

# *Comprehensive Annual Financial Report FYE September 30, 2015*



*City of Safety Harbor, FL*



# **City of Safety Harbor, Florida**

## **Comprehensive Annual Financial Report**

For the fiscal year ended September 30, 2015



Prepared by:  
Finance Department

June Solanes  
Finance Director

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**CITY OF SAFETY HARBOR, FLORIDA**

**September 30, 2015**

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**CITY COMMISSION  
2015**

Andy Steingold, Mayor  
Andy Zodrow, Vice Mayor  
Carlos Diaz  
Janet Hooper  
Cliff Merz

**CITY ADMINISTRATION  
2015**

City Manager  
Matthew Spoor

City Clerk  
Karen Sammons

City Attorney  
Alan S. Zimmet

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**CITY OF SAFETY HARBOR, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2015**

**TABLE OF CONTENTS**

|                   | Page   |
|-------------------|--------|
| Table of Contents | i – iv |

**INTRODUCTORY SECTION**

|                            |          |
|----------------------------|----------|
| Letter of Transmittal      | v - viii |
| Certificate of Achievement | ix       |
| Principal City Officials   | x        |
| Organizational Chart       | xi       |

**FINANCIAL SECTION**

|                                                                                 |       |
|---------------------------------------------------------------------------------|-------|
| Independent Auditor's Report                                                    | 1–3   |
| Management's Discussion and Analysis                                            | 4–16  |
| Basic Financial Statements                                                      |       |
| Government-wide Financial Statements                                            |       |
| Statement of Net Position                                                       | 17    |
| Statement of Activities                                                         | 18–19 |
| Fund Financial Statements                                                       |       |
| Balance Sheet – Governmental Funds                                              | 20    |
| Reconciliation of the Balance Sheet – Governmental Funds to the                 |       |
| Statement of Net Position                                                       | 21    |
| Statement of Revenues, Expenditures and Changes in Fund Balances –              |       |
| Governmental Funds                                                              | 22    |
| Reconciliation to the Statement of Revenues, Expenditures and Changes in Fund   |       |
| Balances of Governmental Funds to the Statement of Activities                   | 23    |
| Statement of Net Position – Proprietary Funds                                   | 24    |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds | 25    |
| Statement of Cash Flows – Proprietary Funds                                     | 26–27 |
| Statement of Fiduciary Net Position                                             | 28    |
| Statement of Changes in Fiduciary Net Position                                  | 29    |
| Notes to the Basic Financial Statements                                         | 30–69 |

**CITY OF SAFETY HARBOR, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2015**

|                                                                                                                  | Page  |
|------------------------------------------------------------------------------------------------------------------|-------|
| <hr/>                                                                                                            |       |
| <b>Required Supplementary Information</b>                                                                        |       |
| Budgetary Comparison Schedules -                                                                                 |       |
| Major Governmental Funds -                                                                                       |       |
| General Fund                                                                                                     | 70–71 |
| Community Redevelopment Fund                                                                                     | 72    |
| Schedule of the City’s Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan | 73    |
| Schedule of City Contributions – Florida Retirement System Pension Plan                                          | 74    |
| Schedule of City’s Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan      | 75    |
| Schedule of City Contributions – Health Insurance Subsidy Pension Plan                                           | 76    |
| Schedule of Changes in Net Pension Liability by Sources – Firefighters’ Retirement Fund                          | 77    |
| Schedule of Changes in Net Pension Liability – Firefighters’ Retirement Fund                                     | 78    |
| Schedule of Contributions – Firefighters’ Retirement Fund                                                        | 79    |
| Schedule of Investment Returns – Firefighters’ Retirement Fund                                                   | 80    |
| Schedule of Funding Progress – Other Postemployment Benefits                                                     | 81    |
| Notes to the Required Supplementary Information                                                                  | 82    |
| <b>Combining and Individual Fund Statements and Schedules</b>                                                    |       |
| Combining Balance Sheet – Nonmajor Governmental Funds                                                            | 83    |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds         | 84    |
| Budgetary Comparison Schedules -                                                                                 |       |
| Nonmajor Governmental Funds -                                                                                    |       |
| Public Safety                                                                                                    | 85    |
| Street Improvement                                                                                               | 86    |
| Street Assessment                                                                                                | 87    |
| Marina Boat Basin                                                                                                | 88    |
| City Tree Bank                                                                                                   | 89    |
| Transportation Impact Fee                                                                                        | 90    |
| Library Impact Fee                                                                                               | 91    |
| Street Light Assessment                                                                                          | 92    |
| Parkland                                                                                                         | 93    |
| Debt Service                                                                                                     | 94    |
| Major Governmental Fund -                                                                                        |       |
| Capital Projects Fund                                                                                            | 95    |

**CITY OF SAFETY HARBOR, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2015**

|                                                                                                                       | Page    |
|-----------------------------------------------------------------------------------------------------------------------|---------|
| <b>Other Supplemental Schedules</b>                                                                                   |         |
| Schedule of Revenues and Expenditures – Actual and Budget – Fire District and<br>Emergency Medical Services Sub-Funds | 96      |
| Schedule of Revenues and Expenditures – Actual and Budget – Library Sub-Funds                                         | 97      |
| Schedule of Operations – Actual and Budget – Water and Sewer Fund                                                     | 98      |
| Schedule of Operations – Actual and Budget – Solid Waste Fund                                                         | 99      |
| Schedule of Operations – Actual and Budget – Stormwater Fund                                                          | 100     |
| Reconciliation of Total Fund Balance for the Governmental Funds to Total Net<br>Position for Governmental Activities  | 101     |
| Reconciliation of Net Change in Fund Balances for the Governmental Funds to<br>Changes in Net Position                | 102     |
| <br><b><u>STATISTICAL SECTION (UNAUDITED)</u></b><br>                                                                 |         |
| Introduction to the Statistical Section                                                                               | 103-104 |
| Schedule 1 Net Position by Component                                                                                  | 105     |
| Schedule 2 Changes in Net Position                                                                                    | 106-107 |
| Schedule 3 Program Revenues by Function/Program                                                                       | 108     |
| Schedule 4 Fund Balances of Governmental Funds                                                                        | 109     |
| Schedule 5 Changes in Fund Balances of Governmental Funds                                                             | 110     |
| Schedule 6 Assessed Value and Estimated Value of Taxable Property                                                     | 111     |
| Schedule 7 Direct and Overlapping Property Tax Rates                                                                  | 112     |
| Schedule 8 Principal Taxpayers – Real Property                                                                        | 113     |
| Schedule 9 Principal Taxpayers – Personal Property                                                                    | 114     |
| Schedule 10 Property Tax Levies and Collections                                                                       | 115     |
| Schedule 11 Ratios of Outstanding Debt by Type                                                                        | 116     |
| Schedule 12 Legal Debt Margin Information                                                                             | 117     |
| Schedule 13 Direct and Overlapping Governmental Activities Debt                                                       | 118     |
| Schedule 14 Pledged Revenue Coverage – Governmental Activities                                                        | 119     |
| Schedule 15 Pledged Revenue Coverage – Business-Type Activities                                                       | 120     |
| Schedule 16 Demographic and Economic Statistics                                                                       | 121     |
| Schedule 17 Principal Employers                                                                                       | 122     |
| Schedule 18 Full-time Equivalent City Government Employees by Function                                                | 123     |
| Schedule 19 Operating Indicators by Function                                                                          | 124     |
| Schedule 20 Capital Asset Statistics by Function                                                                      | 125     |

**CITY OF SAFETY HARBOR, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2015**

Page

---

**REGULATORY REPORTS**

|                                                                                                                                                                                                                                     |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 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 <i>Governmental Auditing Standards</i>         | 126-127 |
| Independent Accountants' Report on an examination conducted in accordance with <i>AICPA Professional Standards</i> , Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General | 128     |
| Independent Auditors' Management Letter                                                                                                                                                                                             | 129-133 |

## **INTRODUCTORY SECTION**

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# City of Safety Harbor Florida

HOME OF ESPIRITU SANTO MINERAL SPRINGS

750 Main Street    ☎    Safety Harbor, Florida 34695    ☎    (727) 724-1555  
FAX 724-1566

July 6, 2016

To the Honorable Mayor, Commissioners, and Citizens of the City of Safety Harbor:

The Comprehensive Annual Financial Report of the City of Safety Harbor, Florida for the fiscal year ended September 30, 2015, is hereby submitted in accordance with Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

This annual Financial Report represents the official report of the City's financial condition and results of operation to the Citizens, City Commission, City administrative personnel, investment firms, rating agencies and other interested persons. Management of the City of Safety Harbor assumes full responsibility for the completeness and reliability of the information contained in this report, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Safety Harbor's financial statements for the year ended September 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## ***Profile of the Government***

The City of Safety Harbor, incorporated on June 11, 1917, is located in the Tampa Bay area and is primarily a bedroom community with a limited amount of supporting commercial and industrial uses. The City is located halfway between the Tampa International Airport and Pinellas County Beaches; making it perfect for homeowners who travel often but want to share in the beauty of what Pinellas County has to offer. It currently occupies approximately 5 square miles and serves a population of approximately 17,572. The City of Safety Harbor is empowered to levy a property tax on real property located within its boundaries. The City is also empowered by State Statute to extend its corporate limits by annexation, which it has done from time to time.

The City operates under the Commission-Manager form of government. The City Commission is comprised of the Mayor and four Commissioners and is responsible for enacting ordinances, resolutions, and regulations governing the City as well as appointing members to various statutory and advisory boards, the City Manager, and the City Attorney. As chief administrative officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the City's department heads.

The City provides a full range of municipal services normally associated with a municipality including fire protection, street construction and maintenance, planning, zoning and redevelopment, recreation and parks, library services, storm water management and general administrative services. Law enforcement service is provided via an annual contract with the Pinellas County Sheriff's Office. In addition, water, sewer, solid waste and stormwater services are provided under an enterprise fund concept with user charges set by the City Commission to ensure adequate coverage of operating expenses and payment of outstanding debt.

### ***Local economy***

The City continues to take a guarded financial approach and monitors accounts very closely. The City budgets conservatively and in the current fiscal year has managed accordingly given the impact of a 5.5 percent increase in the City's property tax base and an unemployment rate for the local metropolitan area of 4.9 percent. Safety Harbor's advantage is the fact that the City has continued to experience an extremely sound fiscal condition, and as a result has been able to continue on with planned expenditures.

### ***Long-term financial planning***

Funding for operations and capital projects is derived from various sources, including user fees, state shared revenue, local option gas tax, Penny for Pinellas 1% sales tax, grants and contributions from state and local governments and investment returns. As sources are declining or no longer available over the next five years, the City cautiously prioritizes critical capital improvements giving consideration to the projects that are matched by grant funds or a dedicated funding source.

Relative to operations and economic conditions, in Fiscal Year 2015/2016, the City budgeted for a 4.9 percent increase in property taxable value and maintained the millage rate of 4.0479 to close the gap on the use of fund reserves to balance the budget. Citywide revenues excluding transfers were assumed to increase by \$807,750 or 2.8 percent over year-end estimates with budgeted appropriations increasing by \$1,801,685 or 5.2 percent.

### ***Relevant financial policies***

It is a policy of the City Commission to maintain a General Fund minimum reserve of seventeen (17) percent of General Fund expenditures of the prior years audited financial statements. Additionally, the City Commission approved by resolution a fund balance policy that twenty (20) percent of General Fund operating expenditures, based on the current year's adopted budget, be committed for the specific purpose for use in the event of a major storm or other unforeseen disaster of a nonrecurring character, including environmental damage, flood, fire or tornado; provided that if federal or state funds are received to offset appropriations for such purposes, such monies shall be returned to the Stabilization Arrangement. If needed, replenishment of the stabilization arrangement will be from Unassigned Fund Balance over a period of five (5) years.

The City utilizes the modified accrual basis of accounting for all governmental fund types. Under this modified accrual basis, expenditures are generally recognized when the related liability is incurred. Revenues are recognized in the accounting period when they become measurable and available.

Accounting records for the City's proprietary funds, water, wastewater, solid waste and stormwater, are maintained on an accrual basis with revenues being recognized when earned and expenses recognized when incurred.

Budgetary control is maintained at the departmental level. All purchase orders are compared to available line item control accounts and if necessary, budgetary adjustments are made prior to issuing purchase orders. The City Manager is authorized to transfer any unencumbered appropriated balance or portion thereof between specific classifications of expenditures within a department. By Resolution, the City Commission may authorize the transfer of any unencumbered appropriated balance or portion thereof from one fund, office or department to another.

### ***Major initiatives***

In preparing the Fiscal Year 2015/2016 Budget, the City identified a number of major programs and projects to continue to maintain the City's position of excellent service provision, financial performance and quality of operational facilities. The Five-year Capital Improvements Plan (CIP) for FY 2015/16 to FY2019/20 is \$35.3 million, of which \$8.7 million is appropriated in FY 2015/2016.

The City remains active with construction projects in the area of drainage including dredging and pipe relining as well as water and wastewater main replacements. Major capital project improvements are programmed in parks and transportation.

In fiscal 2016, the City Commission prioritized economic and development activities to include the continued promotion of the competitive advantages of living, working and doing business in Safety Harbor; service development to include parks and recreation programs; and budget development to include long-term sustainability of the City's proprietary funds, which includes a rate study of water, wastewater, sanitation and stormwater.

### ***Awards and Acknowledgements***

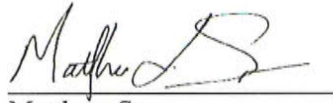
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Safety Harbor for its comprehensive annual financial report for the fiscal year ended September 30, 2014. In order to be awarded 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 we are submitting it to GFOA to determine its eligibility for another certificate.

This preparation and submission of this report is due to the efficient and dedicated services of the Finance Department staff. We would like to express our sincere appreciation to all members of the department who contributed to the year-end close out process and document preparation. We would also like to express our appreciation to City departmental staff who provided a significant contribution by ensuring the accuracy and integrity of accounting information compiled and submitted throughout the entire year. Our sincerest appreciation is expressed for the City Commission's continued support and interest in the

planning and conducting of the City's financial operations in a responsible manner. We extend our gratitude to the Audit Committee for their continued support and high level of professionalism, and CliftonLarsonAllen LLP for their professionalism and expertise.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Matthew Spoor", written over a horizontal line.

Matthew Spoor  
City Manager

A handwritten signature in cursive script, appearing to read "June Solanes", written over a horizontal line.

June Solanes  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Safety Harbor  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

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CITY OF SAFETY HARBOR



**LIST OF PRINCIPAL OFFICIALS**

September 30, 2015

**CITY COMMISSION**

Andy Steingold, Mayor  
Andy Zodrow, Vice Mayor  
Carlos Diaz  
Janet Hooper  
Cliff Merz

**City Manager**  
Matthew Spoor

**City Clerk**  
Karen Sammons

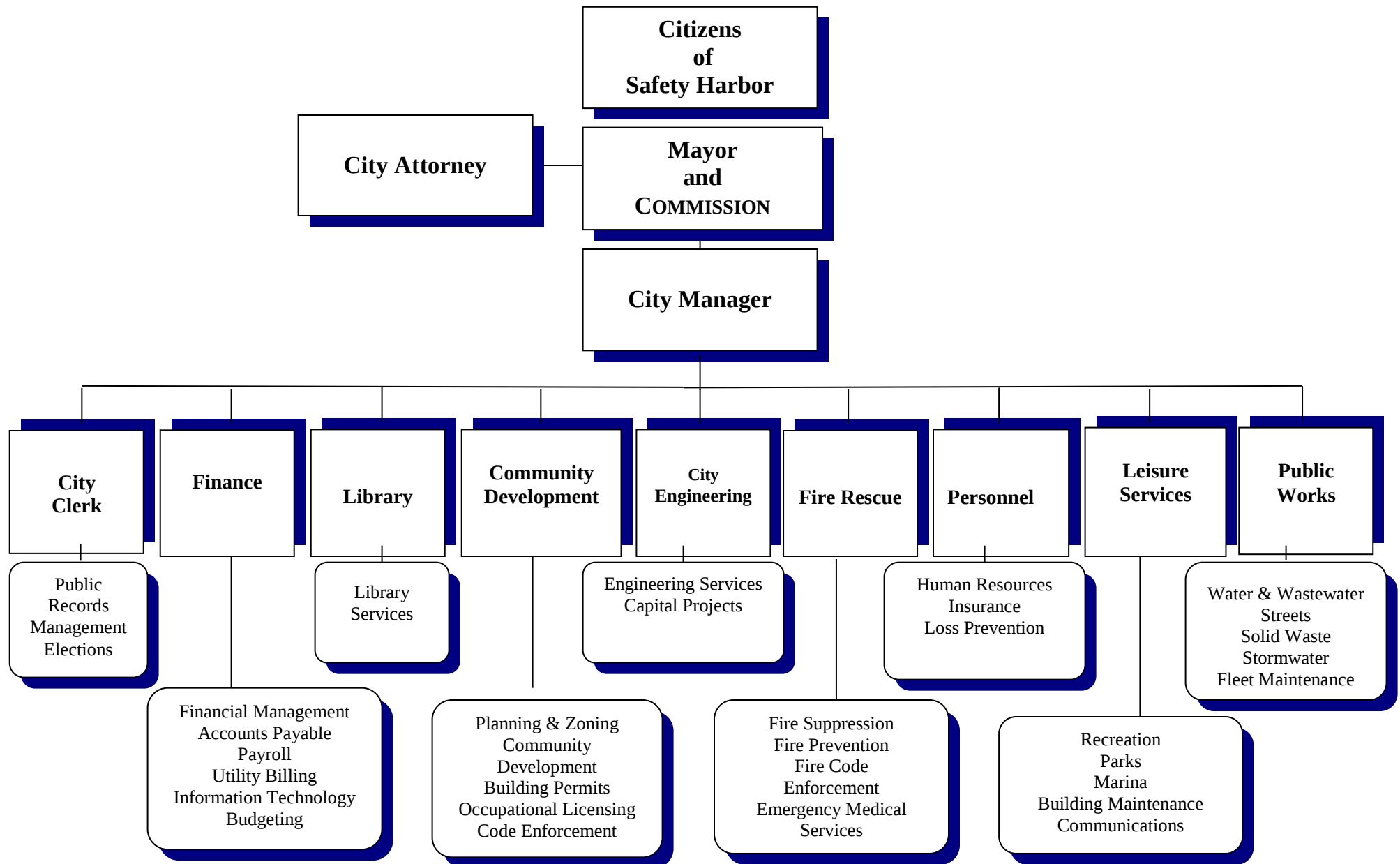
**City Attorney**  
Alan Zimmet

**EXECUTIVE MANAGEMENT STAFF**

City Engineer  
Community Development Director  
Finance Director  
Human Resources Director  
Fire Chief  
Leisure Services Director  
Library Director  
Public Works Director

John Powell  
Marcie Stenmark  
June Solanes  
Kim Nicholls  
Joe Accetta  
Andrea Norwood  
Lisa Kothe  
Ray Boler

# CITY OF SAFETY HARBOR ORGANIZATIONAL CHART



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Commission  
City of Safety Harbor, 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 Safety Harbor, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Honorable Mayor and  
Members of the City Commission  
City of Safety Harbor, Florida

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As described in Note 7 and Note 13 to the financial statements, during the year ended September 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which was subsequently amended by GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of implementation of GASBS No. 68, the City reported a restatement for the change in accounting principle. The auditors' opinion was not modified with respect to this restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A), budgetary comparison schedules for the general fund and community redevelopment fund, and pension and other postemployment benefit schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and budget and actual schedules 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 statement.

Honorable Mayor and  
Members of the City Commission  
City of Safety Harbor, Florida

The combining and individual nonmajor fund financial statements and budget and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Tampa, Florida  
July 6, 2016

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City of Safety Harbor's (the "City") annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on September 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report (beginning on page v) and the City's basic financial statements (beginning on page 17).

## **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City of Safety Harbor exceeded its liabilities and deferred inflows at September 30, 2015 by \$64,895,479 (net position). Of this amount, \$14,296,292 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased over prior period by \$879,183 or 1.4 percent. Governmental net position increased by \$1,185,973 or 3.5 percent while business type net position decreased by \$306,790 or .9 percent as of September 30, 2015.
- As of September 30, 2015, the City of Safety Harbor's governmental funds reported combined ending fund balances of \$13,141,029, an increase of \$525,661 in comparison with the prior year. Of this total amount, \$10,823,700 or 82.4 percent, is available for spending at the City's discretion (unrestricted fund balance).
- The City's total debt for revenue bonds and notes decreased by a net amount of \$1,236,922 or 8.7 percent during the fiscal year. This decrease is due to the repayment of principal on outstanding revenue notes and bonds. The City entered into a fifty year lease agreement with the School Board of Pinellas County for the lease of property on Elm Street for creation of a neighborhood park. The lease of \$250,000 with annual principal payments of \$5,000 has a balance of \$235,000 at September 30<sup>th</sup>.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements' focus is on both the City as a whole (government-wide) and on the individual funds. Both perspectives (government-wide and individual funds) allow the user to address relevant questions, broaden the basis for comparison from year to year or government to government and enhance the City's accountability.

This discussion and analysis is intended to serve as an introduction to the City of Safety Harbor's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business. The government-wide financial statements are located on pages 17 through 19 of this report.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows, less liabilities and deferred inflows, with the difference reported as *net position*. The focus of the Statement of Net Position is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current economic resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*The Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of basic governmental services as well as any subsidy in the business-type activities.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes 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 governmental activities of the City includes general government; law enforcement, fire protection and building department, which provide public safety; physical environment; transportation, which includes activities associated with street lights, streets and sidewalks; library; and parks and recreation, which also includes Main Street events and marina activities. The business-type activities of the City include water and sewer, solid waste and stormwater.

The government-wide financial statements include the City of Safety Harbor as a whole, as well as the component unit the Safety Harbor Community Redevelopment Agency (CRA). The CRA is reported within the general government activities.

### **Fund financial statements**

A *fund* is a grouping of related accounts used to maintain control over the 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 compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. The governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Community Redevelopment Agency and Capital Projects Funds, which are considered to be major funds. Data from ten of the governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds (Special Revenue and Debt Service Funds) is provided in the form of combining statements in this report, following the Notes to the Financial Statements on pages 83 and 84.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for all major and non-major governmental funds to demonstrate compliance with the budget. The budgetary comparison reporting can be found on pages 70 through 72 and 85 through 95, respectively, of this report.

**Proprietary funds.** *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations, Solid Waste operation and Stormwater (drainage) operation.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the City's water and sewer operations, solid waste operation and stormwater operation, all of which are considered major funds. The basic proprietary fund financial statements can be found on pages 24 through 27 of this report.

**Internal service funds.** *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not currently utilize internal service funds.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund to account for the firefighters' retirement benefit. The fund is with the Florida League of Cities, Florida Municipal Pension Trust Fund. The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 69 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary legal compliance for the General and Community Redevelopment Agency funds; the City's progress in funding the firefighters' pension obligation, general employee Florida Retirement System pension obligation; and the funding progress of the retiree health plan. *Required supplementary information* and the *notes to the required supplementary information* can be found on pages 70 through 82 of this report.

