2018



CITY OF ST. PETERSBURG, FLORIDA

Debt Outstanding

As of September 30, 2018, the total gross indebtedness of the City was \$716 million with reserves of \$40 million for a net debt of \$675 million. A comparison of gross debt of \$593 million as of September 30, 2017, shows an increase of \$123 million during the year. Governmental debt had a net decrease of \$11.6 million in gross debt due to the early payoff of the JPMorgan Chase Non Ad Valorem Refunding Revenue Note, Series 2011 for \$5.5 million and the early payoff of the BB&T Non Ad Valorem Revenue Note, Series 2010 for \$0.7 million, and \$5.4 million in principal payments. Enterprise debt had a net increase of \$132 million in gross debt due to \$120 million in debt issuance, \$24 million in State Revolving Fund Loans drawdowns and \$12 million in principal payments.

On October 12, 2017, the City executed a Public Utility Subordinate Lien Bond Anticipation Note, Series 2017 in the amount of \$120 million. The Public Utility Subordinate Lien Bond Anticipation Note, Series 2017 proceeds are being used to finance the acquisition, construction and erection of additions, improvements and extensions to the combined water, wastewater, reclaimed water and stormwater systems. The Public Utility Subordinate Lien Bond Anticipation Note, Series 2017 bears an interest rate of 1.35% and matures on October 10, 2018.

Combined Schedule of Gross and Net Debt Governmental Debt

Date of Issue	Debt Description	Interest Rate	Maturity Date	Gross Debt	Reserves (1)	Net Debt
Revenue Bonds						
8/1/2014	Professional Sports Facility Sales Tax Refunding Revenue Bonds, Series 2014	2.63%	10/1/2025	\$ 13,315,000	1,788,040	\$ 11,526,960
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	17,560,000	988,444	16,571,556
Total Revenue Bonds				<u>68,570,000</u>	<u>3,418,759</u>	<u>65,151,241</u>
Notes Payable						
3/11/2008	Banc of America N.A. Taxable Non Ad Valorem Revenue Note, Series 2008B	4.79%	2/21/2021	552,000	-	552,000
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>55,732,000</u>	<u>-</u>	<u>55,732,000</u>
Total Governmental Debt				<u>\$ 124,302,000</u>	<u>\$ 3,418,759</u>	<u>\$ 120,883,241</u>

Note (1): Reserves represent all funds held by Debt Service Funds less the amount provided for the payment of interest and fees.

CITY OF ST. PETERSBURG, FLORIDA

Debt Outstanding

Combined Schedule of Gross and Net Debt - Enterprise Debt

Date of Issue	Debt Description	Interest Rate	Maturity Date	Gross Debt	Reserves (1)	Net Debt
Revenue Bonds						
7/14/2009	Public Utility Refunding Revenue Bonds, Series 2009A	3.50% - 5.25%	10/1/2019	1,220,000	5,610,531	(4,390,531)
7/14/2009	Public Utility Refunding Revenue Bonds, Series 2009B	5.00%	10/1/2018	3,105,000	3,182,625	(77,625)
12/7/2010	Taxable Public Utility Revenue Bonds, Series 2010A	2.50% - 6.40%	10/1/2039	27,360,000	4,215,092	23,144,908
12/7/2010	Taxable Public Utility Revenue Bonds, Series 2010B	6.60%	10/1/2040	19,695,000	2,619,435	17,075,565
1/15/2013	Public Utility Revenue Bonds, Series 2013A	3.00% - 4.00%	10/1/2042	39,475,000	4,656,576	34,818,424
1/15/2013	Public Utility Refunding Revenue Bonds, Series 2013B	2.50% - 4.00%	10/1/2033	41,820,000	1,210,396	40,609,604
11/13/2013	Public Utility Revenue Bonds, Series 2013C	4.25% - 5.00%	10/1/2043	24,995,000	2,648,389	22,346,611
10/15/2014	Public Utility Revenue Bonds, Series 2014A	3.00% - 5.00%	10/1/2044	32,825,000	3,225,207	29,599,793
10/15/2014	Public Utility Refunding Revenue Bonds, Series 2014B	3.00% - 5.00%	10/1/2035	41,465,000	1,748,406	39,716,594
11/19/2015	Public Utility Revenue Bonds, Series 2015	2.75%-5%	10/1/2045	29,605,000	2,856,457	26,748,543
8/16/2016	Public Utility Refunding Revenue Bonds, Series 2016A	1.75%	10/1/2028	48,830,000	1,367,263	47,462,737
10/18/2016	Public Utility Refunding Revenue Bonds, Series 2016B	2.50% - 5.00%	10/1/2039	52,710,000	1,071,063	51,638,937
10/26/2016	Public Utility Revenue Bonds, Series 2016C	4.00% - 5.00%	10/1/2046	45,115,000	1,732,475	43,382,525
Total Revenue Bonds				\$ 408,220,000	\$ 36,143,915	\$ 372,076,085
Revenue Bonds Current Debt Service					18,742,608	
Revenue Bonds Debt Service Reserve					17,401,307	
					\$ 36,143,915	⁽¹⁾

CITY OF ST. PETERSBURG, FLORIDA

Debt Outstanding

Combined Schedule of Gross and Net Debt - Enterprise Debt (Continued)

Date of Issue	Debt Description	Interest Rate	Maturity Date	Gross Debt	Reserves (1)	Net Debt
Notes Payable						
Various	State Revolving Fund Loans	Various	Various	56,304,765	919,413	55,385,352
10/7/2014	Hancock Bank Non Ad Valorem Revenue Notes, Series 2014	1.44%	10/12/2022	2,400,000	-	2,400,000
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	2,435,000	-	2,435,000
10/12/2017	Public Utility Subordinate Lien Bond Anticipation Note, Series 2017	1.36%	10/10/2018	120,000,000	-	120,000,000
Total Notes Payable				<u>183,664,765</u>	<u>919,413</u>	<u>182,745,352</u>
Total Enterprise Debt				<u>591,884,765</u>	<u>37,063,328</u>	<u>554,821,437</u>
Total Indebtedness September 30, 2018				<u>\$ 716,186,765</u>	<u>\$ 40,482,087</u>	<u>\$ 675,704,678</u>

Note (1): Reserves represent all funds held by Debt Service Funds less the amount provided for the payment of interest and fees, bond reserve and State Revolving Loan Fund Reserve.





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