## GOVERNMENT WIDE FINANCIAL STATEMENT ANALYSIS

**Statement of Net Position.** Net position over time may serve as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$64.9 million. The following table reflects the condensed Statement of Net Position compared to the prior year. Throughout this report, increases and decreases are reflected based on current year impacts. For more detailed information see the Statement of Net Position on page 17.

|                                                    | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                      | <u>Total Primary Government</u> |                      |
|----------------------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
|                                                    | <u>2015</u>                    | <u>2014</u>          | <u>2015</u>                     | <u>2014</u>          | <u>2015</u>                     | <u>2014</u>          |
| Assets                                             |                                |                      |                                 |                      |                                 |                      |
| Current and other assets                           | \$ 17,406,301                  | \$ 17,455,121        | \$ 17,484,168                   | \$ 17,720,514        | \$ 34,890,469                   | \$ 35,175,635        |
| Capital assets                                     | 24,246,354                     | 24,066,409           | 27,172,627                      | 26,254,566           | 51,418,981                      | 50,320,975           |
| Total assets                                       | 41,652,655                     | 38,883,400           | 44,656,795                      | 43,975,080           | 86,309,450                      | 85,496,610           |
| Deferred Outflows                                  | 653,222                        | -                    | 138,325                         | -                    | 791,547                         | -                    |
| Liabilities                                        |                                |                      |                                 |                      |                                 |                      |
| Current and other liabilities                      | 3,186,196                      | 1,398,137            | 2,294,160                       | 1,755,263            | 5,480,356                       | 3,153,400            |
| Long-term liabilities                              | 6,725,862                      | 6,517,333            | 8,310,462                       | 8,053,493            | 15,036,324                      | 14,570,826           |
| Total liabilities                                  | 9,912,058                      | 7,915,470            | 10,604,622                      | 9,808,756            | 20,516,680                      | 17,724,226           |
| Deferred Inflows                                   | 1,300,405                      | 1,060,489            | 388,433                         | 57,469               | 1,688,838                       | 1,117,958            |
| Net Position                                       |                                |                      |                                 |                      |                                 |                      |
| Invested in capital assets,<br>net of related debt | 18,705,536                     | 18,038,191           | 19,179,343                      | 18,085,216           | 37,884,879                      | 36,123,407           |
| Restricted                                         | 2,175,369                      | 2,638,130            | 10,538,939                      | 8,685,536            | 12,714,308                      | 11,323,666           |
| Unrestricted                                       | 10,212,509                     | 9,231,120            | 4,083,783                       | 7,338,103            | 14,296,292                      | 16,569,223           |
| <b>Total Net Position</b>                          | <b>\$ 31,093,414</b>           | <b>\$ 29,907,441</b> | <b>\$ 33,802,065</b>            | <b>\$ 34,108,855</b> | <b>\$ 64,895,479</b>            | <b>\$ 64,016,296</b> |

The largest portion of the City's net position, fifty-eight percent, reflects its investment in capital assets (e.g., land, buildings, infrastructure improvements, and vehicles and equipment) less any related debt used to acquire those assets that remains outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Twenty percent of the City's net position represents resources that are subject to external or enabling legislation that restricts how they may be used. The remaining balance of unrestricted net position or \$14,296,292 (22 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2015, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

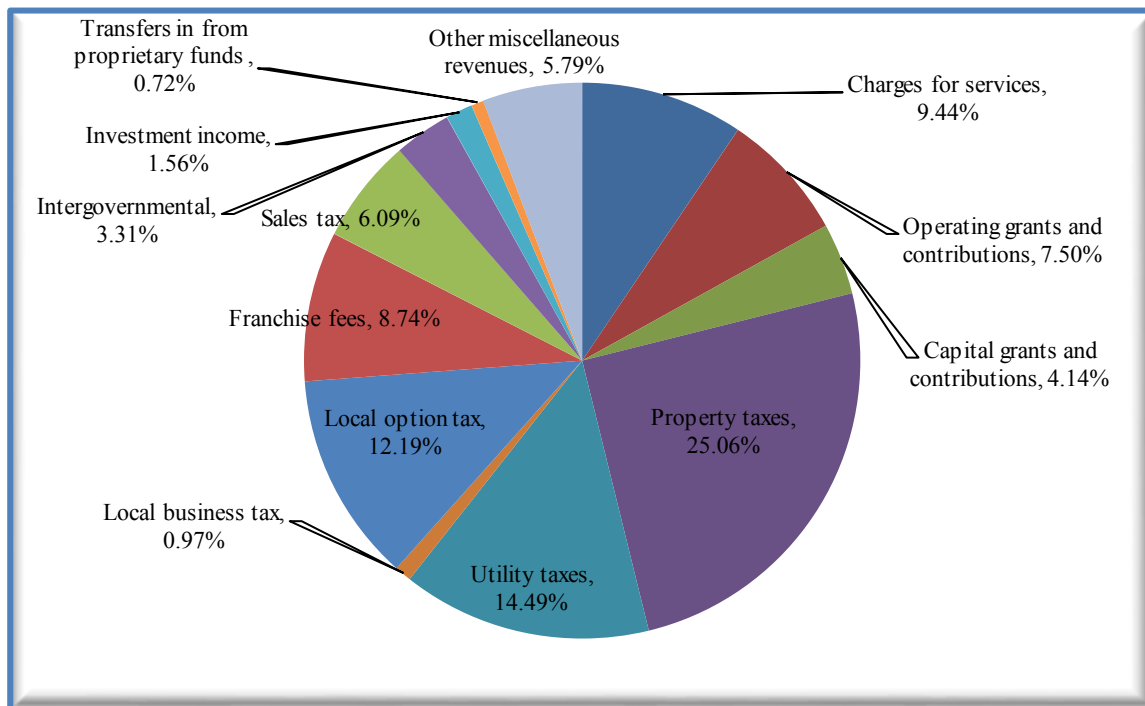
**Statement of Activities.** The following schedule compares the revenues and expenses for the current and previous fiscal year. More detailed information regarding the Statement of Activities can be found on pages 18 and 19 of this report.

|                                       | <b>Governmental Activities</b> |                             | <b>Business-Type Activities</b> |                             | <b>Total Primary Government</b> |                             |
|---------------------------------------|--------------------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
|                                       | <b>2015</b>                    | <b>2014</b>                 | <b>2015</b>                     | <b>2014</b>                 | <b>2015</b>                     | <b>2014</b>                 |
| <b>REVENUES</b>                       |                                |                             |                                 |                             |                                 |                             |
| Program revenues:                     |                                |                             |                                 |                             |                                 |                             |
| Charges for services                  | \$ 1,580,395                   | \$ 1,604,536                | \$ 11,044,052                   | \$ 11,755,012               | \$ 12,624,447                   | \$ 13,359,548               |
| Operating grants and contributions    | 1,255,345                      | 1,481,182                   | -                               | 12,988                      | 1,255,345                       | 1,494,170                   |
| Capital grants and contributions      | 693,263                        | 62,633                      | -                               | 4,839                       | 693,263                         | 67,472                      |
| General revenues:                     |                                |                             |                                 |                             |                                 |                             |
| Property taxes                        | 4,193,398                      | 3,722,248                   | -                               | -                           | 4,193,398                       | 3,722,248                   |
| Utility taxes                         | 2,423,913                      | 2,459,059                   | -                               | -                           | 2,423,913                       | 2,459,059                   |
| Local business tax                    | 162,446                        | 135,802                     | -                               | -                           | 162,446                         | 135,802                     |
| Local option tax                      | 2,039,692                      | 1,884,907                   | -                               | -                           | 2,039,692                       | 1,884,907                   |
| Franchise fees                        | 1,462,318                      | 1,473,646                   | -                               | -                           | 1,462,318                       | 1,473,646                   |
| Sales tax                             | 1,018,441                      | 980,143                     | -                               | -                           | 1,018,441                       | 980,143                     |
| Intergovernmental                     | 554,343                        | 529,971                     | -                               | -                           | 554,343                         | 529,971                     |
| Investment income                     | 260,606                        | 204,396                     | 322,693                         | 247,524                     | 583,299                         | 451,920                     |
| Other miscellaneous revenues          | 968,183                        | 898,056                     | 706,309                         | 698,586                     | 1,674,492                       | 1,596,642                   |
| Gain (loss) on sale of capital assets | -                              | -                           | 23,794                          | 14,305                      | 23,794                          | 14,305                      |
| Total Revenues                        | <u>16,612,343</u>              | <u>15,436,579</u>           | <u>12,096,848</u>               | <u>12,733,254</u>           | <u>28,709,191</u>               | <u>28,169,833</u>           |
| <b>EXPENSES</b>                       |                                |                             |                                 |                             |                                 |                             |
| Function/program activities           |                                |                             |                                 |                             |                                 |                             |
| Primary government:                   |                                |                             |                                 |                             |                                 |                             |
| Governmental activities:              |                                |                             |                                 |                             |                                 |                             |
| General government                    | 2,808,975                      | 2,922,955                   | -                               | -                           | 2,808,975                       | 2,922,955                   |
| Law enforcement                       | 1,213,281                      | 1,179,493                   | -                               | -                           | 1,213,281                       | 1,179,493                   |
| Fire protection                       | 3,585,085                      | 3,894,577                   | -                               | -                           | 3,585,085                       | 3,894,577                   |
| Building department                   | 334,862                        | 307,766                     | -                               | -                           | 334,862                         | 307,766                     |
| Physical environment                  | 374,898                        | 423,295                     | -                               | -                           | 374,898                         | 423,295                     |
| Transportation                        | 1,851,031                      | 1,520,855                   | -                               | -                           | 1,851,031                       | 1,520,855                   |
| Library                               | 1,461,672                      | 1,466,178                   | -                               | -                           | 1,461,672                       | 1,466,178                   |
| Parks and recreation                  | 3,006,095                      | 2,934,957                   | -                               | -                           | 3,006,095                       | 2,934,957                   |
| Interest on long-term debt            | 239,418                        | 189,032                     | -                               | -                           | 239,418                         | 189,032                     |
| Business-type activities:             |                                |                             |                                 |                             |                                 |                             |
| Water and sewer                       | -                              | -                           | 7,701,878                       | 7,669,583                   | 7,701,878                       | 7,669,583                   |
| Solid waste                           | -                              | -                           | 2,546,132                       | 2,688,181                   | 2,546,132                       | 2,688,181                   |
| Stormwater                            | -                              | -                           | 936,715                         | 871,193                     | 936,715                         | 871,193                     |
| Total Expenses                        | <u>14,875,317</u>              | <u>14,839,108</u>           | <u>11,184,725</u>               | <u>11,228,957</u>           | <u>26,060,042</u>               | <u>26,068,065</u>           |
| Excess before contributions           | \$ 1,737,026                   | \$ 597,471                  | \$ 912,123                      | \$ 1,504,297                | \$ 2,649,149                    | \$ 2,101,768                |
| Transfers in (out)                    | 120,800                        | 120,800                     | (120,800)                       | (120,800)                   | -                               | -                           |
| Change in net position                | 1,857,826                      | 718,271                     | 791,323                         | 1,383,497                   | 2,649,149                       | 2,101,768                   |
| Net position, beginning of year       | 29,907,441                     | 29,189,170                  | 34,108,855                      | 32,725,358                  | 64,016,296                      | 61,914,528                  |
| Restatement of beginning net position | <u>(671,853)</u>               | <u>-</u>                    | <u>(1,098,113)</u>              | <u>-</u>                    | <u>(1,769,966)</u>              | <u>-</u>                    |
| Net position, beginning as restated   | <u>29,235,588</u>              | <u>-</u>                    | <u>33,010,742</u>               | <u>-</u>                    | <u>62,246,330</u>               | <u>-</u>                    |
| <b>Net position, end of year</b>      | <u><b>\$ 31,093,414</b></u>    | <u><b>\$ 29,907,441</b></u> | <u><b>\$ 33,802,065</b></u>     | <u><b>\$ 34,108,855</b></u> | <u><b>\$ 64,895,479</b></u>     | <u><b>\$ 64,016,296</b></u> |

**Governmental activities.** The net position for the City's governmental activities increased by \$1,185,973.

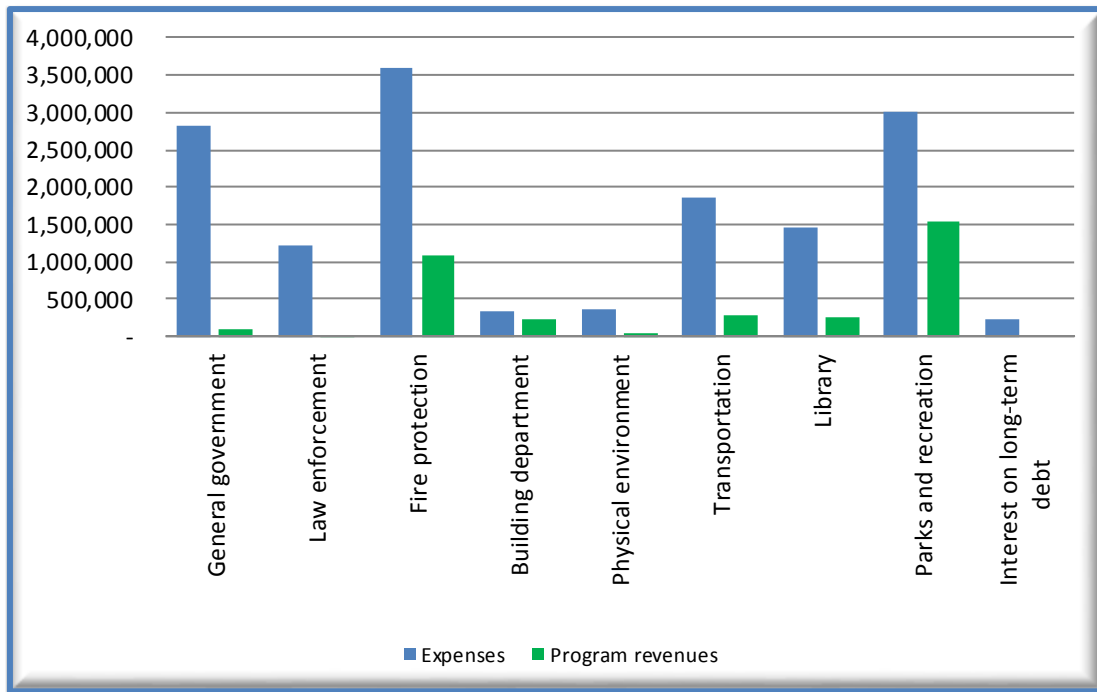
Total revenues for the City's governmental activities increased by \$1,175,764 over prior year. Key elements are as follows:

- Program revenues increased by 12.1 percent or \$380,652.
  - Charges for services decreased by \$24,141 with the largest reduction being in parks and recreation for program related activities.
  - Operating grants and contributions decreased by a net amount of \$225,837. Of this decrease, the prior year SAFER (Staffing for Adequate Fire and Emergency Response) grant was depleted resulting in a decrease of \$221,715 in federal operating funding for three firefighters.
  - Capital grants and contributions increased by \$630,630. The Folly Farm nature preserve was donated to the City by a family trust for use as a park or nature preserve. The donated value of the parkland was \$600,000.
- General revenues increased by 6.5 percent or \$795,112.
  - Property tax revenue increased by \$471,150 (12.7 percent). Gross taxable values in the City increased by 6.0 percent over prior year. City taxable values in the Community Redevelopment District increased by 3.6 percent in 2015. The city increased the millage rate by 8.4 percent from 3.7343 to 4.0479.
  - Investment income and fair value adjustment increased by \$56,210. The increase is due to the fair market adjustment of the City's investments at September 30, 2015.
  - Local option tax revenue increased by \$154,785. Of this increase, \$168,561 is revenue recognition from the "Penny" tax, a local 1-percent sales tax used for capital project infrastructure across multiple functions within the City.



Expenses for the City's governmental activities increased by \$36,209. Key elements of the net increase are as follows:

- Fire protection decreased by \$309,492. Salaries and fringes and other operating expenditures decreased nominally by \$18,488 or .5 percent. Of the net decrease, just over \$330,000 is attributable to pension expense reporting for the firefighters' retirement plans.
- Transportation increased by \$330,176. This increase is attributed to street resurfacing of approximately three miles on the following streets: Marshall Street, Westley Street, Allen Avenue, Philippe Parkway, Willowick Circle and Bermuda Court as well as Railroad Avenue and North City Park.



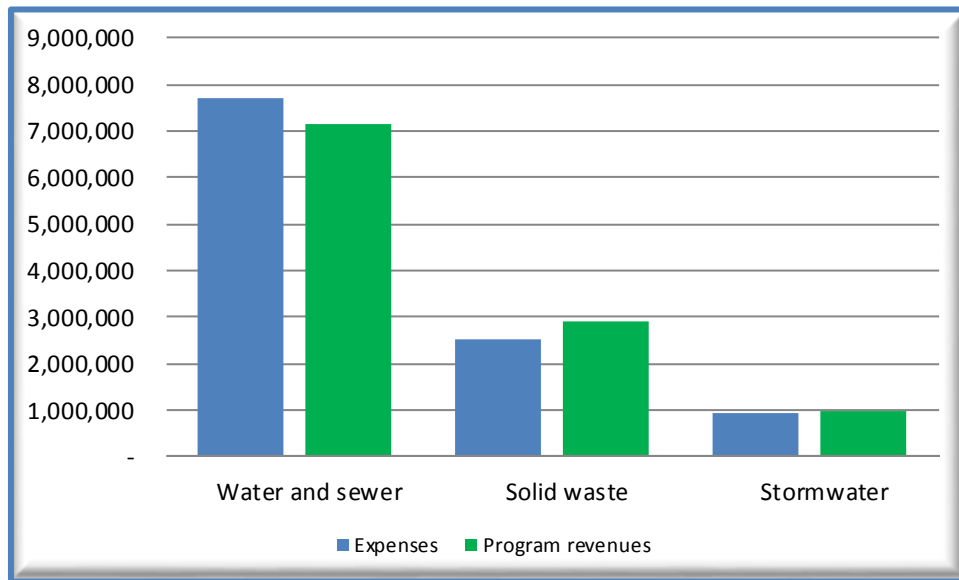
**Business-type activities.** Business-type activities resulted in a decrease in the City's net position by \$306,790.

Revenues for the City's business-type activities decreased by \$636,406. Key elements of the decrease are as follows:

- Program revenues decreased by \$728,787.
  - Charges for services for business-type activities decreased by \$710,960 (6.0 percent) under prior year. Water revenue decreased by \$390,975, with a decline in consumption of 14.3 percent. Sewer revenue decreased by \$385,193 with a decline in consumption of 5.0 percent. Revenue from stormwater and sanitation remained flat.
- General revenues increased by \$92,381.
  - Investment income from interest earnings and market value adjustments increased by \$75,196 due to fair market value adjustment of investments at September 30, 2015.

Expenses for the City's business-type activities decreased by \$44,232. Key elements of the decrease are as follows:

- Water and sewer expenses increased nominally by \$32,295, which is less than .42 percent over prior year.
- Sanitation expenses decreased by \$142,049 or 5.3 percent under prior year. Depreciation expense makes up the majority of the decrease at \$127,066 with diesel fuel coming in just over \$44,000 lower than the prior year. Landfill charges increased by \$20,820, which reflects an increase in tonnage of 3.9 percent.
- Stormwater expenses increased by \$65,522 due to citywide stormwater improvements.



## FUND FINANCIAL STATEMENT ANALYSIS

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

As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$13,141,029, an increase of \$525,661 in comparison with the prior year. Of this total amount, \$4,835,512 or 36.8 percent is unassigned and available for spending at the City's discretion. The remainder of fund balance, \$8,305,517 is either not in spendable form or restricted, committed or assigned for specific purposes.

The **General Fund** is the chief operating fund of the City. At September 30, 2015, the unrestricted fund balance of the general fund was \$7,777,349, inclusive of committed fund balance for

emergency/disaster stabilization. As a measure of the general fund's liquidity, it may be useful to compare both non-spendable and restricted fund balance as well as unrestricted fund balance to total general fund expenditures. Fund balance that is either non-spendable (inventories and prepaids) or restricted for a specific purpose is 0.56 percent of total general fund expenditures, while unrestricted fund balance is 61.8 percent of total general fund expenditures. The City Commission's desire of a minimum unassigned general fund balance of the prior year's operating expenditures is 17 percent. As of September 30, 2015, the City's unassigned fund balance meets this goal at 39.0 percent of prior year's operating expenditures.

General Fund balance decreased by \$943,826 during the current year. Key elements of the decrease are as follows:

- Revenues are \$13,241,775, which is a net increase of \$365,989 over prior year.
  - o Ad valorem revenue increased by \$427,969 due to an increase in the millage rate from 3.7343 to 4.0479 in conjunction with an increase in taxable values of 5.5 percent.
  - o Local business taxes are increased by \$26,644, which reflects an increase of 19.6 over prior year.
  - o Intergovernmental revenue decreased by \$194,464 the majority of which is a firefighters' grant.
  - o Interest income and net appreciation in the fair value of investments increased by \$26,757 due to increase in market value at September 30, 2015.
- Expenditures of \$12,577,951 and transfers out of \$1,607,650 reflect a net increase of \$1,780,256 over prior year.
  - o Personnel services remained relatively flat with an increase of \$1,296 over prior year.
  - o Materials and supplies increased by a net amount of \$68,024 or 16.9 percent. Of the net increase, fire incurred expenditures of \$56,000 for the replacement of personal protective clothing that is required to be replaced every ten years.
  - o Contracted/other operating expenses increased \$99,412 or 3.0 percent and includes increases for law enforcement services, use of Pinellas County for assistance with building permits, and right-of-way mowing services.
  - o Capital outlay increased by \$19,454 over prior year. The purchase of library books remains relatively consistent. A well was installed for irrigation purposes at the Library to reduce ongoing operating expenses as well as the purchase of reservation software for patron computers.
  - o Transfers out include \$1,600,000 to the Capital Projects fund for the Waterfront Park project.

The **Community Redevelopment Agency (CRA) Fund** balance is \$533,866 as of September 30, 2015. Revenue of \$356,767 is over prior year by \$47,145. Municipal taxable values and County taxable values increased by 5.7 and 5.6 percent, respectively, in the tax increment financing district over prior year. In conjunction with an increase in millage, ad valorem revenue is \$43,181 over prior year. Expenditures of \$183,685, including a transfer of \$44,680 to the Capital Projects fund for Waterfront Park, are 13.9 percent under the prior year's expenditures. The details for all CRA activities are included in Note 10 on page 68 within this document.

The **Capital Projects Fund** balance is \$2,549,992 at September 30, 2015. Revenue from the Penny for Pinellas sales tax is \$168,561 over prior year. The “Penny” is eligible for capital infrastructure improvements as well as the servicing of debt. Revenue also includes contributions from the County for eligible EMS (Emergency Medical Services) equipment as well as a contribution from the Chrissie Shull Elmore Library Trust for a teen room enclosure. Current year capital improvements and acquisitions are \$1,126,699. The most significant capital outlay is in public safety for the purchase of a pumper for Fire Station 53 as well as a fireboat followed by the replacement of the Ian Tillman skate park. Further, the 911 Memorial project was completed. Transfers out to debt service funds totaled \$888,710. This services 2008 debt for the library renovations, 2006 debt for brick streets and 2012 debt for purchase of the Waterfront Park property.

More detail regarding the governmental funds can be found in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance on pages 20 through 23 of this report.

***Proprietary funds.*** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer fund, Sanitation and Stormwater funds at the end of the year were \$1,788,428, \$1,225,675 and \$1,069,680, respectively. Cumulatively, the unrestricted net position for the enterprise funds decreased \$3,254,320 under prior year with funds restricted for capital improvement increasing by \$1,979,920. The total decrease in net position current year is \$306,790.

Revenue generated by charges for services is 6.0 percent or \$710,960 lower than prior year. Of the total decrease, water and sewer revenue decreased by \$708,728, sanitation revenue decreased by \$5,349 and stormwater increased nominally by \$3,117. Consumption for water and sewer declined by 14.3 and 5.0 percent, respectively.

Expenses in the City's proprietary funds decreased by \$44,232 under prior year. Operating expenses, which excludes interest and capital related revenue and expenses, decreased \$30,421. Cumulatively the total of all funds in each category including salaries and fringes, materials and supplies and contracted/other services increased by \$78,065 while depreciation and amortization of assets decreased by \$108,486. The most significant variance in water includes an increase of \$40,932 for the purchase of water from Pinellas County, inclusive of a 4.0 percent rate increase, and an increase of over \$137,000 for the purchase of wastewater flowing into the Northeast Treatment Plant.

More detail regarding the proprietary funds can be found on pages 24 through 27 of this report.

### **General Fund Budgetary Highlights**

During the current year, the total increase between adopted and final budgeted revenue totaled \$7,485. Supplemental budget amendments for budgeted appropriations increased between the adopted and final budget by \$52,048. The most significant budget between adopted and final was an increase of \$71,230 within the Building Department budget to include the addition of a City Arborist as well as Pinellas County services for field work related to building permits due to staffing constraints within the department.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for governmental and business-type activities as of September 30, 2015 is \$51,418,981, net of accumulated depreciation. As reflected in the following schedule, the City's investment in capital assets increased or remained flat in all categories with the exception of equipment within business-type activities. The net increase in the City's investment in capital assets is \$1,098,006 over prior year.

|                                   | <b>Governmental Activities</b> |                      | <b>Business-Type Activities</b> |                      | <b>Total Primary Government</b> |                      |
|-----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
|                                   | <b>2015</b>                    | <b>2014</b>          | <b>2015</b>                     | <b>2014</b>          | <b>2015</b>                     | <b>2014</b>          |
| Land                              | \$ 7,315,142                   | \$ 6,703,676         | \$ 606,548                      | \$ 606,548           | \$ 7,921,690                    | \$ 7,310,224         |
| Construction in progress          | 391,915                        | 389,181              | 1,077,368                       | 57,397               | 1,469,283                       | 446,578              |
| Buildings                         | 4,605,815                      | 4,467,589            | 316,336                         | 229,719              | 4,922,151                       | 4,697,308            |
| Improvements other than buildings | 28,233,740                     | 28,073,611           | 37,525,153                      | 36,518,667           | 65,758,893                      | 64,592,278           |
| Equipment                         | 8,895,279                      | 8,078,300            | 9,122,367                       | 9,264,641            | 18,017,646                      | 17,342,941           |
| Less:                             |                                |                      |                                 |                      |                                 |                      |
| Accumulated Depreciation          | 25,195,537                     | 23,645,948           | 21,475,145                      | 20,422,406           | 46,670,682                      | 44,068,354           |
| <b>Total</b>                      | <b>\$ 24,246,354</b>           | <b>\$ 24,066,409</b> | <b>\$ 27,172,627</b>            | <b>\$ 26,254,566</b> | <b>\$ 51,418,981</b>            | <b>\$ 50,320,975</b> |

The following schedule reflects current year capital asset additions excluding construction in progress:

| <b>Governmental Activities</b>                | <b>Additions</b> | <b>Business-type Activities</b>      | <b>Additions</b> |
|-----------------------------------------------|------------------|--------------------------------------|------------------|
| Weiss Property                                | \$ 611,466       | N.E Wastewater Plant                 | \$ 868,784       |
| FS53 Replace Pumper #877                      | 530,900          | Refurbish Side Loader #308 and #309  | 266,811          |
| FS52 Replace Fire Boat                        | 143,160          | Replace Rear Loader Vehicle #330     | 201,605          |
| Ian Tillman Skatepark Equipment Replacement   | 141,985          | Citywide Drainage Improvements       | 138,868          |
| Public Works Equipment Storage Awning         | 129,711          | Sanitation Containers                | 72,197           |
| Library Books                                 | 79,421           | Replace Portable Generator #640      | 48,610           |
| Fleet Management New Service Vehicle          | 74,947           | Public Works, Replace Roof on Bldg C | 45,924           |
| Citywide Brick Restoration and Reconstruction | 53,834           | Public Works, Renovate Breakroom     | 39,527           |
| Replace Dump Truck #346                       | 47,914           | Pump Mounted on Site Trailer         | 17,653           |
| 9/11 Memorial                                 | 38,361           | RFD for Sanitation                   | 13,380           |
| Sidewalk Maintenance                          | 26,534           |                                      |                  |
| FS53 Concrete Pad Replacement                 | 21,000           |                                      |                  |
| Parking Lot Improvements                      | 20,400           |                                      |                  |
| Vehicle for City Arborist                     | 19,860           |                                      |                  |
| Parks Equipment, Riding Mowers                | 18,402           |                                      |                  |
| Security system Improvements                  | 15,400           |                                      |                  |
| FS52 and FS53 Washer / Extractor              | 9,895            |                                      |                  |
| Library Enclosure for Teen Computer Area      | 8,515            |                                      |                  |
| City Hall Offices, Engineering and Planning   | 7,778            |                                      |                  |
| Fleet Management Tire Balancing Machine       | 6,314            |                                      |                  |

The following reconciliation summarizes the Changes in Capital Assets, which is presented in detail on page 47 of the notes to the financial statements.

|                                  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total Primary<br/>Government</b> |
|----------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Beginning Balance                | \$ 24,066,409                      | \$ 26,254,566                       | \$ 50,320,975                       |
| Additions                        | 2,296,380                          | 2,743,777                           | 5,040,157                           |
| Depreciation                     | (1,828,586)                        | (1,767,469)                         | (3,596,055)                         |
| Retirement (net of depreciation) | (287,849)                          | (58,247)                            | (346,096)                           |
| <b>Ending Balance</b>            | <b>\$ 24,246,354</b>               | <b>\$ 27,172,627</b>                | <b>\$ 51,418,981</b>                |

**Long-term debt.** As of fiscal year end, the City's outstanding long-term debt from revenue bonds and notes decreased by \$1,236,922. The decrease is a result of the retirement of debt principal. Pages 50 through 53 of the notes to the financial statements provide details for the following summary.

|                                                | <b>2015</b>          | <b>2014</b>          | <b>Change</b>         | <b>Percent<br/>Change</b> |
|------------------------------------------------|----------------------|----------------------|-----------------------|---------------------------|
| Governmental Activities                        |                      |                      |                       |                           |
| 2012 Purchase of land for park                 | \$ 2,050,000         | \$ 2,315,000         | \$ (265,000)          | -11.4%                    |
| 2008 Library expansion                         | 2,971,000            | 3,412,000            | (441,000)             | -12.9%                    |
| 2006 General government improvements           | 284,818              | 301,218              | (16,400)              | -5.4%                     |
| Governmental activities total                  | 5,305,818            | 6,028,218            | (722,400)             | -12.0%                    |
| Business-Type Activities                       |                      |                      |                       |                           |
| 2012 Refunding for utility system improvements | 1,075,000            | 1,215,000            | (140,000)             | -11.5%                    |
| 2006 Utility system improvements               | 6,520,665            | 6,895,187            | (374,522)             | -5.4%                     |
| Business-type activities total                 | 7,595,665            | 8,110,187            | (514,522)             | -6.3%                     |
| <b>Total Outstanding Debt</b>                  | <b>\$ 12,901,483</b> | <b>\$ 14,138,405</b> | <b>\$ (1,236,922)</b> | <b>-8.7%</b>              |

### **Economic Factors and Next Year's Budgets and Rates**

The State of Florida, by Constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely on property and a limited array of permitted other taxes (sales, gasoline, utility services, etc.) and fees (franchise, occupational license, etc.) and limited state-shared revenues for their governmental activities.

- The unemployment rate for the Tampa-St. Petersburg-Clearwater Metropolitan area at September 30, 2015 was 4.9 percent compared to the prior year's 6.2 percent. This compares unfavorably to Florida's unemployment rate of 5.1 percent and the national unemployment rate of 5.1 percent.
- For the third fiscal year, property values have shown recovery with an increase of 4.9 percent moving into the 2016 budget cycle. With the millage rate maintained at 4.0479, budgeted ad valorem revenue increased by \$226,230.
- The adopted budgeted return to general fund reserve is \$103,160, excluding transfers in and out.
- No changes in rate structures for any funds were implementation in FY 2016; however, a utility rate study is scheduled water, wastewater, sanitation and stormwater.

### **Requests for Information**

This financial report is designed to provide a general overview of and demonstrate accountability for the City of Safety Harbor's finances to users and interested parties, citizens, taxpayers, customers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, City of Safety Harbor, 750 Main Street, Safety Harbor, FL 34695, via the City's website (<http://www.cityofsafetyharbor.com>) or by phone at 727-724-1555.

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## **BASIC FINANCIAL STATEMENTS**

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CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

|                                                      | Governmental<br>Activities | Business-Type<br>Activities | Total         |
|------------------------------------------------------|----------------------------|-----------------------------|---------------|
| <b>Assets</b>                                        |                            |                             |               |
| Current assets:                                      |                            |                             |               |
| Equity in pooled cash and investments                | \$ 11,510,485              | \$ 5,077,989                | \$ 16,588,474 |
| Receivables, net:                                    |                            |                             |               |
| Accounts receivable                                  | 388,644                    | 971,580                     | 1,360,224     |
| Due from other governments                           | 592,881                    | 343                         | 593,224       |
| Other assets                                         | 154,892                    | -                           | 154,892       |
| Inventories                                          | 62,739                     | 211,531                     | 274,270       |
| Prepaid items                                        | 7,587                      | -                           | 7,587         |
| Restricted assets:                                   |                            |                             |               |
| Equity in pooled cash and investments:               |                            |                             |               |
| Other                                                | 2,175,369                  | -                           | -             |
| Sinking fund                                         | 71,634                     | 57,103                      | 128,737       |
| Customer deposits                                    | -                          | 620,117                     | 620,117       |
| Total current assets                                 | 14,964,231                 | 6,938,663                   | 19,727,525    |
| Noncurrent assets:                                   |                            |                             |               |
| Restricted assets:                                   |                            |                             |               |
| Equity in pooled cash and investments:               |                            |                             |               |
| Sinking fund                                         | -                          | 1,315,627                   | 1,315,627     |
| Capital projects                                     | -                          | 9,223,312                   | 9,223,312     |
| Capital assets:                                      |                            |                             |               |
| Non depreciable                                      | 7,707,057                  | 1,683,916                   | 9,390,973     |
| Depreciable, net of accumulated depreciation         | 16,539,297                 | 25,488,711                  | 42,028,008    |
| Unamortized prepaid insurance costs                  | -                          | 6,566                       | 6,566         |
| Net pension asset                                    | 2,442,070                  | -                           | 2,442,070     |
| Total noncurrent assets                              | 26,688,424                 | 37,718,132                  | 64,406,556    |
| Total assets                                         | 41,652,655                 | 44,656,795                  | 84,134,081    |
| <b>Deferred Outflows of Resources</b>                |                            |                             |               |
| Deferred outflows of resources related to pensions   | 653,222                    | 138,325                     | 791,547       |
| Total deferred outflows of resources                 | 653,222                    | 138,325                     | 791,547       |
| Total assets and deferred outflows of resources      | 42,305,877                 | 44,795,120                  | 84,925,628    |
| <b>Liabilities</b>                                   |                            |                             |               |
| Current liabilities:                                 |                            |                             |               |
| Accounts payable                                     | 438,020                    | 499,891                     | 937,911       |
| Accrued liabilities                                  | 371,129                    | 140,865                     | 511,994       |
| Customer deposits                                    | 18,066                     | -                           | 18,066        |
| Unearned revenue                                     | 995,987                    | -                           | 995,987       |
| Current liabilities, payable from restricted assets: |                            |                             |               |
| Accrued interest payable                             | 71,634                     | 57,103                      | 128,737       |
| Customer deposits                                    | -                          | 620,117                     | 620,117       |
| Construction contracts payable                       | -                          | 346,716                     | 346,716       |
| Current portion of long-term obligations             | 1,291,360                  | 629,468                     | 1,920,828     |
| Total current liabilities                            | 3,186,196                  | 2,294,160                   | 5,480,356     |
| Noncurrent liabilities:                              |                            |                             |               |
| Compensated absences                                 | 196,710                    | 292,805                     | 489,515       |
| Other post employment benefits                       | 279,004                    | 128,996                     | 408,000       |
| Net pension liability                                | 1,461,190                  | 818,265                     | 2,279,455     |
| Bonds and notes payable                              | 4,788,958                  | 7,070,396                   | 11,859,354    |
| Total noncurrent liabilities                         | 6,725,862                  | 8,310,462                   | 15,036,324    |
| Total liabilities                                    | 9,912,058                  | 10,604,622                  | 20,516,680    |
| <b>Deferred Inflows of Resources</b>                 |                            |                             |               |
| Deferred inflows of resources related to pension     | 1,300,405                  | 330,964                     | 1,631,369     |
| Deferred amount on debt refunding                    | -                          | 57,469                      | 57,469        |
| Total deferred inflows of resources                  | 1,300,405                  | 388,433                     | 1,688,838     |
| <b>Net Position</b>                                  |                            |                             |               |
| Net investment in capital assets                     | 18,705,536                 | 19,179,343                  | 37,884,879    |
| Restricted, net of payables from restricted assets:  |                            |                             |               |
| Community redevelopment                              | 484,103                    | -                           | 484,103       |
| Fire protection and public safety                    | 12,254                     | -                           | 12,254        |
| Transportation programs                              | 489,268                    | -                           | 489,268       |
| Culture and recreation                               | 283,564                    | -                           | 283,564       |
| Debt service                                         | 66,693                     | 1,315,627                   | 1,382,320     |
| Capital projects                                     | 839,487                    | 9,223,312                   | 10,062,799    |
| Unrestricted                                         | 10,212,509                 | 4,083,783                   | 14,296,292    |
| <b>Total net position</b>                            | \$ 31,093,414              | \$ 33,802,065               | \$ 64,895,479 |

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2015

| Function/Programs                                                         | Program Revenues |                      |                                    |                                  |
|---------------------------------------------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|
|                                                                           | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government:</b>                                                |                  |                      |                                    |                                  |
| Governmental activities:                                                  |                  |                      |                                    |                                  |
| General government                                                        | \$ 2,808,975     | \$ 77,093            | \$ 10,000                          | \$ -                             |
| Law enforcement                                                           | 1,213,281        | 11,412               | -                                  | -                                |
| Fire protection                                                           | 3,585,085        | 9,450                | 1,039,916                          | 50,294                           |
| Building department                                                       | 334,862          | 222,337              | -                                  | -                                |
| Physical environment                                                      | 374,898          | 46,166               | -                                  | -                                |
| Transportation                                                            | 1,851,031        | 275,797              | 5,498                              | -                                |
| Library                                                                   | 1,461,672        | 42,663               | 199,931                            | 8,515                            |
| Parks and recreation                                                      | 3,006,095        | 895,477              | -                                  | 634,454                          |
| Interest on long-term debt                                                | 239,418          | -                    | -                                  | -                                |
| Total governmental activities                                             | 14,875,317       | 1,580,395            | 1,255,345                          | 693,263                          |
| Business-type activities:                                                 |                  |                      |                                    |                                  |
| Water and sewer                                                           | 7,701,878        | 7,149,079            | -                                  | -                                |
| Solid waste                                                               | 2,546,132        | 2,894,957            | -                                  | -                                |
| Stormwater                                                                | 936,715          | 1,000,016            | -                                  | -                                |
| Total business-type activities                                            | 11,184,725       | 11,044,052           | -                                  | -                                |
| Total primary government                                                  | \$ 26,060,042    | \$ 12,624,447        | \$ 1,255,345                       | \$ 693,263                       |
| General revenues:                                                         |                  |                      |                                    |                                  |
| Taxes:                                                                    |                  |                      |                                    |                                  |
| Property taxes                                                            |                  |                      |                                    |                                  |
| Utility taxes                                                             |                  |                      |                                    |                                  |
| Local business tax                                                        |                  |                      |                                    |                                  |
| Local option tax                                                          |                  |                      |                                    |                                  |
| Franchise fees                                                            |                  |                      |                                    |                                  |
| Sales tax                                                                 |                  |                      |                                    |                                  |
| Intergovernmental                                                         |                  |                      |                                    |                                  |
| Interest income and net depreciation in fair value of investments         |                  |                      |                                    |                                  |
| Other                                                                     |                  |                      |                                    |                                  |
| Gain on the sale of capital assets                                        |                  |                      |                                    |                                  |
| Transfers                                                                 |                  |                      |                                    |                                  |
| Total general revenues and transfers                                      |                  |                      |                                    |                                  |
| Change in net position                                                    |                  |                      |                                    |                                  |
| Net position, beginning                                                   |                  |                      |                                    |                                  |
| Restatement of beginning net position due to implementation of GASB 68/71 |                  |                      |                                    |                                  |
| Net position, beginning as restated                                       |                  |                      |                                    |                                  |
| Net position, ending                                                      |                  |                      |                                    |                                  |

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2015

| Net (Expenses) Revenues and<br>Changes in Net Assets |                             |                |
|------------------------------------------------------|-----------------------------|----------------|
| Primary Government                                   |                             |                |
| Governmental<br>Activities                           | Business-type<br>Activities | Total          |
| \$ (2,721,882)                                       | \$ -                        | \$ (2,721,882) |
| (1,201,869)                                          | -                           | (1,201,869)    |
| (2,485,425)                                          | -                           | (2,485,425)    |
| (112,525)                                            | -                           | (112,525)      |
| (328,732)                                            | -                           | (328,732)      |
| (1,569,736)                                          | -                           | (1,569,736)    |
| (1,210,563)                                          | -                           | (1,210,563)    |
| (1,476,164)                                          | -                           | (1,476,164)    |
| (239,418)                                            | -                           | (239,418)      |
| (11,346,314)                                         | -                           | (11,346,314)   |
| -                                                    | (552,799)                   | (552,799)      |
| -                                                    | 348,825                     | 348,825        |
| -                                                    | 63,301                      | 63,301         |
| -                                                    | (140,673)                   | (140,673)      |
| (11,346,314)                                         | (140,673)                   | (11,486,987)   |
| 4,193,398                                            | -                           | 4,193,398      |
| 2,423,913                                            | -                           | 2,423,913      |
| 162,446                                              | -                           | 162,446        |
| 2,039,692                                            | -                           | 2,039,692      |
| 1,462,318                                            | -                           | 1,462,318      |
| 1,018,441                                            | -                           | 1,018,441      |
| 554,343                                              | -                           | 554,343        |
| 260,606                                              | 322,693                     | 583,299        |
| 968,183                                              | 706,309                     | 1,674,492      |
| -                                                    | 23,794                      | 23,794         |
| 120,800                                              | (120,800)                   | -              |
| 13,204,140                                           | 931,996                     | 14,136,136     |
| 1,857,826                                            | 791,323                     | 2,649,149      |
| 29,907,441                                           | 34,108,855                  | 64,016,296     |
| (671,853)                                            | (1,098,113)                 | (1,769,966)    |
| 29,235,588                                           | 33,010,742                  | 62,246,330     |
| \$ 31,093,414                                        | \$ 33,802,065               | \$ 64,895,479  |

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

CITY OF SAFETY HARBOR, FLORIDA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

|                                                                         | General             | Community<br>Redevelopment<br>Agency | Capital Projects    | Other Non-major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------|---------------------|--------------------------------------|---------------------|------------------------------------------|--------------------------------|
| <b>Assets</b>                                                           |                     |                                      |                     |                                          |                                |
| Cash and cash equivalents                                               | \$ 8,736,373        | \$ 537,557                           | \$ 2,413,074        | \$ 2,070,484                             | \$ 13,757,488                  |
| Receivables, net:                                                       |                     |                                      |                     |                                          |                                |
| Accounts receivable                                                     | 349,682             | 936                                  | 11,225              | 26,801                                   | 388,644                        |
| Due from other governments                                              | 233,167             | -                                    | 319,633             | 40,081                                   | 592,881                        |
| Other assets                                                            | -                   | -                                    | -                   | 154,892                                  | 154,892                        |
| Inventories                                                             | 62,739              | -                                    | -                   | -                                        | 62,739                         |
| Prepaid items                                                           | 7,587               | -                                    | -                   | -                                        | 7,587                          |
| <b>Total assets</b>                                                     | <b>\$ 9,389,548</b> | <b>\$ 538,493</b>                    | <b>\$ 2,743,932</b> | <b>\$ 2,292,258</b>                      | <b>\$ 14,964,231</b>           |
| <b>Liabilities, Deferred Inflows of Resources and<br/>Fund Balances</b> |                     |                                      |                     |                                          |                                |
| Liabilities:                                                            |                     |                                      |                     |                                          |                                |
| Accounts payable                                                        | \$ 164,213          | \$ 3,843                             | \$ 193,940          | \$ 76,024                                | \$ 438,020                     |
| Accrued liabilities                                                     | 369,530             | 784                                  | -                   | 815                                      | 371,129                        |
| Customer deposits                                                       | 13,399              | -                                    | -                   | 4,667                                    | 18,066                         |
| Unearned revenue                                                        | 994,731             | -                                    | -                   | 1,256                                    | 995,987                        |
| <b>Total liabilities</b>                                                | <b>1,541,873</b>    | <b>4,627</b>                         | <b>193,940</b>      | <b>81,506</b>                            | <b>1,823,202</b>               |
| Fund Balances:                                                          |                     |                                      |                     |                                          |                                |
| <b>Nonspendable:</b>                                                    |                     |                                      |                     |                                          |                                |
| Inventories and prepaid items                                           | 70,326              | -                                    | -                   | -                                        | 70,326                         |
| <b>Restricted for:</b>                                                  |                     |                                      |                     |                                          |                                |
| Community redevelopment                                                 | -                   | 484,103                              | -                   | -                                        | 484,103                        |
| Fire protection                                                         | -                   | -                                    | -                   | 12,254                                   | 12,254                         |
| Transportation                                                          | -                   | -                                    | -                   | 489,268                                  | 489,268                        |
| Library                                                                 | -                   | -                                    | -                   | 22,598                                   | 22,598                         |
| Parks and recreation                                                    | -                   | -                                    | -                   | 260,966                                  | 260,966                        |
| Debt service                                                            | -                   | -                                    | -                   | 138,327                                  | 138,327                        |
| Capital projects                                                        | -                   | -                                    | 839,487             | -                                        | 839,487                        |
| <b>Committed to:</b>                                                    |                     |                                      |                     |                                          |                                |
| Emergency/disaster relief stabilization                                 | 2,941,837           | -                                    | -                   | -                                        | 2,941,837                      |
| Physical environment                                                    | -                   | -                                    | -                   | 265,742                                  | 265,742                        |
| Public safety                                                           | -                   | -                                    | -                   | 2,340                                    | 2,340                          |
| Capital project (Waterfront Park)                                       | -                   | -                                    | 1,596,978           | -                                        | 1,596,978                      |
| <b>Assigned to:</b>                                                     |                     |                                      |                     |                                          |                                |
| General government                                                      | -                   | 49,763                               | 113,527             | -                                        | 163,290                        |
| Fire protection                                                         | -                   | -                                    | -                   | 2,022                                    | 2,022                          |
| Physical environment                                                    | -                   | -                                    | -                   | 13,821                                   | 13,821                         |
| Transportation                                                          | -                   | -                                    | -                   | 660,947                                  | 660,947                        |
| Parks and recreation                                                    | -                   | -                                    | -                   | 341,211                                  | 341,211                        |
| <b>Unassigned:</b>                                                      | <b>4,835,512</b>    | <b>-</b>                             | <b>-</b>            | <b>-</b>                                 | <b>4,835,512</b>               |
| <b>Total fund balances</b>                                              | <b>7,847,675</b>    | <b>533,866</b>                       | <b>2,549,992</b>    | <b>2,209,496</b>                         | <b>13,141,029</b>              |
| Total liabilities, deferred inflows of resources and<br>fund balances   | <b>\$ 9,389,548</b> | <b>\$ 538,493</b>                    | <b>\$ 2,743,932</b> | <b>\$ 2,291,002</b>                      | <b>\$ 14,964,231</b>           |

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

CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET –  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

|                                          |               |
|------------------------------------------|---------------|
| Fund balances - total governmental funds | \$ 13,141,029 |
|------------------------------------------|---------------|

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

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

|                                |                   |            |
|--------------------------------|-------------------|------------|
| Governmental capital assets    |                   |            |
| Non depreciable                | \$ 7,707,057      |            |
| Depreciable                    | 41,734,834        |            |
| Less, accumulated depreciation | <u>25,195,537</u> | 24,246,354 |

|                                                                                                                                      |           |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------|
| The net pension asset related to governmental activities does not represent<br>financial resources and is not reported in the funds. | 2,442,070 |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                                                                                |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Deferred outflows of resources related to net pension liabilities do not<br>have a current financial resources focus, and therefore are not recognized<br>in the governmental fund statements. | 653,222 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                                                             |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Accrued interest payable on long-term debt does not use represent the<br>current use of financial resources and is not reported as a liability in<br>the governmental funds | (71,634) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|

|                                                                                                                                                                                              |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Deferred inflows of resources related to net pension liabilities do not have<br>a current financial resources focus, and therefore are not recognized in the<br>governmental fund statements | (1,300,405) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

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

|                                          |                  |                    |
|------------------------------------------|------------------|--------------------|
| Pension liability                        | (1,461,190)      |                    |
| Revenue notes and line of credit payable | (5,305,818)      |                    |
| Capital lease payable                    | (235,000)        |                    |
| Compensated absences                     | (736,210)        |                    |
| Other post employment benefits           | <u>(279,004)</u> | <u>(8,017,222)</u> |

|                                         |                             |
|-----------------------------------------|-----------------------------|
| Net position of governmental activities | <u><u>\$ 31,093,414</u></u> |
|-----------------------------------------|-----------------------------|

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

**CITY OF SAFETY HARBOR, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

|                                                                      | <u>General</u>      | <u>Community<br/>Redevelopment Agency</u> | <u>Capital Projects</u> | <u>Other Non-major<br/>Governmental Funds</u> | <u>Total Governmental<br/>Funds</u> |
|----------------------------------------------------------------------|---------------------|-------------------------------------------|-------------------------|-----------------------------------------------|-------------------------------------|
| Revenues:                                                            |                     |                                           |                         |                                               |                                     |
| Property taxes                                                       | \$ 3,856,154        | \$ 337,244                                | \$ -                    | \$ -                                          | \$ 4,193,398                        |
| Utility taxes                                                        | 2,423,913           | -                                         | -                       | -                                             | 2,423,913                           |
| Local business taxes                                                 | 162,446             | -                                         | -                       | -                                             | 162,446                             |
| Local option taxes                                                   | 128,897             | -                                         | 1,670,495               | 240,300                                       | 2,039,692                           |
| Franchise fees                                                       | 1,462,318           | -                                         | -                       | -                                             | 1,462,318                           |
| Licenses and permits                                                 | 219,997             | -                                         | -                       | -                                             | 219,997                             |
| Impact fees                                                          | -                   | -                                         | -                       | 42,030                                        | 42,030                              |
| Special assessments                                                  | -                   | -                                         | -                       | 247,516                                       | 247,516                             |
| Sales tax                                                            | 1,018,441           | -                                         | -                       | -                                             | 1,018,441                           |
| Intergovernmental                                                    | 1,785,913           | -                                         | 58,809                  | -                                             | 1,844,722                           |
| Charges for services                                                 | 973,114             | -                                         | -                       | 48,506                                        | 1,021,620                           |
| Fines and forfeitures                                                | 49,232              | -                                         | -                       | -                                             | 49,232                              |
| Interest income and net appreciation<br>in fair value of investments | 179,392             | 9,523                                     | 28,236                  | 43,455                                        | 260,606                             |
| Contributions and donations                                          | 13,775              | -                                         | -                       | 634,454                                       | 648,229                             |
| Other                                                                | 968,183             | 10,000                                    | -                       | -                                             | 978,183                             |
| Total revenues                                                       | <u>13,241,775</u>   | <u>356,767</u>                            | <u>1,757,540</u>        | <u>1,256,261</u>                              | <u>16,612,343</u>                   |
| Expenditures:                                                        |                     |                                           |                         |                                               |                                     |
| Current operating:                                                   |                     |                                           |                         |                                               |                                     |
| General government                                                   | 2,405,475           | 99,623                                    | -                       | -                                             | 2,505,098                           |
| Public safety                                                        |                     |                                           |                         |                                               |                                     |
| Law enforcement                                                      | 1,211,298           | -                                         | -                       | -                                             | 1,211,298                           |
| Fire protection                                                      | 3,702,398           | -                                         | -                       | 859                                           | 3,703,257                           |
| Building department                                                  | 360,833             | -                                         | -                       | -                                             | 360,833                             |
| Physical environment                                                 | 354,460             | -                                         | -                       | 35,972                                        | 390,432                             |
| Transportation                                                       | 686,241             | -                                         | -                       | 638,489                                       | 1,324,730                           |
| Culture and recreation                                               |                     |                                           |                         |                                               |                                     |
| Library                                                              | 1,187,566           | -                                         | -                       | -                                             | 1,187,566                           |
| Parks and recreation                                                 | 2,558,266           | -                                         | -                       | 12,717                                        | 2,570,983                           |
| Capital outlay                                                       | 111,414             | 39,202                                    | 1,126,669               | 780,816                                       | 2,058,101                           |
| Debt service:                                                        |                     |                                           |                         |                                               |                                     |
| Capital lease principal                                              | -                   | -                                         | -                       | 5,000                                         | 5,000                               |
| Principal retirement                                                 | -                   | -                                         | -                       | 722,400                                       | 722,400                             |
| Interest and other charges                                           | -                   | -                                         | -                       | 167,784                                       | 167,784                             |
| Total expenditures                                                   | <u>12,577,951</u>   | <u>138,825</u>                            | <u>1,126,669</u>        | <u>2,364,037</u>                              | <u>16,207,482</u>                   |
| Excess (deficiency) of revenues<br>over (under) expenditures         | <u>663,824</u>      | <u>217,942</u>                            | <u>630,871</u>          | <u>(1,107,776)</u>                            | <u>404,861</u>                      |
| Other financing sources (uses):                                      |                     |                                           |                         |                                               |                                     |
| Transfers in                                                         | -                   | -                                         | 1,644,860               | 1,017,160                                     | 2,662,020                           |
| Transfers out                                                        | <u>(1,607,650)</u>  | <u>(44,860)</u>                           | <u>(888,710)</u>        | <u>-</u>                                      | <u>(2,541,220)</u>                  |
| Total other financing sources (uses)                                 | <u>(1,607,650)</u>  | <u>(44,860)</u>                           | <u>756,150</u>          | <u>1,017,160</u>                              | <u>120,800</u>                      |
| Net change in fund balances                                          | <u>(943,826)</u>    | <u>173,082</u>                            | <u>1,387,021</u>        | <u>(90,616)</u>                               | <u>525,661</u>                      |
| Fund balances, beginning of year                                     | <u>8,791,501</u>    | <u>360,784</u>                            | <u>1,162,971</u>        | <u>2,300,112</u>                              | <u>12,615,368</u>                   |
| Fund balances, end of year                                           | <u>\$ 7,847,675</u> | <u>\$ 533,866</u>                         | <u>\$ 2,549,992</u>     | <u>\$ 2,209,496</u>                           | <u>\$ 13,141,029</u>                |

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

CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION TO THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

|                                                        |    |         |
|--------------------------------------------------------|----|---------|
| Net change in fund balances - total governmental funds | \$ | 525,661 |
|--------------------------------------------------------|----|---------|

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

|                                 |                    |         |
|---------------------------------|--------------------|---------|
| Expenditure for capital assets  | \$ 2,008,531       |         |
| Less, current year depreciation | <u>(1,828,586)</u> | 179,945 |

Repayment of principal on long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the statement of net position.

|                       |              |         |
|-----------------------|--------------|---------|
| Principal payments    | \$ 722,400   |         |
| Capital lease payment | <u>5,000</u> | 727,400 |

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.

|                                    |                 |                |
|------------------------------------|-----------------|----------------|
| Pension expense                    | 489,162         |                |
| Accrued interest on long-term debt | (71,634)        |                |
| Compensated absences               | 31,111          |                |
| Other post employment benefits     | <u>(23,819)</u> | <u>424,820</u> |

|                                                  |    |                         |
|--------------------------------------------------|----|-------------------------|
| Change in net position - governmental activities | \$ | <u><u>1,857,826</u></u> |
|--------------------------------------------------|----|-------------------------|

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
SEPTEMBER 30, 2015

|                                                      | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Stormwater Fund</u> | <u>Total</u>         |
|------------------------------------------------------|-----------------------------|-------------------------|------------------------|----------------------|
| <b>Assets</b>                                        |                             |                         |                        |                      |
| Current assets:                                      |                             |                         |                        |                      |
| Equity in pooled cash and investments                | \$ 2,113,549                | \$ 1,733,670            | \$ 1,230,770           | \$ 5,077,989         |
| Accounts receivable, net:                            |                             |                         |                        |                      |
| Accounts receivable                                  | 700,894                     | 202,448                 | 68,238                 | 971,580              |
| Due from other governments                           | -                           | 343                     | -                      | 343                  |
| Inventories                                          | 211,531                     | -                       | -                      | 211,531              |
| Restricted assets:                                   |                             |                         |                        |                      |
| Equity in pooled cash and investments:               |                             |                         |                        |                      |
| Sinking fund                                         | 45,034                      | 4,306                   | 7,763                  | 57,103               |
| Customer deposits                                    | 562,195                     | 57,922                  | -                      | 620,117              |
| Total current assets                                 | <u>3,633,203</u>            | <u>1,998,689</u>        | <u>1,306,771</u>       | <u>6,938,663</u>     |
| Noncurrent assets:                                   |                             |                         |                        |                      |
| Restricted equity in pooled cash and investments:    |                             |                         |                        |                      |
| Sinking fund                                         | 967,666                     | 203,470                 | 144,491                | 1,315,627            |
| Capital projects                                     | 9,223,312                   | -                       | -                      | 9,223,312            |
| Capital assets:                                      |                             |                         |                        |                      |
| Nondepreciable                                       | 1,448,342                   | -                       | 235,574                | 1,683,916            |
| Depreciable, net of accumulated depreciation         | 18,009,502                  | 1,901,998               | 5,577,211              | 25,488,711           |
| Unamortized bond costs - prepaid insurance           | 6,566                       | -                       | -                      | 6,566                |
| Total noncurrent assets                              | <u>29,655,388</u>           | <u>2,105,468</u>        | <u>5,957,276</u>       | <u>37,718,132</u>    |
| <b>Total assets</b>                                  | <u>33,288,591</u>           | <u>4,104,157</u>        | <u>7,264,047</u>       | <u>44,656,795</u>    |
| <b>Deferred outflows of resources</b>                |                             |                         |                        |                      |
| Deferred outflows of resources related to pensions   | <u>59,282</u>               | <u>59,282</u>           | <u>19,761</u>          | <u>138,325</u>       |
| <b>Liabilities</b>                                   |                             |                         |                        |                      |
| Current liabilities:                                 |                             |                         |                        |                      |
| Accounts payable                                     | 437,357                     | 51,826                  | 10,708                 | 499,891              |
| Accrued liabilities                                  | 77,962                      | 48,740                  | 14,163                 | 140,865              |
| Current liabilities, payable from restricted assets: |                             |                         |                        |                      |
| Accrued interest payable                             | 45,034                      | 4,306                   | 7,763                  | 57,103               |
| Customer deposits                                    | 562,195                     | 57,922                  | -                      | 620,117              |
| Construction contracts payable                       | 346,716                     | -                       | -                      | 346,716              |
| Current portion of long-term obligations:            |                             |                         |                        |                      |
| Compensated absences                                 | 97,040                      | 5,227                   | 1,932                  | 104,199              |
| Bonds and notes payable                              | 425,536                     | 35,587                  | 64,146                 | 525,269              |
| Total current liabilities                            | <u>1,991,840</u>            | <u>203,608</u>          | <u>98,712</u>          | <u>2,294,160</u>     |
| Noncurrent liabilities:                              |                             |                         |                        |                      |
| Compensated absences                                 | 120,994                     | 125,440                 | 46,371                 | 292,805              |
| Other post employment benefits                       | 70,948                      | 46,308                  | 11,740                 | 128,996              |
| Net pension liability                                | 350,685                     | 350,685                 | 116,895                | 818,265              |
| Bonds and notes payable                              | 5,482,100                   | 566,709                 | 1,021,587              | 7,070,396            |
| Total noncurrent liabilities                         | <u>6,024,727</u>            | <u>1,089,142</u>        | <u>1,196,593</u>       | <u>8,310,462</u>     |
| <b>Total liabilities</b>                             | <u>8,016,567</u>            | <u>1,292,750</u>        | <u>1,295,305</u>       | <u>10,604,622</u>    |
| <b>Deferred inflows of resources</b>                 |                             |                         |                        |                      |
| Deferred inflow of resources related to pensions     | 141,842                     | 141,842                 | 47,280                 | 330,964              |
| Deferred charges on debt refunding                   | 57,469                      | -                       | -                      | 57,469               |
| <b>Total deferred inflows of resources</b>           | <u>199,311</u>              | <u>141,842</u>          | <u>47,280</u>          | <u>388,433</u>       |
| <b>Net position</b>                                  |                             |                         |                        |                      |
| Net investment in capital assets                     | 13,152,589                  | 1,299,702               | 4,727,052              | 19,179,343           |
| Restricted for:                                      |                             |                         |                        |                      |
| Debt service                                         | 967,666                     | 203,470                 | 144,491                | 1,315,627            |
| Capital projects                                     | 9,223,312                   | -                       | -                      | 9,223,312            |
| Unrestricted                                         | 1,788,428                   | 1,225,675               | 1,069,680              | 4,083,783            |
| <b>Total net position</b>                            | <u>\$ 25,131,995</u>        | <u>\$ 2,728,847</u>     | <u>\$ 5,941,223</u>    | <u>\$ 33,802,065</u> |

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION – PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

|                                                                                      | <b>Water and<br/>Sewer Fund</b> | <b>Solid Waste<br/>Fund</b> | <b>Stormwater<br/>Fund</b> | <b>Total</b>         |
|--------------------------------------------------------------------------------------|---------------------------------|-----------------------------|----------------------------|----------------------|
| <b>Operating revenues</b>                                                            |                                 |                             |                            |                      |
| Charges for services                                                                 | \$ 7,149,079                    | \$ 2,894,957                | \$ 1,000,016               | \$ 11,044,052        |
| Other                                                                                | 689,803                         | 15,577                      | 929                        | 706,309              |
| Total operating revenue                                                              | <u>7,838,882</u>                | <u>2,910,534</u>            | <u>1,000,945</u>           | <u>11,750,361</u>    |
| <b>Operating expenses</b>                                                            |                                 |                             |                            |                      |
| Salaries, wages and employee benefits                                                | 1,735,683                       | 1,126,963                   | 284,563                    | 3,147,209            |
| Materials and supplies                                                               | 208,261                         | 228,527                     | 101,414                    | 538,202              |
| Contractual and other services                                                       | 4,477,673                       | 847,335                     | 195,160                    | 5,520,168            |
| Depreciation and amortization                                                        | 1,110,651                       | 325,335                     | 323,223                    | 1,759,209            |
| Total operating expenses                                                             | <u>7,532,268</u>                | <u>2,528,160</u>            | <u>904,360</u>             | <u>10,964,788</u>    |
| <b>Operating income</b>                                                              | <u>306,614</u>                  | <u>382,374</u>              | <u>96,585</u>              | <u>785,573</u>       |
| <b>Nonoperating revenues (expenses)</b>                                              |                                 |                             |                            |                      |
| Interest income and net appreciation<br>in fair value of investments                 | 260,812                         | 35,818                      | 26,063                     | 322,693              |
| Interest expense                                                                     | (169,610)                       | (17,972)                    | (32,355)                   | (219,937)            |
| Gain on the sale of capital assets                                                   | 16,037                          | 4,900                       | 2,857                      | 23,794               |
| <b>Total nonoperating revenues (expenses)</b>                                        | <u>107,239</u>                  | <u>22,746</u>               | <u>(3,435)</u>             | <u>126,550</u>       |
| <b>Income before contributions and transfers</b>                                     | 413,853                         | 405,120                     | 93,150                     | 912,123              |
| <b>Transfers</b>                                                                     |                                 |                             |                            |                      |
| Transfers to other funds                                                             | -                               | -                           | (120,800)                  | (120,800)            |
| <b>Total transfers</b>                                                               | <u>-</u>                        | <u>-</u>                    | <u>(120,800)</u>           | <u>(120,800)</u>     |
| <b>Changes in net position</b>                                                       | 413,853                         | 405,120                     | (27,650)                   | 791,323              |
| <b>Net position - beginning, as previously stated</b>                                | 25,188,762                      | 2,794,347                   | 6,125,746                  | 34,108,855           |
| <b>Restatement of beginning net position due to<br/>implementation of GASB 68/71</b> | <u>(470,620)</u>                | <u>(470,620)</u>            | <u>(156,873)</u>           | <u>(1,098,113)</u>   |
| <b>Net position - as restated</b>                                                    | 24,718,142                      | 2,323,727                   | 5,968,873                  | 33,010,742           |
| <b>Net position - end of year</b>                                                    | <u>\$ 25,131,995</u>            | <u>\$ 2,728,847</u>         | <u>\$ 5,941,223</u>        | <u>\$ 33,802,065</u> |

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

|                                                                  | <u>Water and<br/>Sewer Fund</u> | <u>Solid Waste<br/>Fund</u> | <u>Stormwater<br/>Fund</u> | <u>Total</u>         |
|------------------------------------------------------------------|---------------------------------|-----------------------------|----------------------------|----------------------|
| <b>Cash flows from operating activities:</b>                     |                                 |                             |                            |                      |
| Cash received from customers                                     | \$ 7,384,341                    | \$ 2,997,522                | \$ 1,010,564               | \$ 11,392,427        |
| Other operating revenue                                          | 689,803                         | 15,577                      | 929                        | 706,309              |
| Cash paid to suppliers for goods and services                    | (4,563,507)                     | (1,091,696)                 | (306,396)                  | (5,961,599)          |
| Cash payments to and for the benefit of employees                | <u>(1,727,231)</u>              | <u>(1,145,769)</u>          | <u>(295,830)</u>           | <u>(3,168,830)</u>   |
| Cash provided by operating activities                            | <u>1,783,406</u>                | <u>775,634</u>              | <u>409,267</u>             | <u>2,968,307</u>     |
| <b>Cash flows from noncapital financing activities:</b>          |                                 |                             |                            |                      |
| Transfers to other funds                                         | <u>-</u>                        | <u>-</u>                    | <u>(120,800)</u>           | <u>(120,800)</u>     |
| Cash used by noncapital financing activities                     | <u>-</u>                        | <u>-</u>                    | <u>(120,800)</u>           | <u>(120,800)</u>     |
| <b>Cash flows from capital and related financing activities:</b> |                                 |                             |                            |                      |
| Principal payments on long-term debt                             | (417,624)                       | (34,599)                    | (62,299)                   | (514,522)            |
| Interest payments on long-term debt                              | (172,960)                       | (18,220)                    | (32,800)                   | (223,980)            |
| Proceeds from the sale of capital assets                         | 16,037                          | 4,900                       | 2,857                      | 23,794               |
| Payments to other funds - reimburse general fund                 | -                               | -                           | (30,150)                   | (30,150)             |
| Acquisition and construction of capital assets                   | <u>(1,660,333)</u>              | <u>(553,993)</u>            | <u>(124,488)</u>           | <u>(2,338,814)</u>   |
| Cash used by capital and related financing activities            | <u>(2,234,880)</u>              | <u>(601,912)</u>            | <u>(246,880)</u>           | <u>(3,083,672)</u>   |
| <b>Cash flows from investing activity:</b>                       |                                 |                             |                            |                      |
| Interest and dividends on investments                            | <u>259,484</u>                  | <u>35,479</u>               | <u>25,889</u>              | <u>320,852</u>       |
| Cash provided by investing activities                            | <u>259,484</u>                  | <u>35,479</u>               | <u>25,889</u>              | <u>320,852</u>       |
| Net increase in cash and cash equivalents                        | (191,990)                       | 209,201                     | 67,476                     | 84,687               |
| Cash and cash equivalents at beginning of year                   | <u>13,103,746</u>               | <u>1,790,167</u>            | <u>1,315,548</u>           | <u>16,209,461</u>    |
| Cash and cash equivalents at end of year                         | <u>\$ 12,911,756</u>            | <u>\$ 1,999,368</u>         | <u>\$ 1,383,024</u>        | <u>\$ 16,294,148</u> |

*(Continues on next page)*

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                    | Water and<br>Sewer Fund | Solid Waste<br>Fund | Stormwater<br>Fund  | Total                |
|----------------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|----------------------|
| <b>Reconciliation of cash and investments<br/>to Statement of Net Position:</b>                    |                         |                     |                     |                      |
| Total unrestricted equity in pooled cash<br>and investments                                        | \$ 2,113,549            | \$ 1,733,670        | \$ 1,230,770        | \$ 5,077,989         |
| Total restricted equity in pooled cash<br>and investments                                          | <u>10,798,207</u>       | <u>265,698</u>      | <u>152,254</u>      | <u>11,216,159</u>    |
| Total equity in pooled cash and investments                                                        | <u>\$ 12,911,756</u>    | <u>\$ 1,999,368</u> | <u>\$ 1,383,024</u> | <u>\$ 16,294,148</u> |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by operating activities:</b> |                         |                     |                     |                      |
| Operating income                                                                                   | \$ 306,614              | \$ 382,374          | \$ 96,585           | \$ 785,573           |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities:         |                         |                     |                     |                      |
| Depreciation and amortization                                                                      | 1,110,651               | 325,335             | 323,223             | 1,759,209            |
| Change in operating assets and liabilities:                                                        |                         |                     |                     |                      |
| Decrease in accounts receivable                                                                    | 235,262                 | 102,564             | 10,548              | 348,374              |
| Decrease in inventories                                                                            | 3,594                   | -                   | -                   | 3,594                |
| Increase (decrease) in accounts payable                                                            | 105,353                 | (13,821)            | (9,822)             | 81,710               |
| Increase in accrued liabilities                                                                    | 7,943                   | 8,703               | 2,510               | 19,156               |
| Increase (decrease) in customer deposits                                                           | 13,480                  | (2,012)             | -                   | 11,468               |
| Net pension liability and related deferred outflows/inflows                                        | (37,378)                | (37,373)            | (12,460)            | (87,211)             |
| Increase in OPEB                                                                                   | 5,833                   | 4,375               | 972                 | 11,180               |
| Increase (decrease) in accumulated unused<br>compensated absences                                  | <u>32,054</u>           | <u>5,489</u>        | <u>(2,289)</u>      | <u>35,254</u>        |
| Net cash provided by operating activities                                                          | <u>\$ 1,783,406</u>     | <u>\$ 775,634</u>   | <u>\$ 409,267</u>   | <u>\$ 2,968,307</u>  |
| Non cash investing, capital, and financing activities:                                             |                         |                     |                     |                      |
| Amortization of bond premiums                                                                      | \$ 9,319                | \$ -                | \$ -                | \$ 9,319             |

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

|                                      | <u><b>Pension Trust<br/>Fund</b></u> |
|--------------------------------------|--------------------------------------|
| <b>Assets</b>                        |                                      |
| Cash and cash equivalents:           |                                      |
| Money market                         | \$        51,250                     |
| Investments, at fair value:          |                                      |
| Equity securities                    | 3,805,329                            |
| U.S. Treasury Bonds, Notes and Bills | 2,549,699                            |
| Total investments                    | <u>6,355,028</u>                     |
| <br>Total assets                     | <br><u>6,406,278</u>                 |
| <br><b>Net position</b>              |                                      |
| Held in trust for pension benefits   | <u><u>\$        6,406,278</u></u>    |

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

|                                                                        | <u>Pension Trust<br/>Fund</u>  |
|------------------------------------------------------------------------|--------------------------------|
| <b>Additions</b>                                                       |                                |
| Contributions:                                                         |                                |
| State of Florida                                                       | \$ 52,625                      |
| City                                                                   | 262,776                        |
| Employees                                                              | 10,881                         |
| Total contributions                                                    | <u>326,282</u>                 |
| Investment income:                                                     |                                |
| Interest earnings and net decrease<br>in the fair value of investments | <u>(12,034)</u>                |
| <br>Total additions                                                    | <br><u>314,248</u>             |
| <br><b>Deductions</b>                                                  |                                |
| Administrative expenses                                                | <u>19,650</u>                  |
| <br>Total deductions                                                   | <br><u>19,650</u>              |
| <br>Change in net position                                             | <br>294,598                    |
| <br>Net position - beginning of year                                   | <br><u>6,111,680</u>           |
| <br>Net position - end of year                                         | <br><u><u>\$ 6,406,278</u></u> |

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

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## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Safety Harbor, Florida (“the City”) is a political subdivision of the State of Florida. The City was originally incorporated on June 11, 1917 and in 1982, the citizens of the City ratified the current City Charter (“the Charter”). The Charter provides for a Commission-Manager form of government. The City was created under legal authority of Chapter 61-2735, laws of Florida, which was subsequently amended by and adopted as ordinance No. 92-36 on December 21, 1992, and passed at referendum on March 9, 1993. The government of the City is operated by the authority of the powers granted by its Charter, as limited by the State Legislature. The City provides a full complement of municipal services, except for certain education, health and welfare services, which are administered by other governmental entities.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). The more significant accounting policies established under GAAP and used by the City are discussed below.

**The Reporting Entity**

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable, and, as such, be included in the City’s financial statements. In accordance with GASB Statement No. 14, *The Reporting Entity*, the City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Management has determined that the Community Redevelopment Agency is the only organization that should be included in the City’s financial statements as a blended component unit.

**Blended Component Unit**

The Community Redevelopment Agency (CRA) was created in 1992 pursuant to Chapter 163.356, Florida Statutes, City Ordinance 92-24 and City Resolutions 92-25 and 92-26. The City Commission serves as the CRA Board and there is a financial benefit or burden relationship between the City and the CRA. Although legally separate, the CRA is appropriately blended as a special revenue fund type component unit into the primary government.

The City includes advisory boards and commissions within the City in its financial statements in circumstances where the City selects the governing authority, designates management, has the ability to influence operations, and has accountability for fiscal matters of the advisory boards and commissions.

**Government-Wide and Fund Financial Statements**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

activities, such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in a whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the function's program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions, which finance annual operating activities; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. As a general rule, interfund accounts and transactions are eliminated.

***Fund Financial Statements***

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

The government-wide financial statements are presented on the accrual basis of accounting. The government funds in the fund financial statements are presented on a modified accrual basis of accounting.

All proprietary funds are maintained on the accrual basis of accounting with revenues being recognized when earned and expenses recognized when incurred. Operating revenues and expenses of the proprietary funds are defined revenues or expenses related to the provision of the applicable service. Non-operating revenues and expenses include items unrelated to the provision of services.

Under the modified accrual basis, revenues are recognized in the accounting period when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period (i.e., within 60 days of the end of the current fiscal period). Revenues which are susceptible to accrual are as follows: water, sewer and solid waste collection revenue, state revenue sharing, franchise fees, local infrastructure tax, and intergovernmental grants.

Expenditures are recognized at the time the fund liability is incurred, if measurable. Interest and principal payments on general long-term debt and compensated absences are recognized when paid. 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.

**Measurement Focus**

The governmental fund measurement focus (in the fund financial statements) is based on determination of financial position and changes in financial position rather than on net income. The proprietary fund

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

measurement focus is on the determination of operating income, changes in net position and cash flows similar to businesses in the private sector.

**Fund Accounting**

In order to ensure observance of limitations and restrictions on the use of the available resources, the financial records and accounts are maintained in accordance with the principles of fund accounting. The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures or expenses.

The fund financial statements are presented to emphasize the major funds of the City. GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, sets forth criteria for the determination of major funds. The general fund is always a major governmental fund. Based on the criteria of GASB No. 34, the community redevelopment agency and capital projects funds are also considered major governmental funds. The combined total of nonmajor funds is reflected as other governmental funds. For the business-type activities, the water and sewer, solid waste and stormwater funds are considered major funds. There are no other business-type activity funds for consideration. The fund financial statements are prepared on the modified accrual basis for governmental activities and the accrual basis for business-type activities.

***Governmental Fund Types***

Governmental fund types are as follows:

- General Fund – accounts for and reports for all financial resources not accounted for in another fund.
- Community Redevelopment Agency – accounts for and reports the proceeds of property tax revenue restricted for financing or refinancing community redevelopment pursuant to the City's adopted community redevelopment plan.
- Capital Projects Fund – accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlay.

***Proprietary Fund Types***

Proprietary fund types are as follows:

- Water and Sewer – to account for the provision of water and sewer services to the residents of the City and some county residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to, administration and system maintenance.
- Solid Waste – to account for the provision of solid waste removal service to the residents of the City. All activities necessary to the provision of this service are accounted for in this fund.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

- Stormwater Utility Fund – to account for the provision of stormwater and drainage services to the City and some County residents. All activities necessary to the provision of this service are accounted for in this fund.

***Fiduciary Fund Type***

- Fiduciary fund includes the pension trust fund. The measurement focus of the pension trust fund is similar to proprietary funds. Trust funds are used to account for assets held by the City in a trustee capacity. The City reports the Retirement Plan for the Firefighters of the City of Safety Harbor as a pension trust fund.

**Interfund Activity**

Interfund activity is reported as loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements to a fund for payments initially made, but which are applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are treated as transfers. Interfund services provided and used are not eliminated in the process of consolidation. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide statements.

**Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. At least thirty days prior to October 1, the Budget Officer submits to the City Commission an operating budget and an explanatory message. The budget message contains an outline of the proposed financial policies for the fiscal year: (1) identifies any important changes from the current year in revenue items or appropriations, (2) lists pending funding, (3) presents a complete program and financial plan for the appropriation of expenditures, and (4) presents anticipated revenues and revenue sources.
- b. Public hearings are conducted by the City Commission as required by state and federal law to obtain taxpayer comments on the proposed budget.
- c. The budget is adopted by a majority of all members of the City Commission not later than three days before October 1.
- d. The City Manager is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the City Commission.
- e. Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with GAAP. Budgeted amounts are, as originally adopted or as amended, in accordance with City Ordinance.

Section 7.28 of the City's Code of Ordinances prohibits the expenditure of any money or the incurrence of any liability in excess of the amounts appropriated for these general classifications of expenditures: personal services, contractual and other services, materials and supplies, capital outlay and debt service.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Appropriations for outstanding authorized encumbrances are automatically reappropriated on October 1<sup>st</sup> of the new budget year without any further action by City Commission per Section 7.13 of City Code. However, it is management's policy to request City Commission re-appropriate unexpended or unencumbered appropriations in the succeeding year's budget.

Supplemental appropriations in the governmental funds were enacted during the year, as follows:

|                       | <u>Supplemental<br/>Appropriations<br/>Fiscal Year 2015</u> |
|-----------------------|-------------------------------------------------------------|
| General Fund          | \$ 43,952                                                   |
| CRA Fund              | 153,493                                                     |
| Capital Projects Fund | 614,576                                                     |
| Street Improvement    | 361,209                                                     |
| Parkland Impact Fund  | 600,000                                                     |

**Pooled Cash and Investments**

The City utilizes a consolidated cash pool to account for cash and investments of all City funds other than those which are required by ordinance to be physically segregated. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield which are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds.

Investments in U.S. Treasury, government agency securities and commercial paper are recorded at fair value, as determined by quoted market prices. If quoted market prices are not available, fair values are estimated on the basis of dealer quotes, pricing models, or quoted prices for instruments with similar characteristics. The Local Government Surplus Funds Trust Fund operated by the Florida State Board of Administration is treated as a "2a-7 like" pool in accordance with GASB Statement No.31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*; therefore, it is presented at its actual pooled share price, which approximates fair value.

**Cash Equivalents**

For purposes of the statement of cash flows, the proprietary funds consider equity in pooled cash and investments and highly liquid investments with an original maturity of three months or less when purchased, both restricted and unrestricted, to be cash equivalents.

**Receivables**

Utility (water and sewer, solid waste and stormwater) operating revenues are generally recognized on the basis of cycle billings rendered monthly. The City recognizes as revenue the estimated unbilled consumption as of September 30. The City has recorded an allowance for potentially uncollectible water and sewer, solid waste and stormwater billings. Accounts receivable of \$971,580 in the proprietary funds are shown net of the allowance of \$220,408.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Taxes Receivable

In the governmental funds, delinquent ad valorem taxes receivable are measurable, but not available as of the end of the fiscal year and are shown as deferred inflows of resources if not expected to be collected soon enough after year-end to pay current liabilities. The deferred revenue will be recognized as revenue in the fiscal year that it becomes available. There were no delinquent ad valorem taxes receivable and related inflows of resources reported by the City for the year ended September 30, 2015.

Property Taxes

Under Florida Law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pinellas County Property Appraiser and the Pinellas County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mils. The millage rate in effect for the fiscal year ended September 30, 2015 was 4.0479.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the millage into the total tax levy, which includes the tax requirements of the municipalities, independent districts, and the Pinellas County School Board.

All property is reassessed according to its fair value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Pinellas County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. At this time a lien is placed on the property. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest up to 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by Pinellas County.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

Inventories and prepaids

Inventories are stated at cost (determined on the first-in, first-out method). Equipment and office supply inventories in the governmental funds are accounted for by the purchase method where inventories are recorded as expenditures when they are acquired. A portion of fund balance is considered nonspendable for the balance of these inventories on hand at year-end. Fuel inventory in the governmental funds is accounted for by the consumption method, where inventories are recorded as expenditures when used.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

The following is the breakdown in governmental fund inventories at September 30, 2015:

|                    | Amount           |
|--------------------|------------------|
| Equipment supplies | \$ 28,853        |
| Office supplies    | 704              |
| Fuel supplies      | 33,182           |
|                    | <u>\$ 62,739</u> |

Certain advance payments to vendors, i.e. insurance premiums, reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and individual fund financial statements. The cost of these items are recorded as expenditures when consumed rather than when purchased. Prepaid items are equally offset by non-spendable fund balance and are not available for spending even though they are a component of net current assets.

**Capital Assets**

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund and combining financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the various classes of depreciable assets are as follows:

| Assets                  | Years   |
|-------------------------|---------|
| Buildings               | 10 - 50 |
| Infrastructure          | 5 - 50  |
| Machinery and equipment | 3 - 15  |

Depreciation expense for the year ended September 30, 2015 totaled \$1,828,586 and \$1,767,469 for governmental and business type funds, respectively.

**Unamortized Bond Premiums and Prepaid Insurance Costs**

Bond premiums and prepaid insurance costs on the proprietary funds' long-term debt are being deferred and amortized over the term of the related bond issue under the bonds outstanding method. Bond premiums are presented as an increase of the face amount of the related bonds payable and prepaid insurance costs are recorded as other assets.

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave maximum limits vary depending on an employee's class of service, hire

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

date, etc. but generally vacation cannot exceed 280 hours and sick leave cannot exceed 1,800 hours. Upon separation from the City, an eligible employee is paid for all vacation time not exceeding their maximum limit and from one-quarter to one-half of accumulated unused sick leave not exceeding the sick leave maximum limit, i.e. sick leave payout is 900 hours for an employee with a 1,800 hour maximum limit. The City accrues for all earned but unused vacation pay up to the maximum limit and the portion of unused sick leave estimated to be payable upon retirement. The current portion of compensated absences is the amount estimated to be used in the following year. For governmental activities, compensated absences are liquidated within the governmental fund where the vacation and/or sick are earned.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums, discounts, and deferred outflows of resources or deferred inflows of resources are amortized over the life of the related debt using the bonds outstanding method. Bonds payables are reported net of bond premiums or discounts.

In the separate fund financial statements, governmental fund types recognize bond premiums and discounts as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Postretirement Health and Life Insurance Benefits**

The City makes healthcare insurance available for eligible retirees through the City's group health insurance plan, which covers both active and retired members. Retirees pay the full cost of healthcare insurance, which is a single, blended premium rate that is used for both active employees and retired members.

**Unearned revenue**

In the government-wide financial statements as well as in governmental, proprietary and fiduciary fund financial statements, proceeds are reported as a unearned revenue in connection with resources that have been received but not yet earned.

The City sold a 50 year interest in cell tower leases for \$1,027,000 in April 2011. The City's annual expected revenue from the leases is \$92,819. The sale is from the time period of April 19, 2011 through April 30, 2061.

The sales proceeds of \$1,027,000 are recognized as unearned revenue and amortized over the life of the agreement. As of September 30<sup>th</sup>, the amount remaining to be amortized for the sale of the cell tower

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

lease is \$936,282. For the fiscal year ending September 30, 2015, \$20,540 was amortized as other revenue. Additionally, recreation and street assessment revenues received but not yet earned total \$59,705 at September 30, 2015.

**Fund Balances**

***Governmental funds***

The City Commission established and adopted by resolution a fund balance policy consistent with the Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The City's policy identifies the classification of fund balances as follows:

- Non-spendable fund balance cannot be spent because it is not in spendable form, legally or contractually required to be maintained intact or is not yet available for spending. The City reports inventories and prepaids as fund balance amounts that are not in spendable form other than fuel, which is accounted for under the consumption method and recorded as an expenditure when consumed.
- Restricted fund balance is restricted for specific purposes that are either externally imposed by creditors, grantors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City's Special Revenue fund balance policy accounts for the following funds as restricted:

**Public Safety Fund**

The Public Safety fund is used to account for and report the proceeds of impact fee revenue *restricted* for public safety related capital improvements limited to facilities, vehicles, and equipment for firefighting and fire protection services and for emergency medical services. The Public Safety fund is restricted per Pinellas County Resolution Number 09-38, Chapter 62, Pinellas County Code, and Section 163.31801, Florida Statutes.

**Street Improvement Fund**

The Street Improvement fund is used to account for and report the proceeds of the local option gas tax *restricted* to transportation expenditures per Section 336.025, Florida Statutes, as may be amended.

**Parkland Fund**

The Parkland fund is used to account for and report the proceeds of impact fee revenue *restricted* for the acquisition of park facilities and park lands. The Parkland fund is restricted per Section 163.3202, Florida Statutes, as may be amended.

**Transportation Impact Fee Fund**

The Transportation Impact Fee fund is used to account for and report the proceeds of impact fee revenues that are *restricted* to expenditures for capital improvements to and expansion of transportation facilities specified per the Pinellas County Impact Fee ordinance 86-43, as amended in Pinellas County Land Development Code, as may be amended.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Library Impact Fee Fund

The Library Impact Fee fund is used to account for and report the proceeds of library impact fee funds *restricted* for financing of capital and resource expansion of the City's Library in accordance with standards established by the Florida Library Association. The Library Impact Fee Fund is restricted per Section 163.31801, Florida Statutes, as may be amended.

Street Assessment Fund

The Street Assessment fund is used to account for and report the proceeds of special assessment revenue *restricted* for financing capital improvements for streets pursuant to Section 170.01, Florida Statutes, as may be amended.

Community Redevelopment Agency Fund

The Community Redevelopment Agency fund is used to account for and report proceeds of revenue *restricted* for financing or refinancing community redevelopment pursuant to Section 163.370, Florida Statutes, as may be amended.

Capital Projects Fund

The Capital Projects fund is used to account for and report the proceeds of the local government infrastructure (Penny for Pinellas) discretionary sales tax that is *restricted* for the purpose of capital outlay, including the acquisition or construction of new facilities and other capital assets, pursuant to Section 212.055(2), Florida Statutes, as may be amended.

Street Light Assessment Fund

The Street Light Assessment Fund is used to account for the proceeds of special assessment revenue *restricted* to expenditure for street lighting services and facilities charges pursuant to Section 170.201, Florida Statutes, as may be amended.

Debt Service Fund

The Debt Service fund is used to account for and report resources that are *restricted* to expenditure for principal and interest of debt service pursuant to bond covenants.

In the event the City no longer expects that a substantial portion of Special Revenue Fund inflows will be derived from restricted or committed revenue sources, the City shall discontinue reporting these funds as a Special Revenue Fund and shall report the funds remaining as resources in the General Fund.

- Committed fund balance may only be used for specific purposes as imposed by formal action of the City Commission, which is the highest level of decision making authority. Commitments of fund balance may only be removed or changed by taking the same type of action formally used to commit the amount, which is by resolution.

Marina Fund

The Marina fund is used to account for and report the proceeds from marina slip rentals that are *committed* for the specific purpose of marina expenditures, including operating, maintenance and capital outlay and improvements.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

City Tree Bank Fund

The City Tree Bank fund is used to account for and reports the proceeds from fines and mitigation for tree removal fees collected in lieu of replacing protected trees that are *committed* for the specific purpose of purchasing trees for use on city property or for use in a City sponsored reforestation program within the City limits; for the payment of fees by the City to a landscape professional or certified arborist for educating City Staff or the general public with regard to tree protection and preservation; or, for such other services or programs deemed to further the intent of City Code Sec. 153.00 et seq.

Stabilization Arrangement

Commitment of general fund balance may be made by the City Commission by authorizing resolution for such purposes including, but not limited to, a) meeting future obligations resulting from a natural disaster; b) accumulating resources pursuant to a stabilization arrangement; and/or c) setting aside amounts for specific projects. Once a fund balance has been committed, the City Commission may only change the classification upon duly adopted resolution. The City maintains at a minimum, a fund balance of twenty (20) percent of General Fund operating expenditures based on the current year's adopted budget, including amendments thereto, committed for the specific purpose for use in the event of a major storm or other unforeseen disaster of a nonrecurring character, including environmental damage, flood, fire or tornado; provided that if federal or state funds are received to offset appropriations for such purposes, such monies shall be returned to the Stabilization Arrangement. Replenishment of the stabilization arrangement will be from Unassigned Fund Balance over a period of five (5) years. At September 30, 2015, the fund balance committed for stabilization is \$2,941,837.

- Assigned fund balance is established by City Commission or City Management, the City Manager, and is intended to be used for specific purposes, which are neither considered restricted or committed. The subsequent year's budgeted fund balance shall be assigned by the City Commission and/or City Management (the City Manager) as set forth in the annual budget, and any amendments thereto, to appropriate a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount not to exceed the projected excess of estimated expenditures over estimated revenues, transfers, and other financing sources.
- Unassigned fund balance is the residual classification for the general fund that has not been assigned to other funds and has not been restricted, committed or assigned to a specific purpose within the general fund. The City Commission adopted a resolution whereby there shall be a targeted minimum unassigned fund balance of two months or seventeen (17) percent of General Fund operating expenditures based on the prior year's audited financial statements. This minimum unassigned fund balance shall be in addition to all other categories of unrestricted fund balances.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

The spending order of fund balances as established by the City is to first spend restricted amounts when both restricted and unrestricted fund balances are available, unless there are legal restrictions that prohibit such action, such as grant agreements that require a dollar match. Additionally, when expenditures are incurred for purposes for which unrestricted fund balances could be used, the City shall first spend committed fund balance, followed by assigned fund balance, and then unassigned fund balance.

***Restrictions on Net Position (Proprietary and Government Wide)***

Restrictions are used to indicate a segregation of a portion of net position equal to the current assets that are restricted for meeting various covenants as may be specified and defined in the revenue bond indenture or by enabling legislation. Usage of restrictions has been limited to the following items:

- Restricted for Debt Service - indicates a portion of net position that is restricted by bond ordinance for payment of governmental and proprietary funds' long-term debt.
- Restricted for Capital Projects – indicates a portion of the governmental fund net position that has been restricted for local government infrastructure projects funded by the Penny for Pinellas program and proprietary fund net position restricted for reclaimed water, sewer system development and expansion, and water and sewer renewal and replacement.

***Fiduciary Fund Type***

Fiduciary net position is used to indicate that a portion of net position that is not available for appropriation or expenditure or are legally segregated for a specified future use.

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

**Equity in Pooled Cash and Investments**

At September 30, 2015, the carrying amount of the City's deposits with financial institutions was \$6,302,748 and the bank account balance was \$6,310,487. The City's cash deposits were fully insured by federal depository insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This act establishes a multiple financial institution collateral pool in which all financial institutions holding public deposits pledge a pool of collateral against all public deposits they collectively hold. In the event of a default or insolvency by a qualified public depository, any loss not covered by deposit insurance or the proceeds from the sale of securities pledged by the defaulting depository is covered by an assessment against the other qualified public depositories of the same type as the depository in default. The assessment is based upon the average share of the public fund deposits held by each of these depositories during the previous 12 months in relation to total public deposits held by all depositories of the same type during the same period.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued):**

| <u>Pooled Cash and Investments</u>                | <u>Carrying<br/>Amount</u> | <u>% of<br/>Portfolio</u> | <u>Weighted average<br/>maturity (years)</u> | <u>Credit Rating</u> |
|---------------------------------------------------|----------------------------|---------------------------|----------------------------------------------|----------------------|
| <u>Cash and cash equivalents</u>                  |                            |                           |                                              |                      |
| Cash on hand                                      | \$ 1,730                   | -                         | n/a                                          | n/a                  |
| Cash in bank                                      | 6,302,748                  | -                         | n/a                                          | n/a                  |
| Total cash and cash equivalents                   | 6,304,478                  | 20.98%                    |                                              |                      |
| <u>Investments</u>                                |                            |                           |                                              |                      |
| Certificates of Deposit                           | 747,257                    | 2.49%                     | 3.27                                         | AAA Implied          |
| Money Markets                                     | 405,074                    | 1.35%                     | 0.00                                         | AAAm                 |
| SBA Florida Prime                                 | 291,099                    | 0.97%                     | 1.00                                         | AAAm                 |
| Federal Home Loan Bank                            | 327,898                    | 1.09%                     | 1.08                                         | AAA Implied          |
| Federal Home Loan Mortgage ARM FHLMC              | 225,414                    | 0.75%                     | 2.39                                         | AAA Implied          |
| Federal Home Loan Mortgage CMO FHLMC              | 4,826,958                  | 16.06%                    | 3.80                                         | AAA Implied          |
| Federal Home Loan Mortgage MBS FHLMC              | 2,362,602                  | 7.86%                     | 2.79                                         | AAA Implied          |
| Government National Mortgage Association ARM GNMA | 929,918                    | 3.09%                     | 3.31                                         | AAA Implied          |
| Government National Mortgage Association CMO GNMA | 1,988,795                  | 6.62%                     | 2.52                                         | AAA Implied          |
| Government National Mortgage Association MBS GNMA | 618,309                    | 2.06%                     | 3.60                                         | AAA Implied          |
| Federal National Mortgage Association ARM FNMA    | 294,553                    | 0.98%                     | 2.40                                         | AAA Implied          |
| Federal National Mortgage Association CMO FNMA    | 6,133,998                  | 20.41%                    | 4.29                                         | AAA Implied          |
| Federal National Mortgage Association MBS FNMA    | 4,595,283                  | 15.29%                    | 4.14                                         | AAA Implied          |
| Total investments                                 | 23,747,158                 |                           |                                              |                      |
| Total pooled cash and investments                 | <u>\$ 30,051,636</u>       | 100.00%                   |                                              |                      |

**Equity in Pooled Investments**

***Custodial Risk***

Custodial credit risk is the risk that a government will not be able to recover deposits or the value of investments in the event of the failure of a depository financial institution or a third party holding the investments' securities. All investments are held in the name of the City and all time deposits are maintained with qualified public depositories, as previously discussed.

***Credit Risk***

Credit quality risk results from potential default of investments that are not financially sound. Florida Statutes (166.261 and 218.415) and the City's investment policy authorize the City to invest surplus public funds in:

- The Local Government Surplus Funds Trust Fund;
- Direct obligations of the United States Government;
- Obligations guaranteed by the U.S. Government as to principal and interest;
- Interest bearing time deposits or savings accounts:
  - In banks organized under the laws of Florida,
  - In national banks organized under the laws of the United States and doing business and situated in the State of Florida,
  - In savings and loan associations which are under the State of Florida's supervision and in federal savings and loan associations located in Florida and organized under federal law and federal supervision;

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued):**

- Financial institution must be approved as a qualified public depository by the State of Florida, Department of Insurance and Treasurer;
- Obligations of the Federal Home Loan Mortgage Corporation; Federal Home Loan Mortgage Corporation Participation Certificates; Obligations of the Federal Home Loan Banks or its district banks; Obligations guaranteed by the Government National Mortgage Association.

The City does not have a policy with respect to credit rating limitations beyond the types of authorized investments.

The City is a participant in the State of Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME). The SBA Florida PRIME, with a current Standard & Poor's rating of AAAm, manages \$6.1 billion for State and local governments. The SBA is authorized to administer and invest Florida PRIME consistent with Chapter 215.47, Florida Statutes. Florida PRIME operates as a "2a-7 like" fund reporting an average weighted days to maturity at September 30, 2015 of 28 days. The investment policy of Florida PRIME is to manage the weighted average maturity to 60 days or less.

On September 30, 2015, the fair value of the City's investments in Florida PRIME was \$291,099 with no liquidity restrictions.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single user. Pursuant to the City's investment policy, the City diversifies its portfolio to control risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific instrument and/or class of instruments. This is accomplished by limiting investments to avoid over concentration from a specific issuer or business sector, limiting investments in securities that have higher credit risk, investing in securities with varying maturities, and continuously investing in readily available funds.

The following table shows the City's level of investment in each financial instrument issuer as a percentage of total investments, as well as the credit rating of each issuer, where applicable.

| Investment Types                                  | Credit Rating | Concentration<br>at Fair Value | Percentage Pooled<br>Investments |
|---------------------------------------------------|---------------|--------------------------------|----------------------------------|
| Certificates of Deposit                           | AAA Implied   | \$ 747,257                     | 3.15%                            |
| Money Markets                                     | AAAm          | 405,074                        | 1.71%                            |
| SBA Florida Prime                                 | AAAm          | 291,099                        | 1.23%                            |
| Federal Home Loan Bank                            | AAA Implied   | 327,898                        | 1.38%                            |
| Federal Home Loan Mortgage ARM FHLMC              | AAA Implied   | 225,414                        | 0.95%                            |
| Federal Home Loan Mortgage CMO FHLMC              | AAA Implied   | 4,826,958                      | 20.33%                           |
| Federal Home Loan Mortgage MBS FHLMC              | AAA Implied   | 2,362,602                      | 9.95%                            |
| Government National Mortgage Association ARM GNMA | AAA Implied   | 929,918                        | 3.92%                            |
| Government National Mortgage Association CMO GNMA | AAA Implied   | 1,988,795                      | 8.37%                            |
| Government National Mortgage Association MBS GNMA | AAA Implied   | 618,309                        | 2.60%                            |
| Federal National Mortgage Association ARM FNMA    | AAA Implied   | 294,553                        | 1.24%                            |
| Federal National Mortgage Association CMO FNMA    | AAA Implied   | 6,133,998                      | 25.83%                           |
| Federal National Mortgage Association MBS FNMA    | AAA Implied   | 4,595,283                      | 19.35%                           |
|                                                   |               | <u>\$ 23,747,158</u>           | <u>100.00%</u>                   |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued):**

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to the City's investment policy, the City manages exposure to declines in fair value caused by rising interest rates by not investing in securities having an effective duration of more than five years from the date of purchase. Investment maturities are also laddered (staggered) throughout the year so that a portion of investments mature monthly, which further reduces exposure to declines in fair value. In addition, it is the City's practice to hold all investments until maturity, therefore, decline in fair value, if any, caused by rising interest rates are recognized for accounting purposes, but are never realized. Maturities of the City's investment portfolio are displayed in the table below.

| Investment Types                                  | Fair Value           | 0 to 1 Year       | 1 to 2 Years       | 2 to 3 Years        | 3 to 4 Years        | More than 4<br>Years |
|---------------------------------------------------|----------------------|-------------------|--------------------|---------------------|---------------------|----------------------|
| Certificates of Deposit                           | \$ 747,257           | \$ 3,969          | \$ -               | \$ -                | \$ 246,619          | \$ 496,669           |
| Money Markets                                     | 405,074              | -                 | -                  | 405,074             | -                   | -                    |
| SBA Florida Prime                                 | 291,099              | 291,099           | -                  | -                   | -                   | -                    |
| Federal Home Loan Bank                            | 327,898              | -                 | 327,898            | -                   | -                   | -                    |
| Federal Home Loan Mortgage ARM FHLMC              | 225,414              | -                 | -                  | -                   | -                   | 225,414              |
| Federal Home Loan Mortgage CMO FHLMC              | 4,826,958            | 167,488           | 247,518            | 1,164,378           | 2,275,093           | 972,481              |
| Federal Home Loan Mortgage MBS FHLMC              | 2,362,602            | 462               | 819,479            | 419,612             | 1,123,049           | -                    |
| Government National Mortgage Association ARM GNMA | 929,918              | -                 | -                  | -                   | 363,639             | 566,279              |
| Government National Mortgage Association CMO GNMA | 1,988,795            | 101,789           | 1,268,803          | -                   | 179,111             | 439,092              |
| Government National Mortgage Association MBS GNMA | 618,309              | -                 | 68,079             | -                   | -                   | 550,230              |
| Federal National Mortgage Association ARM FNMA    | 294,553              | 33,073            | -                  | -                   | -                   | 261,480              |
| Federal National Mortgage Association CMO FNMA    | 6,133,998            | 74,406            | 145,534            | 1,958,649           | 2,125,123           | 1,830,286            |
| Federal National Mortgage Association MBS FNMA    | 4,595,283            | 257,269           | 400,735            | 1,000,183           | 1,614,594           | 1,322,502            |
|                                                   | <u>\$ 23,747,158</u> | <u>\$ 929,555</u> | <u>\$3,278,046</u> | <u>\$ 4,947,896</u> | <u>\$ 7,927,228</u> | <u>\$ 6,664,433</u>  |

**Government's Trustee Deposit and Investments**

The City participates in the Florida Municipal Pension Trust Fund which invests assets in the Florida Municipal Investment Trust (FMIvT). The FMIvT is a Local Government Investment Pool (LGIP) administered by the Florida League of Cities for the Firefighters' Pension Plan. The FMIvT is an interlocal government entity and authorized investment under Section 163.01, Florida Statutes used to invest surplus and pension funds. The FMIvT is governed by a Board of Trustees consisting of the president and second vice president of the Florida League of Cities, two representatives who are appointed from the Florida Municipal Insurance Trust and up to three members who are elected officials of governmental entities actively participating in the FMIvT.

***Concentration of Credit Risk***

The following table reflects the government trustees investment deposits, level of investment in each financial instrument, investment by issuer as a percentage of total investment, as well the credit rating of each issuer.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued):**

|                              | Firefighters Pension Plan |                     |                         |
|------------------------------|---------------------------|---------------------|-------------------------|
|                              | Credit Rating             | Amount              | Percentage of Portfolio |
| Cash and cash equivalents:   |                           |                     |                         |
| Money Market                 | N/A                       | \$ 51,250           | 0.8%                    |
| Investments, at fair value:  |                           |                     |                         |
| Broad Market HQ Bond Fund    | AA/V4                     | 1,076,255           | 16.8%                   |
| Core Plus Fixed Income       | Not Rated                 | 1,473,444           | 23.0%                   |
| High Quality Growth          | Not Rated                 | 506,096             | 7.9%                    |
| Diversified Value            | Not Rated                 | 480,471             | 7.5%                    |
| Russell 1000 Enhanced Index  | Not Rated                 | 1,467,038           | 22.9%                   |
| Diversified Small to Mid Cap | Not Rated                 | 749,535             | 11.7%                   |
| International Blend          | Not Rated                 | 602,189             | 9.4%                    |
| Total                        |                           | <u>\$ 6,406,278</u> |                         |

**Interest Rate Risk**

As of September 30, 2015, the government trustee had the following investment maturities.

|                                 | Fire Pension Investment Pool (FMIvT) |                                          |
|---------------------------------|--------------------------------------|------------------------------------------|
|                                 | Modified Duration in Years           | Weighted Average Maturity (WAM) in Years |
| Fixed Income Fund               |                                      |                                          |
| FMIvT Broad Market HQ Bond Fund | 4.43                                 | 5.98                                     |
| FMIvT Core Plus Fixed Income    | 2.58                                 | 5.41                                     |

**NOTE 3 – RECEIVABLES:**

Receivables at September 30, 2015 for the City's governmental and enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

|                                                | Interest         | Utility Taxes & Franchise Fees | Liens               | Special Assessments | Accounts          | Total Gross Receivables | Less: Allowance for Uncollectibles | Net Total Receivables |
|------------------------------------------------|------------------|--------------------------------|---------------------|---------------------|-------------------|-------------------------|------------------------------------|-----------------------|
| Governmental activities                        |                  |                                |                     |                     |                   |                         |                                    |                       |
| General fund                                   | \$ 18,148        | \$ 285,963                     | \$ 1,153,536        | \$ -                | \$ 19,395         | \$1,477,042             | \$(1,127,360)                      | \$ 349,682            |
| Community Redevelopment Agency                 | 936              | -                              | -                   | -                   | -                 | 936                     | -                                  | 936                   |
| Capital Projects                               | 2,710            | -                              | -                   | -                   | 8,515             | 11,225                  | -                                  | 11,225                |
| Non-major governmental funds                   | 4,401            | -                              | -                   | 18,949              | 3,451             | 26,801                  | -                                  | 26,801                |
| Gross receivables                              | 26,195           | 285,963                        | 1,153,536           | 18,949              | 31,361            | 1,516,004               | -                                  | 388,644               |
| Less: allowance for uncollectibles             | -                | -                              | -                   | -                   | -                 | -                       | (1,127,360)                        | -                     |
| Net total receivables governmental activities  | <u>\$ 26,195</u> | <u>\$ 285,963</u>              | <u>\$ 1,153,536</u> | <u>\$ 18,949</u>    | <u>\$ 31,361</u>  | <u>\$1,516,004</u>      | <u>\$(1,127,360)</u>               | <u>\$ 388,644</u>     |
| Business-type activities                       |                  |                                |                     |                     |                   |                         |                                    |                       |
| Water and sewer utility                        | \$ 26,154        | \$ -                           | \$ 147,585          | \$ 19,361           | \$ 651,361        | \$ 844,461              | \$ (143,567)                       | \$ 700,894            |
| Solid waste utility                            | 3,564            | -                              | 50,372              | -                   | 205,350           | 259,286                 | (56,838)                           | 202,448               |
| Stormwater utility                             | 2,610            | -                              | 13,388              | -                   | 72,243            | 88,241                  | (20,003)                           | 68,238                |
| Gross receivables                              | 32,328           | -                              | 211,345             | 19,361              | 928,954           | 1,191,988               | -                                  | 971,580               |
| Less: allowance for uncollectibles             | -                | -                              | -                   | -                   | -                 | -                       | (220,408)                          | -                     |
| Net total receivables business-type activities | <u>\$ 32,328</u> | <u>\$ -</u>                    | <u>\$ 211,345</u>   | <u>\$ 19,361</u>    | <u>\$ 928,954</u> | <u>\$1,191,988</u>      | <u>\$ (220,408)</u>                | <u>\$ 971,580</u>     |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 3 – RECEIVABLES (continued):**

***Due from other governments***

The following amounts were due from other governments as of September 30, 2015.

| Fund                        | Name of Government | Revenue Source                          | Amount                  |
|-----------------------------|--------------------|-----------------------------------------|-------------------------|
| <b>Governmental Funds</b>   |                    |                                         |                         |
| General                     | Pinellas County    | Ad Valorem                              | \$ 734                  |
| General                     | State of Florida   | Half-Cent Sales Tax                     | 79,770                  |
| General                     | State of Florida   | Alcoholic Beverage Tax                  | 8,682                   |
| General                     | Pinellas County    | Court Fines and Fees                    | 1,089                   |
| General                     | State of Florida   | Firefighters' Supplemental Compensation | 4,230                   |
| General                     | State of Florida   | Communications Services Tax             | 138,661                 |
| Total general fund          |                    |                                         | <u>233,167</u>          |
| Capital Projects Fund       | Pinellas County    | Pinellas County Fire Reimbursement      | 49,243                  |
| Capital Projects Fund       | Pinellas County    | Local Government Infrastructure Tax     | 270,390                 |
| Total capital projects fund |                    |                                         | <u>319,633</u>          |
| Special Revenue Funds       |                    |                                         |                         |
| Street Improvement          | State of Florida   | Local Option Gas Tax                    | 40,081                  |
| Total governmental funds    |                    |                                         | <u><u>\$592,881</u></u> |
| <b>Proprietary Funds</b>    |                    |                                         |                         |
| Solid Waste                 | City of Clearwater | Franchise Fees                          | <u><u>\$ 343</u></u>    |

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 4 – CAPITAL ASSETS:**

The following is a summary of changes in capital assets at September 30, 2015:

|                                                 | Balance<br>Sept. 30, 2014 | Additions         | Disposals         | Balance<br>Sept. 30, 2015 |
|-------------------------------------------------|---------------------------|-------------------|-------------------|---------------------------|
| Governmental activities:                        |                           |                   |                   |                           |
| Nondepreciable assets:                          |                           |                   |                   |                           |
| Land                                            | \$ 6,703,676              | \$ 611,466        | \$ -              | \$ 7,315,142              |
| Construction in progress                        | 389,181                   | 290,583           | 287,849           | 391,915                   |
| Depreciable assets:                             |                           |                   |                   |                           |
| Buildings                                       | 4,467,589                 | 138,226           | -                 | 4,605,815                 |
| Infrastructure                                  | 28,073,611                | 160,129           | -                 | 28,233,740                |
| Equipment                                       | 8,078,300                 | 1,095,976         | 278,997           | 8,895,279                 |
| Total at historical cost                        | 47,712,357                | 2,296,380         | 566,846           | 49,441,891                |
| Less, accumulated depreciation for:             |                           |                   |                   |                           |
| Buildings                                       | 3,066,715                 | 88,816            | -                 | 3,155,531                 |
| Infrastructure                                  | 14,800,582                | 1,210,901         | -                 | 16,011,483                |
| Equipment                                       | 5,778,651                 | 528,869           | 278,997           | 6,028,523                 |
| Total accumulated depreciation                  | 23,645,948                | 1,828,586         | 278,997           | 25,195,537                |
| Governmental activities<br>capital assets, net  | <u>\$24,066,409</u>       | <u>\$ 467,794</u> | <u>\$ 287,849</u> | <u>\$24,246,354</u>       |
| Business-type activities:                       |                           |                   |                   |                           |
| Nondepreciable assets:                          |                           |                   |                   |                           |
| Land                                            | \$ 606,548                | \$ -              | \$ -              | \$ 606,548                |
| Construction in progress                        | 57,397                    | 1,030,418         | 10,447            | 1,077,368                 |
| Depreciable assets:                             |                           |                   |                   |                           |
| Buildings                                       | 229,719                   | 86,617            | -                 | 316,336                   |
| Infrastructure                                  | 36,518,667                | 1,006,486         | -                 | 37,525,153                |
| Equipment                                       | 9,264,641                 | 620,256           | 762,530           | 9,122,367                 |
| Total at historical cost                        | 46,676,972                | 2,743,777         | 772,977           | 48,647,772                |
| Less, accumulated depreciation for:             |                           |                   |                   |                           |
| Buildings                                       | 226,814                   | 9,108             | -                 | 235,922                   |
| Infrastructure                                  | 13,833,448                | 1,141,888         | -                 | 14,975,336                |
| Equipment                                       | 6,362,144                 | 616,473           | 714,730           | 6,263,887                 |
| Total accumulated depreciation                  | 20,422,406                | 1,767,469         | 714,730           | 21,475,145                |
| Business-type activities<br>capital assets, net | <u>\$26,254,566</u>       | <u>\$ 976,308</u> | <u>\$ 58,247</u>  | <u>\$27,172,627</u>       |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 4 – CAPITAL ASSETS (continued):**

Depreciation expense was charged to governmental functions as follows:

|                            | <u>Amount</u>       |
|----------------------------|---------------------|
| General government         | \$ 311,322          |
| Law enforcement            | 1,983               |
| Fire protection            | 248,700             |
| Building department        | 331                 |
| Physical environment       | 6,986               |
| Transportation             | 524,789             |
| Library                    | 281,291             |
| Parks and recreation       | 453,184             |
| Total depreciation expense | <u>\$ 1,828,586</u> |

Construction projects actively underway as of September 30, 2015 were as follows:

| <u>Project</u>                           | <u>Spent to Date</u> | <u>Remaining<br/>Commitment</u> |
|------------------------------------------|----------------------|---------------------------------|
| <u>General Government</u>                |                      |                                 |
| Boat Basin and Chanel Dredging           | \$ 22,988            | \$ 19,207                       |
| Fire Station #52 Roof Replacement        | 29,367               | 32,251                          |
| A/C Replacement & Bldg "C" Renovation    | 32,961               | 7,619                           |
| Community Center Improvements            | 8,475                | 15,659                          |
| Transportation Bus                       | 9,216                | 6,647                           |
| Parks & Building Maintenance Improvement | 40,665               | 6,015                           |
| Messinger Property Passive Park          | 118,220              | -                               |
| Waterfront Park Development              | 122,383              | 4,828                           |
| Mullet Creek Bridge                      | 7,640                | 2,340                           |
| Total General Government                 | <u>\$ 391,915</u>    | <u>\$ 94,566</u>                |
| <u>Proprietary</u>                       |                      |                                 |
| North Bayshore Water Quality & Drainage  | \$ 23,567            | \$ -                            |
| Building "A" Office Renovation           | 11,395               | 766                             |
| Water Line at McMullen-Booth & SR 590    | 19,943               | 1,416                           |
| North Bay Hills Water Main Phase I       | 488,270              | 154,308                         |
| Tangelo Groves Water Main Loop           | 23,317               | 2,856                           |
| Replace Wate Line S. Green Springs       | 67,961               | 77,244                          |
| North Bay Hills Sewer force Main         | 380,589              | 12,849                          |
| Replace Sewer Line Joyce & Irwin         | 21,700               | 115,577                         |
| Amber Glades Lift Station Repair         | 40,626               | -                               |
| Total Proprietary                        | <u>\$ 1,077,368</u>  | <u>\$ 365,016</u>               |

The City capitalizes interest costs in the proprietary funds used to construct buildings, infrastructure and equipment. The capitalized interest is recorded as part of the asset to which it related and is amortized over the asset's estimated useful life. Interest costs capitalized for fiscal year ending September 30, 2015 was \$23,263.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

Interfund transfers for the year ended September 30, 2015, consisted of the following:

|                                            |                            |
|--------------------------------------------|----------------------------|
| Transfers from governmental funds:         |                            |
| General fund                               | \$ 1,607,650               |
| Community Redevelopment Agency             | 44,860                     |
| Capital Projects fund                      | 888,710                    |
| Subtotal transfers from governmental funds | <u>2,541,220</u>           |
| Transfer from proprietary fund:            |                            |
| Stormwater                                 | 120,800                    |
| Total transfers from                       | <u><u>\$ 2,662,020</u></u> |
| Transfers to governmental funds:           |                            |
| Street Light fund                          | \$ 7,650                   |
| Debt Service fund                          | 888,710                    |
| Capital Projects                           | 1,644,860                  |
| Transportation Impact Fee fund             | 120,800                    |
| Total transfers to                         | <u><u>\$ 2,662,020</u></u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs and capital projects accounted for in the funds in accordance with budgetary authorizations.

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 6 – LONG TERM LIABILITIES:**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2015:

|                                            | Balance<br>Sept. 30, 2014 | Increases  | Decreases    | Balance<br>Sept. 30, 2015 | Amount Due<br>Within<br>One Year | Long<br>Term Debt |
|--------------------------------------------|---------------------------|------------|--------------|---------------------------|----------------------------------|-------------------|
| Governmental Activities                    |                           |            |              |                           |                                  |                   |
| 2012 Capital Improvement<br>Revenue Note   | \$ 2,315,000              | \$ -       | \$ 265,000   | \$ 2,050,000              | \$ 275,000                       | \$ 1,775,000      |
| 2008 Capital Improvement<br>Revenue Note   | 3,412,000                 | -          | 441,000      | 2,971,000                 | 455,000                          | 2,516,000         |
| 2006 Capital Improvement<br>Line of Credit | 301,218                   | -          | 16,400       | 284,818                   | 16,860                           | 267,958           |
| Capital lease of real property             | 240,000                   | -          | 5,000        | 235,000                   | 5,000                            | 230,000           |
| Accrued compensated absences               | 767,321                   | 547,859    | 578,970      | 736,210                   | 539,500                          | 196,710           |
| OPEB liability                             | 255,185                   | 23,819     | -            | 279,004                   | -                                | 279,004           |
| Governmental activities total              | 7,290,724                 | 571,678    | 1,306,370    | 6,556,032                 | 1,291,360                        | 5,264,672         |
| Business-Type Activities                   |                           |            |              |                           |                                  |                   |
| 2012 Refunding<br>Revenue Note             | 1,215,000                 | -          | 140,000      | 1,075,000                 | 140,000                          | 935,000           |
| 2006 Capital Improvement<br>Revenue Note   | 6,895,187                 | -          | 374,522      | 6,520,665                 | 385,269                          | 6,135,396         |
| Plus deferred amount<br>on refunding       | 66,789                    |            | 9,320        | 57,469                    | 9,320                            | 48,149            |
| Total bonds payable                        | 8,176,976                 | -          | 523,842      | 7,653,134                 | 534,589                          | 7,118,545         |
| Accrued compensated absences               | 361,750                   | 246,701    | 211,447      | 397,004                   | 104,199                          | 292,805           |
| OPEB liability                             | 117,815                   | 11,181     | -            | 128,996                   | -                                | 128,996           |
| Business-type activities totals            | 8,656,541                 | 257,882    | 735,289      | 8,179,134                 | 638,788                          | 7,540,346         |
| Total all activities                       | \$ 15,947,265             | \$ 829,560 | \$ 2,041,659 | \$ 14,735,166             | \$ 1,930,148                     | \$ 12,805,018     |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 6 – LONG TERM LIABILITIES (continued):**

Accrued compensated absences, termination benefits and OPEB are liquidated in the funds that incur the respective liabilities, which are the General fund and Enterprise funds.

**DEBT SERVICE**

**2012 Refunding Revenue Bond** – On January 19, 2012, the City issued a \$4,275,000 Refunding Revenue Bond, Series 2012 Refunding & New Money, at a fixed interest rate of 2.34% with Branch Banking and Trust Company, which matures on November 1, 2021. The bond was issued in the amount of \$1,500,000 to refund \$1,445,000 of outstanding Series 2001A revenue bonds, with variable interest rates of 4.75% to 5.25% and to purchase parkland on the waterfront (New Money) for \$2,775,000. Debt service payments are made semi-annually. The loan repayment obligations of the City are secured by a lien upon and a pledge of non-ad valorem funds budgeted and appropriated for purposes of payment. The refunding was undertaken to reduce total debt service payments by \$187,786 over the next ten years. The net present value savings on refunding the old debt is \$169,378.

**2008 Capital Improvement Revenue Note** – On April 25, 2008, the City issued a \$5,412,000 Capital Improvement Revenue Note, Series 2008, at a fixed interest rate of 3.3396% with Regions Bank, which matures on October 1, 2020. The note was issued for the acquisition and construction of certain capital improvements of the City. Debt service payments are made semi-annually. The loan repayment obligations of the City are payable from and secured by a lien upon and a pledge of non-ad valorem funds budgeted and appropriated for purposes of payment.

**2006 Capital Improvement Revenue Note and Line of Credit** – On June 21, 2006, the City issued a \$9,000,000 Capital Improvement Revenue Note, Series 2006, at a variable rate per annum equal to the one month London Interbank Offered Rate (“LIBOR Rate”) plus .23 basis points (.023%) with Bank of America. The line of credit was issued to finance various capital improvements as well as capital improvements for the City’s water and sewer system. The line of credit converted to a fixed rate of 2.860% on April 1, 2009 with debt service payable annually. The note matures on July 1, 2029. Payment of the loan is from a covenant to budget and appropriate non-ad valorem revenues.

|                            | Governmental Activities |                     |                      |                     | Business - Type Activities                   |                                 |                                    |                                  |                     |
|----------------------------|-------------------------|---------------------|----------------------|---------------------|----------------------------------------------|---------------------------------|------------------------------------|----------------------------------|---------------------|
|                            | Land Purchase           | Library Expansion   | Capital Improvements | Total               | Refunding Water & Sewer Capital Improvements | Stormwater Capital Improvements | Water & Sewer Capital Improvements | Solid Waste Capital Improvements | Total               |
| Issue Date                 | 2012                    | 2008                | 2006                 |                     | 2012                                         | 2006                            | 2006                               | 2006                             |                     |
| Retirement Date            | 2022                    | 2020                | 2029                 |                     | 2022                                         | 2029                            | 2029                               | 2029                             |                     |
| Debt at Issuance           | \$ 2,775,000            | \$ 5,412,000        | \$ 385,198           | \$ 8,572,198        | \$ 1,500,000                                 | \$ 1,425,296                    | \$ 6,393,426                       | \$ 796,080                       | \$ 10,114,802       |
| Outstanding Principal      | \$ 2,050,000            | \$ 2,971,000        | \$ 284,818           | \$ 5,305,818        | \$ 1,075,000                                 | \$ 1,085,733                    | \$ 4,832,636                       | \$ 602,296                       | \$ 7,595,665        |
| Interest Rate              | 2.340%                  | 3.340%              | 2.860%               |                     | 2.340%                                       | 2.860%                          | 2.860%                             | 2.860%                           |                     |
| <u>Annual Debt Service</u> |                         |                     |                      |                     |                                              |                                 |                                    |                                  |                     |
| 2016                       | \$ 319,752              | \$ 546,622          | \$ 25,021            | \$ 891,395          | \$ 163,517                                   | \$ 95,103                       | \$ 423,797                         | \$ 52,819                        | \$ 735,236          |
| 2017                       | 318,260                 | 547,159             | 25,021               | 890,440             | 165,183                                      | 95,102                          | 423,798                            | 52,819                           | 736,902             |
| 2018                       | 316,649                 | 546,179             | 25,021               | 887,849             | 166,731                                      | 95,103                          | 423,797                            | 52,819                           | 738,450             |
| 2019                       | 314,921                 | 546,665             | 25,022               | 886,608             | 168,163                                      | 95,102                          | 423,797                            | 52,819                           | 739,881             |
| 2020                       | 318,018                 | 545,600             | 25,021               | 888,639             | 169,477                                      | 95,103                          | 423,798                            | 52,818                           | 741,196             |
| Thereafter                 | 634,625                 | 545,964             | 224,654              | 1,405,243           | 332,664                                      | 855,920                         | 3,814,177                          | 475,369                          | 5,478,130           |
|                            | <u>\$ 2,222,225</u>     | <u>\$ 3,278,189</u> | <u>\$ 349,760</u>    | <u>\$ 5,850,174</u> | <u>\$ 1,165,734</u>                          | <u>\$ 1,331,433</u>             | <u>\$ 5,933,164</u>                | <u>\$ 739,463</u>                | <u>\$ 9,169,794</u> |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 6 – LONG TERM LIABILITIES (continued):**

**DEBT SERVICE REQUIREMENTS**

The annual debt service requirements for the governmental activities long-term debt as of September 30, 2015 are as follow:

| Year Ending<br>September 30, | 2006 Capital Improvement Revenue Note |                  |                   |
|------------------------------|---------------------------------------|------------------|-------------------|
|                              | Principal                             | Interest         | Total             |
| 2016                         | \$ 16,860                             | \$ 8,161         | \$ 25,021         |
| 2017                         | 17,342                                | 7,679            | 25,021            |
| 2018                         | 17,838                                | 7,183            | 25,021            |
| 2019                         | 18,349                                | 6,673            | 25,022            |
| 2020                         | 18,873                                | 6,148            | 25,021            |
| 2021 - 2025                  | 102,778                               | 22,329           | 125,107           |
| 2026 - 2029                  | 92,778                                | 6,769            | 99,547            |
| Total debt service           | <u>\$ 284,818</u>                     | <u>\$ 64,942</u> | <u>\$ 349,760</u> |

| Year Ending<br>September 30, | 2008 Capital Improvement Revenue Note |                   |                     |
|------------------------------|---------------------------------------|-------------------|---------------------|
|                              | Principal                             | Interest          | Total               |
| 2016                         | \$ 455,000                            | \$ 91,622         | \$ 546,622          |
| 2017                         | 471,000                               | 76,159            | 547,159             |
| 2018                         | 486,000                               | 60,179            | 546,179             |
| 2019                         | 503,000                               | 43,665            | 546,665             |
| 2020                         | 519,000                               | 26,600            | 545,600             |
| 2021                         | 537,000                               | 8,964             | 545,964             |
| Total debt service           | <u>\$ 2,971,000</u>                   | <u>\$ 307,189</u> | <u>\$ 3,278,189</u> |

| Year Ending<br>September 30, | 2012 Refunding Revenue Bond |                   |                     |
|------------------------------|-----------------------------|-------------------|---------------------|
|                              | Principal                   | Interest          | Total               |
| 2016                         | 275,000                     | 44,752            | \$ 319,752          |
| 2017                         | 280,000                     | 38,260            | 318,260             |
| 2018                         | 285,000                     | 31,649            | 316,649             |
| 2019                         | 290,000                     | 24,921            | 314,921             |
| 2020                         | 300,000                     | 18,018            | 318,018             |
| 2021 - 2022                  | 620,000                     | 14,625            | 634,625             |
| Total debt service           | <u>\$ 2,050,000</u>         | <u>\$ 172,225</u> | <u>\$ 2,222,225</u> |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 6 – LONG TERM LIABILITIES (continued):**

The annual debt service requirements for the business-type activities long-term debt as of September 30, 2015 are as follow:

| Year Ending<br>September 30, | 2006 Capital Improvement Revenue Note |                     |                     |
|------------------------------|---------------------------------------|---------------------|---------------------|
|                              | Principal                             | Interest            | Total               |
| 2016                         | \$ 385,240                            | \$ 186,479          | \$ 571,719          |
| 2017                         | 396,259                               | 175,460             | 571,719             |
| 2018                         | 407,591                               | 164,128             | 571,719             |
| 2019                         | 419,247                               | 152,471             | 571,718             |
| 2020                         | 431,239                               | 140,480             | 571,719             |
| 2021 - 2025                  | 2,348,401                             | 510,193             | 2,858,594           |
| 2026 - 2029                  | 2,132,688                             | 154,184             | 2,286,872           |
| Total debt service           | <u>\$ 6,520,665</u>                   | <u>\$ 1,483,395</u> | <u>\$ 8,004,060</u> |

| Year Ending<br>September 30, | 2012 Refunding Revenue Bond |                  |                     |
|------------------------------|-----------------------------|------------------|---------------------|
|                              | Principal                   | Interest         | Total               |
| 2016                         | 140,000                     | 23,517           | \$ 163,517          |
| 2017                         | 145,000                     | 20,183           | 165,183             |
| 2018                         | 150,000                     | 16,731           | 166,731             |
| 2019                         | 155,000                     | 13,163           | 168,163             |
| 2020                         | 160,000                     | 9,477            | 169,477             |
| 2021 - 2022                  | 325,000                     | 7,664            | 332,664             |
| Total debt service           | <u>\$ 1,075,000</u>         | <u>\$ 90,734</u> | <u>\$ 1,165,734</u> |

**Capital Lease**

The City entered into a lease-purchase agreement with the School Board of Pinellas County, Florida for property located at 0 Elm Street, Safety Harbor, which is the site of the former Secondary School that was demolished in 2009. The lease term is fifty (50) years for a purchase price of \$250,000 and requires annual installments of \$5,000 with no annual interest or accrual rate. The City may pay in full any time during the term of the lease the outstanding balance of the lease. The future minimum lease payment as of September 30, 2015 is \$235,000.

**NOTE 7 – PENSION PLANS:**

A. Florida Retirement System

**Plan Description**

The City contributes to the Florida Retirement System (FRS), a cost-sharing multiple employer Public Employees Retirement System (PERS) defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Administration and Division of Retirement and covers twenty-seven percent of all the City's full-time employees. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, health insurance

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

subsidy, and survivor benefits to plan members and beneficiaries, respectively. The FRS was established in 1970 by Chapter 121, Florida Statutes. Changes to the law can be made only by an act of the Florida Legislature. Rules governing the operations and administration of the System may be found in Chapter 60S of the Florida Administrative Code. A comprehensive annual financial report of the Florida Retirement System, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

There are over 1,000 participating employers served by the FRS and Retiree Health Insurance Subsidy (HIS) defined benefit plans. Since January of 1996, the FRS pension plan has been closed to new entrants. The number of years of creditable service required to vest for enrolled employees is determined by the employee's membership class. Employees vest after completing 10 years of creditable service with the exception of the senior management class which vests after completion of 7 years of creditable service. This plan includes an early retirement option which allows members who are vested but have not reached the normal retirement age or date to take a benefit reduction for each year the retirement date precedes the normal retirement age.

*Deferred Retirement Option Program (DROP)*

The FRS pension plan allows eligible members to participate in the Deferred Retirement Option Program (DROP). This program allows members to retire and continue working, drawing both salary and retirement benefits during participation in this program, up to 60 months. There were 16 employees participating in DROP as of September 30, 2015.

*Benefits Provided*

The monthly benefit an employee receives is dependent upon the years of creditable service, percentage value of each year of creditable service and average final compensation. Average final compensation is the average of the five highest fiscal years of salary earned during covered employment. The total percentage value of the benefit received is determined by calculating the total value of all service, based on the retirement plan and/or class the employee belonged to when the service credit was earned.

Benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment each July which is based on the June benefit amount. The cost-of-living adjustment (COLA) for retirements or DROP participation effective prior to August 1, 2011 is 3 percent per year. The COLA calculation for retirements with effective retirement dates or DROP begin dates on or after August 1, 2011 is calculated by dividing pre-July 2011 service credit by total service credit at retirement and multiplying by 3 percent.

*Contributions*

Presently, the System requires a 3.00% contribution from covered members in the regular, special risk and senior management classes. The City is required to contribute an actuarially determined rate. The employers current contribution rates, based upon employees' gross earnings, are: regular employees, 7.37%; special risk, 19.82%; and senior management, 21.14%. The contribution requirements of the City are established by and may be amended by the State Legislature. The City's contributions to the System for the fiscal years ending September 30, 2015, 2014 and 2013

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

were approximately \$270,000, \$384,000, and \$320,000 respectively, equal to the required contributions for each year.

*Pension Costs*

At September 30, 2015, the City reported a liability of \$1,454,941 for its proportionate share of the FRS pension plan's net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on contributions made by the city to FRS during the measurement period relative to the total employer contributions made to FRS by all participating employers. At June 30, 2015, the City's proportion was .011264343%, which was a decrease of 14.6% from the proportion measured as of June 30, 2014.

The City recognized pension expense of \$104,020 for its proportionate share at September 30, 2015. The proportionate share of deferred outflows of resources and deferred inflows of resources were as follows:

| Description                                                                                               | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience                                               | \$ 153,599                        | \$ 34,507                        |
| Changes in Actuarial Assumptions                                                                          | 96,569                            | -                                |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                          | -                                 | 347,415                          |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | -                                 | 396,654                          |
| City Contributions Subsequent to the Measurement Date                                                     | 60,632                            | -                                |
| Total                                                                                                     | <u>\$ 310,800</u>                 | <u>\$ 778,576</u>                |

Amounts presented were determined as of June 30

A total of \$60,632 was reported as deferred outflows of resources as a result of contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ended September 30 | Amount       |
|-------------------------|--------------|
| 2016                    | \$ (196,262) |
| 2017                    | (196,262)    |
| 2018                    | (196,262)    |
| 2019                    | 90,367       |
| 2020                    | (38,683)     |
| Thereafter              | 8,694        |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

*Investments*

Investment management of assets contributed and held on behalf of the Florida Retirement System is provided by the State Board of Administration. Accounting and administration of benefits and contributions, commissions, actuarial studies and proposal rules and regulations for the administration of the FRS is provided by the Florida Division of Retirement. The State Legislature is responsible for setting contribution and benefit levels and providing the statutory guidance for the administration of the FRS. Plan target allocation as of September 30, 2015 was as follows:

| <u>Investment Category</u> | <u>Target Allocations</u> | <u>Annual<br/>Arithmetic<br/>Return</u> | <u>Compound<br/>Annual<br/>(Geometric)<br/>Return</u> | <u>Standard<br/>Deviation</u> |
|----------------------------|---------------------------|-----------------------------------------|-------------------------------------------------------|-------------------------------|
| Cash                       | 1%                        | 3.2%                                    | 3.1%                                                  | 1.7%                          |
| Fixed Income               | 18%                       | 4.8%                                    | 4.7%                                                  | 4.7%                          |
| Global Equity              | 53%                       | 8.5%                                    | 7.2%                                                  | 17.7%                         |
| Real Estate (Property)     | 10%                       | 6.8%                                    | 6.2%                                                  | 12.0%                         |
| Private Equity             | 6%                        | 11.9%                                   | 8.2%                                                  | 30.0%                         |
| Strategic Investments      | 12%                       | 6.7%                                    | 6.1%                                                  | 11.4%                         |
| Assumed Inflation - mean   |                           | 2.6%                                    |                                                       | 1.9%                          |

As of June 30, 2015, the money-weighted rate of return on pension plan investments, net of pension plan investment expense was 3.77 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability (asset) at September 30, 2015 were as follows:

| <u>Net Pension Liability of the City</u>                               | <u>FRS</u>          |
|------------------------------------------------------------------------|---------------------|
| Total pension liability                                                | \$ 18,177,353       |
| Plan fiduciary net position                                            | (16,722,412)        |
| City's net pension liability (asset)                                   | <u>\$ 1,454,941</u> |
| Plan fiduciary net position as a percentage of total pension liability | 92%                 |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

*Actuarial Methods & Assumptions:* Total pension liability was determined by actuarial valuation as of July 1, 2015, using the following actuarial assumptions:

|                                 | <u>Florida Retirement System</u>                                                                                                                          |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Timing                | Actuarially determined contribution rates for a given plan year are calculated in the valuation conducted as of the beginning of the preceding plan year. |
| Actuarial Cost Method           | Ultimate entry age                                                                                                                                        |
| Amortization Method             |                                                                                                                                                           |
| Level percent or level dollar   | Level Percent                                                                                                                                             |
| Closed, open or layered periods | Closed, Layered                                                                                                                                           |
| Amortization period at 7/1/2015 | 30 years                                                                                                                                                  |
| Payroll Growth rate             | 3.25%                                                                                                                                                     |
| Asset Valuation Method          |                                                                                                                                                           |
| Smoothing period                | 5 years                                                                                                                                                   |
| Recognition method              | Asymptotic                                                                                                                                                |
| Corridor                        | 80% - 120% of fair market value                                                                                                                           |
| Inflation                       | 2.60%                                                                                                                                                     |
| Salary Increases                |                                                                                                                                                           |
| Investment Rate of Return       | 7.65%                                                                                                                                                     |
| Cost of Living Adjustments      | 3% for pre-July 2011 benefit service; 0% thereafter                                                                                                       |
| Retirement Age                  | Varies by tier, membership class; details in valuation report                                                                                             |
| Turnover                        | Varies by tier, membership class; details in valuation report                                                                                             |
| Mortality                       | Generational RP-2000 with Projection Scale BB                                                                                                             |

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability calculated using the current discount rate of 7.65%, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (6.65 percent) and 1-percentage-point higher (8.65 percent).

|                                                    | <u>1% Decrease</u><br><u>6.65%</u> | <u>Current Rate</u><br><u>7.65%</u> | <u>1% Increase</u><br><u>8.65%</u> |
|----------------------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| FRS Net Pension Liability                          | \$ 33,469,161,224                  | \$ 12,916,341,186                   | \$ (4,186,981,004)                 |
| City's proportion of net pension liability (asset) | 3,770,081                          | 1,454,941                           | (471,636)                          |

Amounts presented were determined as of June 30

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

Retiree Health Insurance Subsidy Program

**Plan Description**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program.

**Plan Benefits**

The Program provides a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

**Contributions**

The HIS plan is funded by required contributions from FRS participating employers set by the Florida Legislature. Employer contributions are a percentage of gross compensation for active FRS members. The City is required to contribute an actuarially determined rate. The contribution requirements of the City are established by and may be amended by the State Legislature. Pursuant to Section 112.363, Florida Statutes, for October thru June of fiscal year ended September 30, 2015, the contribution rate was 1.26 percent of gross compensation. For July thru September of fiscal year ended September 30, 2015 the contribution rate was 1.66 percent of gross compensation. The City's contributions to the HIS plan for fiscal years ending September 30, 2015, 2014 and 2013 were approximately \$32,700, \$32,200, and \$33,000 respectively, equal to the required contributions for each year.

***Pension Costs***

At September 30, 2015, the City reported a liability of \$824,514 for its proportionate share of the HIS pension plan's net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on contributions made by the city during the measurement period relative to the total employer contributions made by all participating employers. At June 30, 2015, the City's proportion was .008084719%, which was a decrease of 11.9% from the same as the proportion measured as of June 30, 2014.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

The City recognized pension expense of \$61,426 for its proportionate share at September 30, 2015. The proportionate share of deferred outflows of resources and deferred inflows of resources were as follows:

| Description                                                                                               | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience                                               | \$ -                              | \$ -                             |
| Changes in Actuarial Assumptions                                                                          | 64,868                            | -                                |
| Net Difference Between Projected and Actual Earnings on HIS Program Investments                           | 446                               | -                                |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | -                                 | 143,395                          |
| City Contributions Subsequent to the Measurement Date                                                     | 9,220                             | -                                |
| Total                                                                                                     | <u>\$ 74,534</u>                  | <u>\$ 143,395</u>                |

Amounts presented were determined as of June 30

A total of \$9,220 was reported as deferred outflows of resources as a result of contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ended June 30 | Amount      |
|--------------------|-------------|
| 2016               | \$ (13,657) |
| 2017               | (13,657)    |
| 2018               | (13,657)    |
| 2019               | (13,748)    |
| 2020               | (31,552)    |
| Thereafter         | 8,190       |

The components of the net pension liability (asset) at September 30, 2015 were as follows:

|                                                                        |                                 |
|------------------------------------------------------------------------|---------------------------------|
| Net Pension Liability of the City                                      | <u>Health Insurance Subsidy</u> |
| Total pension liability                                                | \$ 828,619                      |
| Plan fiduciary net position                                            | (4,105)                         |
| City's net pension liability (asset)                                   | <u>\$ 824,514</u>               |
| Plan fiduciary net position as a percentage of total pension liability | 0.50%                           |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

Actuarial Assumptions

Valuations for the HIS program are performed biennially. Total pension liability was determined by actuarial valuation using the following assumptions:

|                                        | HIS Pension Plan Assumptions                         |
|----------------------------------------|------------------------------------------------------|
| Valuation date                         | 7/1/2014                                             |
| Measurement date                       | 6/30/2015                                            |
| Inflation                              | 2.60%                                                |
| Salary increases (including inflation) | 3.25%                                                |
| Mortality                              | Generational RP-2000 with Projection Scale BB tables |
| Actuarial cost Method                  | Individual Entry Age                                 |
| Municipal Bond Rate*                   | 3.80%                                                |

\*The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%

The discount rate used to measure the total pension liability was 3.80% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the municipal bond index.

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability calculated using the current discount rate of 3.80 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (2.80 percent) and 1-percentage-point higher (4.80 percent).

|                                                    | 1% Decrease<br>2.80% | Current Rate<br>3.80% | 1% Increase<br>4.80% |
|----------------------------------------------------|----------------------|-----------------------|----------------------|
| HIS Net Pension Liability                          | \$ 11,620,632,800    | \$ 10,198,426,978     | \$ 9,012,520,805     |
| City's proportion of net pension liability (asset) | 939,495              | 824,514               | 728,637              |

Amounts presented were determined as of June 30

**B. Defined Contribution Plan**

The City contributes to one defined contribution plan for employees starting after January 1, 1996 (Opt-Out Plan). Plan provisions and contributions are established by City Resolution. The plan is administered by ICMA Retirement Corporation. Plan investments are recorded at fair value. The Opt-Out Plan is fully vested upon completion of five or more years of service. The City contributes 8% of participants' earnings to the 401(a) plan accounts for general employees. Employees are not permitted to contribute to this plan. Employer contributions are recognized in the period that the contributions are due. The City contribution to the 401(a) plan accounts for general employees was \$294,166 for the year ended September 30, 2015. For the City Manager, retirement participation is in a 401(a) plan with the ICMA with a 12.5% City contribution. The total plan contribution for fiscal year 2015 for the City Manager was \$15,805.

**C. Firefighters' Pension Plan**

**Plan Description**

*Plan Administration.* The City of Safety Harbor Firefighter Pension Fund ("Firefighters Plan") has been established to conform to the Retirement Trust Fund provisions of Chapter 175 of Florida Statutes, as modified by local ordinance. The Firefighters Plan is a single employer defined benefit plan, which is administered by the Board of Trustees, which was established by local ordinance and covers all firefighters employed by the City of Safety Harbor.

The Board of Trustees is composed of five members. Two members are appointed by City Commission, two are elected by plan members and one is elected by the Board of Trustees and appointed by the City Commission.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

The Firefighters Plan issues a stand-alone financial report each year that contains information about the plan's fiduciary net position. The plan's fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting. This report is available to the public at the plan's administrative office: Retirement Department, Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302 or calling (800) 342-8112.

*Plan Membership.* At September 30, 2015, pension plan membership consists of the following:

| Membership Classification                                           | Number of<br>Plan<br>Members |
|---------------------------------------------------------------------|------------------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 0                            |
| Inactive plan members entitled to but not yet receiving benefits    | 1                            |
| Active plan members                                                 | 18                           |
|                                                                     | 19                           |

*Benefits Provided.* The Firefighters Plan provides retirement, disability and pre-retirement death benefits. Retirement benefits for plan members are calculated as 3 percent of average earnings (highest 5 years of pensionable earnings out of last 10 years) times the members' years of service. Disability benefits are calculated as 42 percent of average earnings or result of retirement pension formula, whichever is largest. The minimum disability benefit is calculated as 2 percent of average earnings time the years of service. Pre-retirement death benefits are calculated as 50 percent of pensionable earnings. Normal retirement for plan members is 55 years of age with 10 years of service or any age with at least 25 years of service. Early retirement is available to plan members 50 years of age with at least 10 years of service. Early retirement pension is reduced by 3 percent for each year by which the early retirement date precedes the normal retirement date. Plan members become 100 percent vested after 10 years of service. Benefit terms provide for annual cost-of-living adjustments of 2 percent per annum.

*Contributions.* Plan members are required to contribute 1 percent of their annual covered salary. The City's contribution to the fund is determined by actuarial valuation. The City is required to contribute an amount equal to the minimum required contribution as a percentage of covered payroll. The employee contribution requirement may be amended by City ordinance but the employer contribution requirement is subject to State minimums. The City's contribution of \$262,776 (24.73 percent of covered payroll) for 2015 is reflected in the departmental expenditures section of the General Fund. The State of Florida levies a tax on property, casualty and auto insurance premiums, the proceeds of which are distributed to the Plan. The State of Florida's contribution to the retirement trust fund was \$128,897 for 2015 and represents on-behalf payments of fringe benefits and salaries that are reflected as both revenue and expenditures in the General Fund and government wide statements.

*Pension Expense and Deferred Outflows and Inflows of Resources.* At September 30, 2015, the City reported a net pension asset of \$2,442,070. The net pension asset was measured as of September 30, 2015. The City recognized pension expense of \$70,253 at September 30, 2015. Deferred outflows of resources and deferred inflows of resources were as follows:

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

| Description                                                                                  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|----------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience                                  | \$ -                              | \$ 187,086                       |
| Changes in Actuarial Assumptions                                                             | -                                 | 522,313                          |
| Net Difference Between Projected and Actual Earnings on Firefighter Pension Plan Investments | 406,213                           | -                                |
| Total                                                                                        | <u>\$ 406,213</u>                 | <u>\$ 709,399</u>                |

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ended September 30 | Amount    |
|-------------------------|-----------|
| 2016                    | \$ 42,406 |
| 2017                    | 42,406    |
| 2018                    | 42,406    |
| 2019                    | 61,722    |
| 2020                    | (54,318)  |
| Thereafter              | (437,808) |

**Investments**

*Investment Policy.* The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Florida League of Cities. The primary investment objective is long-term capital and income growth consistent with capital conservation. Consistent returns and avoiding extreme market value volatility is emphasized. Plan target allocation as of September 30, 2015 was as follows:

| Investment Category                  | Target Allocations |
|--------------------------------------|--------------------|
| Core Bonds                           | 16%                |
| Multi-Sector                         | 24%                |
| US Large Cap Equity                  | 39%                |
| US Small Cap Equity                  | 11%                |
| Non US Equity                        | 10%                |
| Total or Weighted Arithmetic Average | <u>100%</u>        |

For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

**Net Pension Liability (Asset)**

The components of the net pension liability (asset) at September 30, 2015, were as follows:

|                                                                        |                       |
|------------------------------------------------------------------------|-----------------------|
| Total pension liability                                                | \$ 3,083,937          |
| Plan fiduciary net position                                            | (5,526,007)           |
| City's net pension liability (asset)                                   | <u>\$ (2,442,070)</u> |
| Plan fiduciary net position as a percentage of total pension liability | 179.19%               |

*Actuarial Methods & Assumptions:* Total pension liability was determined by actuarial valuation as of September 30, 2015, using the following actuarial assumptions:

|                               | <u>Firefighters Pension<br/>Plan</u> |
|-------------------------------|--------------------------------------|
| Actuarial valuation date      | 10/1/2014                            |
| Measurement date              | 9/30/2015                            |
| Actuarial cost method         | Aggregate Cost**                     |
| Amortization method           | Level dollar, open                   |
| Remaining amortization period | 30 years                             |
| Asset valuation method        | Market value                         |
| Discount rate*                | 9.08% per annum                      |
| Salary increases              | 4.50% per annum                      |
| Cost of living increases      | 2.00% per annum                      |

\*The discount rate was used to discount all future benefit payments (3.59% per annum is attributable to long-term inflation).

\*\*Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funded progress is prepared using the entry age normal cost method and is intended to serve as a surrogate for the funded status of the plan.

Mortality Basis: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of the Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

Retirement is assumed to occur at the most valuable retirement age.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (continued):**

*Rate of Return:* The long-term expected real rate of return on plan asset classes as of September 30, 2015 are as follows:

| Investment Category                  | Long-Term Expected Real Rate of Return |           |
|--------------------------------------|----------------------------------------|-----------|
| Core Bonds                           | 2.48%                                  | per annum |
| Multi-Sector                         | 2.20%                                  | per annum |
| US Large Cap Equity                  | 7.14%                                  | per annum |
| US Small Cap Equity                  | 8.45%                                  | per annum |
| Non-US Equity                        | 8.43%                                  | per annum |
| Total or Weighted Arithmetic Average | 5.48%                                  | per annum |

*Changes in Net Pension Liability:*

| Changes in Net Pension Liability |                               |                           |                          |
|----------------------------------|-------------------------------|---------------------------|--------------------------|
|                                  | Total<br>Pension<br>Liability | Fiduciary Net<br>Position | Net Pension<br>Liability |
| Balance as of September 30, 2014 | \$ 3,337,097                  | \$(5,219,812)             | (1,882,715)              |
| Changes due to:                  |                               |                           |                          |
| Service Cost                     | 190,271                       | -                         | 190,271                  |
| Expected Interest Growth         | 320,285                       | (491,498)                 | (171,213)                |
| Unexpected Investment Income     | -                             | 580,202                   | 580,202                  |
| Demographic Experience           | (201,410)                     | -                         | (201,410)                |
| Employer Contributions           | -                             | (403,688)                 | (403,688)                |
| Employee Contributions           | -                             | (10,861)                  | (10,861)                 |
| Benefit Payments & Refunds       | -                             | -                         | -                        |
| Administrative Expenses          | -                             | 19,650                    | 19,650                   |
| Changes in Benefit Terms         | -                             | -                         | -                        |
| Assumption Changes               | (562,306)                     | -                         | (562,306)                |
| Balance as of September 30, 2015 | \$ 3,083,937                  | \$(5,526,007)             | \$(2,442,070)            |

*Sensitivity of the net pension liability (asset) to changes in the discount rate:* The following presents the net pension asset calculated using the current discount rate of 9.08 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (8.08 percent) and 1- percentage-point higher (10.08 percent).

|                               | 1% Decrease<br>8.08%  | Current Rate<br>9.08% | 1% Increase<br>10.08% |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability       | \$ 3,640,076          | \$ 3,083,937          | \$ 2,629,779          |
| Fiduciary net position        | (5,526,007)           | (5,526,007)           | (5,526,007)           |
| Net pension liability (asset) | <u>\$ (1,885,931)</u> | <u>\$ (2,442,070)</u> | <u>\$ (2,896,228)</u> |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 8 – DEFERRED COMPENSATION PLAN:**

The City offers an optional deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to all employees in addition to pension plans. Under the provisions of Internal Revenue Code Section 457, *Deferred Compensation Plans*, and GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the City's financial statements at September 30, 2015.

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):**

Plan Description and Funding Policy

The City operates a single-employer retiree benefit plan (the "Plan") that provides certain healthcare related benefits to retirees and certain other employees. The City is required by section 112.0801, Florida Statutes, to allow retirees and certain other former employees to continue to participate in the City's fully insured plan. These retirees are fully responsible for payment of their insurance premiums, and the City generally does not contribute toward this payment. However, retirees pay for the cost of this benefit at a single, blended premium rate that the City uses for both active employees and retirees. The difference between the amount the retiree is required to pay at the implicitly subsidized premium rates and the actual cost to the City meets the definition of OPEB. The required contribution by the City is based on pay-as-you-go financing requirements. The City has no legal or contractual obligation to make contributions to a qualified trust to fund OPEB. For the year ended September 30, 2015, the City estimated a \$43,000 subsidy of health care costs for its retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan:

|                                            |                          |
|--------------------------------------------|--------------------------|
| Annual required contribution               | \$ 96,000                |
| Interest on net OPEB obligation            | 15,000                   |
| Adjustment to annual required contribution | <u>(32,000)</u>          |
| Annual OPEB cost (expense)                 | 79,000                   |
| Contributions made                         | <u>(43,000)</u>          |
| Interest on Employer Contributions         | (1,000)                  |
| Increase in net OPEB obligation            | 35,000                   |
| Net OPEB obligation - beginning of year    | 373,000                  |
| Net OPEB obligation - end of year          | <u><u>\$ 408,000</u></u> |

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued):**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent three years were as follows:

| <u>Fiscal Year</u><br><u>End</u> | <u>Annual OPEB</u><br><u>Cost</u> | <u>% of Annual OPEB</u><br><u>Cost Contributed</u> | <u>Net OPEB</u><br><u>Obligation</u> |
|----------------------------------|-----------------------------------|----------------------------------------------------|--------------------------------------|
| 9/30/2015                        | \$ 79,000                         | 46%                                                | \$ 408,000                           |
| 9/30/2014                        | 110,000                           | 37%                                                | 373,000                              |
| 9/30/2013                        | 109,000                           | 38%                                                | 304,000                              |

**Funding Status and Funding Progress**

The unfunded actuarial accrued liability for other post employee benefits was \$647,000 and an actuarial value of assets of zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$647,000 as of September 30, 2015. The covered payroll (annual payroll of active employees covered by the plan) was \$6,928,000, and the ratio of the UAAL to the covered payroll was 9.3 percent.

This actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to constant revision as actual experience are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based upon the types of benefits provided under the terms of the plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method was used in the actuarial valuation. Other actuarial assumptions included a 4% investment rate of return, with 2.75% of this amount being attributed to inflation. The investment return assumption is based on the expected long-term return on the assets which will be used to provide the OPEB benefits being valued. Since there are no invested assets in this plan (as there is not a benefit trust designated to pay the promised benefits), the actuary analyzes the

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued):**

expected long-term return on the City's surplus funds. The annual healthcare cost rate was 8% initially, grading down to a rate of 5.5% by fiscal year 2020/21 and later. The City's unfunded actuarial accrued liability is amortized as a level dollar amount on an open basis. The amortization period is 15 years.

**NOTE 10 – REDEVELOPMENT TRUST FUND**

Pursuant to Florida Statute 163.387, the schedule below provides a summary of the sources of deposits into, and the amount and purpose of withdrawals from, the Redevelopment Trust Fund (Community Redevelopment Agency Fund) for the fiscal year ended September 30, 2015.

|                                                        | <u>Deposits</u>   | <u>Withdrawals</u> |
|--------------------------------------------------------|-------------------|--------------------|
| Sources of deposits:                                   |                   |                    |
| Ad valorem taxes                                       | \$ 145,027        | \$ -               |
| Ad valorem taxes from Pinellas County                  | 192,217           | -                  |
| Miscellaneous revenue                                  | 10,000            | -                  |
| Interest and investment income                         | 9,523             | -                  |
| Purpose of withdrawals:                                |                   |                    |
| Personal services                                      | -                 | 35,994             |
| Banners                                                | -                 | 2,015              |
| Brochures                                              | -                 | 567                |
| Decorative lighting                                    | -                 | 4,606              |
| District fees                                          | -                 | 670                |
| Façade and partnership incentives                      | -                 | 13,650             |
| Jolley Trolley                                         | -                 | 27,909             |
| Land lease - CSX                                       | -                 | 435                |
| Public Art Committee                                   | -                 | 2,580              |
| Streetscaping - benches, trash cans, planter, ballasts | -                 | 11,197             |
| Mullet Creek Bridge improvements                       | -                 | 7,640              |
| Waterfront Park                                        | -                 | 31,562             |
| Transfer to Capital Projects fund for Waterfront Park  | -                 | 44,860             |
| Totals                                                 | <u>\$ 356,767</u> | <u>\$ 183,685</u>  |

**NOTE 11 – RISK MANAGEMENT**

The City is a member of Public Risk Management (PRM), a local government liability risk pool. PRM administers insurance activities relating to property, general, automobile and public officials' liability, employees' health and auto physical damage. PRM absorbs losses up to a specified amount annually and purchases excess and other specific coverages from third-party carriers. PRM assesses each member their pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments (premiums) do not produce sufficient funds to meet its obligations, PRM can make additional limited assessments. Losses, if any, in excess of PRM's ability to assess its members would revert back to the member that incurred the loss. No additional assessments were levied by PRM to the City for the fiscal year ended September 30, 2015. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2015. In addition, there have been no settlements that exceeded the City's insurance coverage in any of the past three fiscal years.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 11 – RISK MANAGEMENT (continued):**

The City is a defendant in various legal actions that, in the opinion of management, will not have a significant effect on the financial position or results of operations of the City.

**NOTE 12 – STATE AND FEDERAL GRANT COMMITMENTS**

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City.

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended September 30, 2015, the City adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. These pronouncements require the restatement of September 30, 2014 net position of the governmental activities and proprietary funds as follows:

|                                                                                           | Governmental<br>Activities | <u>Business-Type Activities</u> |                     |                     | Total<br>Business-Type<br>Activities |
|-------------------------------------------------------------------------------------------|----------------------------|---------------------------------|---------------------|---------------------|--------------------------------------|
|                                                                                           |                            | <u>Water and<br/>Wastewater</u> | <u>Solid Waste</u>  | <u>Stormwater</u>   |                                      |
| Net Position, September 30, 2014, as previously reported                                  | \$ 29,907,441              | \$ 25,188,762                   | \$ 2,794,347        | \$ 6,125,746        | \$ 34,108,855                        |
| Cumulative Affect of Application of GASB 68:                                              |                            |                                 |                     |                     |                                      |
| Net pension asset                                                                         | 1,366,327                  | -                               | -                   | -                   | -                                    |
| Deferred Outflow of Resources for<br>Unamortized Pension Costs as of September<br>30,2014 | 156,038                    | 37,449                          | 37,449              | 12,483              | 87,381                               |
| Net pension liability                                                                     | 1,065,699                  | 255,768                         | 255,768             | 85,255              | 596,791                              |
| Deferred Inflow of Resources for<br>Unamortized Pension Costs as of September<br>30,2014  | 1,128,519                  | 252,301                         | 252,301             | 84,101              | 588,703                              |
| September 30 , 2014, as restated                                                          | <u>\$ 29,235,588</u>       | <u>\$ 24,718,142</u>            | <u>\$ 2,323,727</u> | <u>\$ 5,968,873</u> | <u>\$ 33,010,742</u>                 |

## **REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                      | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------------------------|------------------------|---------------------|----------------------|-------------------------------------------------------------------|
| Resources (inflows):                                                 |                        |                     |                      |                                                                   |
| Property taxes                                                       | \$ 3,931,280           | \$ 3,931,280        | \$ 3,856,154         | \$ (75,126)                                                       |
| Utility taxes                                                        | 2,358,500              | 2,358,500           | 2,423,913            | 65,413                                                            |
| Local business tax                                                   | 151,000                | 151,000             | 162,446              | 11,446                                                            |
| Local option tax                                                     | 140,000                | 140,000             | 128,897              | (11,103)                                                          |
| Franchise fees                                                       | 1,450,000              | 1,450,000           | 1,462,318            | 12,318                                                            |
| Licenses and permits                                                 | 152,900                | 152,900             | 219,997              | 67,097                                                            |
| Impact fees                                                          | -                      | -                   | -                    | -                                                                 |
| Sales tax                                                            | 969,000                | 969,000             | 1,018,441            | 49,441                                                            |
| Intergovernmental                                                    | 1,725,720              | 1,725,720           | 1,785,913            | 60,193                                                            |
| Charges for services                                                 | 973,420                | 967,420             | 973,114              | 5,694                                                             |
| Fines and forfeitures                                                | 36,000                 | 36,000              | 49,232               | 13,232                                                            |
| Interest income and net appreciation<br>in fair value of investments | 135,450                | 135,450             | 179,392              | 43,942                                                            |
| Contributions and donations                                          | 500                    | 13,985              | 13,775               | (210)                                                             |
| Other                                                                | 929,000                | 929,000             | 968,183              | 39,183                                                            |
|                                                                      | <u>12,952,770</u>      | <u>12,960,255</u>   | <u>13,241,775</u>    | <u>281,520</u>                                                    |
| Amounts available for appropriation                                  |                        |                     |                      |                                                                   |
| Charges to appropriations (outflows):                                |                        |                     |                      |                                                                   |
| General Government:                                                  |                        |                     |                      |                                                                   |
| City Commission                                                      | 127,400                | 153,900             | 144,196              | 9,704                                                             |
| City Manager                                                         | 181,400                | 179,830             | 171,544              | 8,286                                                             |
| City Clerk                                                           | 152,470                | 151,730             | 120,621              | 31,109                                                            |
| Finance                                                              | 238,496                | 234,926             | 234,243              | 683                                                               |
| Personnel <sup>(1)</sup>                                             | 169,006                | 167,366             | 171,395              | (4,029)                                                           |
| Planning                                                             | 275,824                | 284,531             | 231,826              | 52,705                                                            |
| City Attorney                                                        | 119,600                | 128,200             | 124,805              | 3,395                                                             |
| Nondepartmental                                                      | 338,258                | 351,733             | 310,471              | 41,262                                                            |
| Maintenance <sup>(2)</sup>                                           | 607,047                | 599,537             | 605,564              | (6,027)                                                           |
| Nonoperating                                                         | 290,810                | 290,810             | 290,810              | -                                                                 |
|                                                                      | <u>2,500,311</u>       | <u>2,542,563</u>    | <u>2,405,475</u>     | <u>137,088</u>                                                    |
| Total general government                                             |                        |                     |                      |                                                                   |
| Public Safety:                                                       |                        |                     |                      |                                                                   |
| Law enforcement                                                      | 1,211,300              | 1,211,300           | 1,211,298            | 2                                                                 |
| Fire protection                                                      | 3,706,940              | 3,706,335           | 3,702,398            | 3,937                                                             |
| Building department                                                  | 314,511                | 385,741             | 360,833              | 24,908                                                            |
|                                                                      | <u>5,232,751</u>       | <u>5,303,376</u>    | <u>5,274,529</u>     | <u>28,847</u>                                                     |
| Total public safety                                                  |                        |                     |                      |                                                                   |
| Physical environment                                                 | 402,125                | 391,357             | 354,460              | 36,897                                                            |
| Transportation                                                       | 769,132                | 745,068             | 686,241              | 58,827                                                            |

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                            | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------------------------------|------------------------|---------------------|----------------------|-------------------------------------------------------------------|
| Culture and recreation:                                                    |                        |                     |                      |                                                                   |
| Library                                                                    | 1,191,416              | 1,194,194           | 1,187,566            | 6,628                                                             |
| Parks and recreation                                                       | <u>2,846,632</u>       | <u>2,806,352</u>    | <u>2,558,266</u>     | <u>248,086</u>                                                    |
| Total culture and recreation                                               | <u>4,038,048</u>       | <u>4,000,546</u>    | <u>3,745,832</u>     | <u>254,714</u>                                                    |
| Capital outlay                                                             | <u>107,120</u>         | <u>118,625</u>      | <u>111,414</u>       | <u>7,211</u>                                                      |
| Other Financing Sources (Uses)                                             |                        |                     |                      |                                                                   |
| Transfers in from other funds                                              | 41,850                 | 41,850              | -                    | 41,850                                                            |
| Transfers out to other funds                                               | <u>(1,607,650)</u>     | <u>(1,607,650)</u>  | <u>(1,607,650)</u>   | <u>-</u>                                                          |
| Total Other Financing Sources                                              | <u>(1,565,800)</u>     | <u>(1,565,800)</u>  | <u>(1,607,650)</u>   | <u>41,850</u>                                                     |
| Total charges to appropriations                                            | <u>14,657,137</u>      | <u>14,709,185</u>   | <u>14,185,601</u>    | <u>523,584</u>                                                    |
| Excess (deficiency) of resources<br>over (under) charges to appropriations | <u>(1,662,517)</u>     | <u>(1,707,080)</u>  | <u>(943,826)</u>     | <u>(200,214)</u>                                                  |
| Appropriated fund balance                                                  | <u>1,662,517</u>       | <u>1,707,080</u>    | <u>-</u>             | <u>(1,707,080)</u>                                                |
| Deficiency of resources under<br>charges to appropriations                 | <u>\$ -</u>            | <u>\$ -</u>         | <u>\$ (943,826)</u>  | <u>\$ (1,907,294)</u>                                             |

(1) Personnel expenditures are over budget due to activity in salaries and fringes.

(2) Maintenance expenditures are over budget due to retirement payout in salaries and fringes.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUND – COMMUNITY REDEVELOPMENT AGENCY FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                            | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------------------------------|------------------------|---------------------|----------------------|-------------------------------------------------------------------|
| Resources (inflows):                                                       |                        |                     |                      |                                                                   |
| Property taxes                                                             | \$ 350,880             | \$ 337,244          | \$ 337,244           | \$ -                                                              |
| Miscellaneous revenue                                                      | 15,000                 | 10,000              | 10,000               | -                                                                 |
| Interest income and net appreciation<br>in fair value of investments       | <u>5,610</u>           | <u>4,115</u>        | <u>9,523</u>         | <u>5,408</u>                                                      |
| Amounts available for appropriation                                        | <u>371,490</u>         | <u>351,359</u>      | <u>356,767</u>       | <u>5,408</u>                                                      |
| Charges to appropriations (outflows):                                      |                        |                     |                      |                                                                   |
| General government                                                         | 176,928                | 99,625              | 99,623               | 2                                                                 |
| Capital outlay                                                             | 46,137                 | 40,051              | 39,202               | 849                                                               |
| Transfers out to other funds                                               | <u>201,860</u>         | <u>44,860</u>       | <u>44,860</u>        | <u>-</u>                                                          |
| Total charges to appropriations                                            | <u>424,925</u>         | <u>184,536</u>      | <u>183,685</u>       | <u>851</u>                                                        |
| Excess (deficiency) of resources<br>over (under) charges to appropriations | <u>(53,435)</u>        | <u>166,823</u>      | <u>173,082</u>       | <u>(6,259)</u>                                                    |
| Appropriated fund balance                                                  | <u>53,435</u>          | <u>(166,823)</u>    | <u>-</u>             | <u>166,823</u>                                                    |
| Deficiency of resources under<br>charges to appropriations                 | <u>\$ -</u>            | <u>\$ -</u>         | <u>\$ 173,082</u>    | <u>\$ 173,082</u>                                                 |

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
FLORIDA RETIREMENT SYSTEM PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                             | <u>2015</u>  |
|-------------------------------------------------------------------------------------------------------------|--------------|
| City's proportion of the net pension liability                                                              | 0.011264343% |
| City's proportionate share of the net pension liability (asset)                                             | \$ 1,454,941 |
| Plan fiduciary net position as a percentage of the total pension liability (asset)                          | 92%          |
| City's covered-employee payroll                                                                             | \$ 2,451,390 |
| City's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll | 59%          |

Amounts presented were determined as of June 30

1. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF CITY CONTRIBUTIONS –  
FLORIDA RETIREMENT SYSTEM PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                    | 2015         |
|--------------------------------------------------------------------|--------------|
| Statutorily required contribution                                  | \$ 269,576   |
| Contributions in relation to the statutorily required contribution | (269,576)    |
| Annual contribution deficiency (excess)                            | <u>\$ -</u>  |
| City's covered-employee payroll                                    | \$ 2,451,390 |
| City's contributions as a percentage of covered-employee payroll   | 11%          |

Amounts presented were determined as of September 30

1. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
HEALTH INSURANCE SUBSIDY PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                             | <u>2015</u>  |
|-------------------------------------------------------------------------------------------------------------|--------------|
| City's proportion of the net pension liability                                                              | 0.008084719% |
| City's proportionate share of the net pension liability (asset)                                             | \$ 824,514   |
| Plan fiduciary net position as a percentage of the total pension liability (asset)                          | 0.50%        |
| City's covered-employee payroll                                                                             | \$ 2,451,390 |
| City's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll | 34%          |

Amounts presented were determined as of June 30

1. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF CITY CONTRIBUTIONS –  
HEALTH INSURANCE SUBSIDY PENSION PLAN<sup>1</sup>  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                    | 2015         |
|--------------------------------------------------------------------|--------------|
| Statutorily required contribution                                  | \$ 32,688    |
| Contributions in relation to the statutorily required contribution | (32,688)     |
| Annual contribution deficiency (excess)                            | \$ -         |
| City's covered-employee payroll                                    | \$ 2,451,390 |
| City's contributions as a percentage of covered-employee payroll   | 1%           |

Amounts presented were determined as of September 30

1. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY BY SOURCES –  
FIREFIGHTERS' RETIREMENT FUND  
YEAR ENDED SEPTEMBER 30, 2015

| Fiscal Year | Service Cost | Expected<br>Interest<br>Growth | Unexpected<br>Investment<br>Income | Demographic<br>Experience | Employer<br>Contributions | Employee<br>Contributions | Benefit<br>Payments &<br>Refunds | Administrative<br>Expenses | Changes in<br>Benefit Terms | Assumption<br>Changes |
|-------------|--------------|--------------------------------|------------------------------------|---------------------------|---------------------------|---------------------------|----------------------------------|----------------------------|-----------------------------|-----------------------|
| 2015        | \$ 190,271   | \$ (171,213)                   | \$ 580,202                         | \$ 201,410                | \$ (403,688)              | \$ (10,861)               | \$ -                             | \$ 19,650                  | \$ -                        | \$ (562,306)          |
| 2014        | 256,386      | (113,800)                      | (96,582)                           | -                         | (395,359)                 | (10,486)                  | -                                | 28,190                     | -                           | -                     |

Note: The amortization period for demographic experience and assumption changes was 14.06 years for fiscal year 2015.  
First year implementation of GASB 68. Eight years of data unavailable.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY –  
FIREFIGHTERS' RETIREMENT FUND  
YEAR ENDED SEPTEMBER 30, 2015

| Actuarial<br>Valuation Date | Total Pension<br>Liability<br>(a) | Fiduciary Net<br>Position<br>(b) | Net Pension<br>Liability /<br>(Asset)<br>(a-b) | Fiduciary Net<br>Position as a %<br>of Total Pension<br>Liability<br>(b/a) | Covered-<br>Employee<br>Payroll<br>(c) | Net Pension<br>Liability (Asset)<br>as a % of<br>Covered Payroll<br>((a-b)/c) |
|-----------------------------|-----------------------------------|----------------------------------|------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------|
| 9/30/2015                   | \$ 3,083,937                      | \$ 5,526,007                     | \$ (2,442,070)                                 | 179.19%                                                                    | \$ 1,062,547                           | N/A                                                                           |
| 9/30/2014                   | 3,337,097                         | 5,219,812                        | (1,882,715)                                    | 156.42%                                                                    | 1,076,940                              | N/A                                                                           |
| 9/30/2013                   | 2,831,517                         | 4,382,581                        | (1,551,064)                                    | 154.78%                                                                    | 1,076,940                              | N/A                                                                           |
| 10/1/2012                   | 2,908,691                         | 3,563,115                        | (654,424)                                      | 122.50%                                                                    | 996,003                                | N/A                                                                           |
| 10/1/2011                   | 2,399,722                         | 2,663,464                        | (263,742)                                      | 110.99%                                                                    | 907,930                                | N/A                                                                           |
| 10/1/2010                   | 2,151,877                         | 2,353,601                        | (201,724)                                      | 109.37%                                                                    | 975,490                                | N/A                                                                           |
| 10/1/2009                   | 1,763,773                         | 1,810,225                        | (46,452)                                       | 102.63%                                                                    | 971,356                                | N/A                                                                           |
| 10/1/2007                   | 1,150,883                         | 1,099,877                        | 51,006                                         | 95.57%                                                                     | 759,761                                | N/A                                                                           |

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF CONTRIBUTIONS –  
FIREFIGHTERS' RETIREMENT FUND  
YEAR ENDED SEPTEMBER 30, 2015

| Year ended<br>September 30, | Actuarially<br>Determined<br>Contribution | Contributions<br>Recognized By<br>the Plan | Contribution<br>Excess<br>(Deficiency) | Covered-<br>Employee<br>Payroll | Contribution Excess<br>(Deficiency) as a %<br>of Covered Payroll |
|-----------------------------|-------------------------------------------|--------------------------------------------|----------------------------------------|---------------------------------|------------------------------------------------------------------|
|                             | (a)                                       | (b)                                        | (b-a)                                  | (d)                             | ((b-a)/d)                                                        |
| 2015                        | \$ 235,025                                | \$ 403,688                                 | \$ 168,663                             | \$ 1,062,547                    | 37.99%                                                           |
| 2014                        | 253,234                                   | 395,359                                    | 142,125                                | 1,076,940                       | 13.20%                                                           |
| 2013                        | 276,436                                   | 276,436                                    | -                                      | 996,003                         | 0.00%                                                            |
| 2012                        | 305,507                                   | 305,507                                    | -                                      | 907,930                         | 0.00%                                                            |
| 2011                        | 300,585                                   | 300,585                                    | -                                      | 975,490                         | 0.00%                                                            |
| 2010                        | 318,522                                   | 318,522                                    | -                                      | 971,356                         | 0.00%                                                            |
| 2009                        | 647,907                                   | 647,907                                    | -                                      | N/A                             | N/A                                                              |
| 2008                        | 248,488                                   | 248,488                                    | -                                      | 759,761                         | 0.00%                                                            |
| 2007                        | 178,523                                   | 178,523                                    | -                                      | N/A                             | N/A                                                              |
| 2006                        | 176,098                                   | 176,098                                    | -                                      | 564,028                         | 0.00%                                                            |

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF INVESTMENT RETURNS –  
FIREFIGHTERS' RETIREMENT FUND  
YEAR ENDED SEPTEMBER 30, 2015

| <u>Year Ended<br/>September 30,</u> | <u>Market Value<br/>Return</u> | <u>Actuarial Value<br/>Return</u> | <u>Assumed<br/>Return</u> |
|-------------------------------------|--------------------------------|-----------------------------------|---------------------------|
| 2015                                | -1.64%                         | -1.71%                            | 7.00%                     |
| 2014                                | 9.15%                          | 10.21%                            | 7.00%                     |
| 2013                                | 12.20%                         | 15.00%                            | 7.50%                     |
| 2012                                | 16.91%                         | 21.38%                            | 7.50%                     |
| 2011                                | 0.54%                          | 0.68%                             | 7.50%                     |
| 2010                                | 9.30%                          | 11.86%                            | 7.50%                     |
| 2009                                | 3.64%                          | 5.24%                             | 7.50%                     |
| 2008                                | -12.98%                        | -20.49%                           | 7.50%                     |
| 2007                                | 11.58%                         | 19.80%                            | 7.50%                     |
| 2006                                | 7.56%                          | 14.26%                            | 7.50%                     |
| 10 yr. Avg.                         | 5.29%                          | 6.91%                             | 7.40%                     |

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF FUNDING PROGRESS -  
OTHER POSTEMPLOYMENT BENEFITS  
YEAR ENDED SEPTEMBER 30, 2015

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability -<br>Projected Unit<br>Credit<br>(AAL)<br>(b) | Unfunded<br>AAL (UAAL)<br>(b-a) | Funded Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a %<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|----------------------------------------|---------------------------------------------------------------------------------|---------------------------------|-----------------------|---------------------------|---------------------------------------------------|
| 8/1/2015                       |                                        | \$ 647,000                                                                      | \$ 647,000                      | 0.00%                 | \$ 6,928,000              | 9.30%                                             |
| 9/1/2013                       | -                                      | 796,000                                                                         | 796,000                         | 0.00%                 | 6,969,000                 | 11.40%                                            |
| 9/1/2011                       | -                                      | 718,000                                                                         | 718,000                         | 0.00%                 | 6,973,000                 | 10.30%                                            |

See Independent Auditor's Report.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SAFETY HARBOR FLORIDA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2015

Firefighters' Pension Plan

*Actuarial assumptions and methods.* The amounts reported for the year ended September 30, 2015 are based on the October 1, 2014 actuarial valuation. This valuation used the aggregate cost actuarial method. Information about funded status and funded progress is prepared using the entry age normal cost method due to the aggregate actuarial cost method not identifying or separately amortizing unfunded actuarial liabilities. The amortization method used was the level dollar method with a 30 year open period. Assets were valued using the market value method. The discount rate used was 9.08% and the valuation assumes per annum increases in salaries at a rate of 4.50% and cost-of-living at a rate of 2.00%

*Changes to benefit terms.* There were no changes to the plans benefit terms since the prior measurement date.

*Changes to assumptions.* Amounts reported for the year ended September 30, 2015 reflect an increase in the discount rate to 9.08% per annum from the prior measurement dates reported discount rate of 8.07%.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**CITY OF SAFETY HARBOR, FLORIDA**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

|                                            | Public Safety    | Street Improvement | Street Assessment | Marina Boat Basin | City Tree Bank  | Transportation Impact Fee | Library Impact Fee | Street Light Assessment | Parkland          | Total Special Revenue Funds | Debt Service      | Total Other Governmental Funds |
|--------------------------------------------|------------------|--------------------|-------------------|-------------------|-----------------|---------------------------|--------------------|-------------------------|-------------------|-----------------------------|-------------------|--------------------------------|
| <b>Assets</b>                              |                  |                    |                   |                   |                 |                           |                    |                         |                   |                             |                   |                                |
| Cash and cash equivalents                  | \$ 14,253        | \$ 515,804         | \$ 32,114         | \$ 290,817        | \$ 2,340        | \$ 523,004                | \$ 22,598          | \$ 79,423               | \$ 451,804        | \$ 1,932,157                | \$ 138,327        | \$ 2,070,484                   |
| Receivables, net:                          |                  |                    |                   |                   |                 |                           |                    |                         |                   |                             |                   |                                |
| Accounts receivable                        | 23               | 1,364              | 4,279             | 4,077             | -               | 890                       | -                  | 14,840                  | 1,328             | 26,801                      | -                 | 26,801                         |
| Due from other governments                 | -                | 40,081             | -                 | -                 | -               | -                         | -                  | -                       | -                 | 40,081                      | -                 | 40,081                         |
| Other assets                               | -                | -                  | -                 | -                 | -               | -                         | -                  | -                       | 154,892           | 154,892                     | -                 | 154,892                        |
| <b>Total assets</b>                        | <b>\$ 14,276</b> | <b>\$ 557,249</b>  | <b>\$ 36,393</b>  | <b>\$ 294,894</b> | <b>\$ 2,340</b> | <b>\$ 523,894</b>         | <b>\$ 22,598</b>   | <b>\$ 94,263</b>        | <b>\$ 608,024</b> | <b>\$ 2,153,931</b>         | <b>\$ 138,327</b> | <b>\$ 2,292,258</b>            |
| <b>Liabilities and Fund Balances</b>       |                  |                    |                   |                   |                 |                           |                    |                         |                   |                             |                   |                                |
| Liabilities:                               |                  |                    |                   |                   |                 |                           |                    |                         |                   |                             |                   |                                |
| Accounts payable                           | \$ -             | \$ 10,740          | \$ -              | \$ 9,849          | \$ -            | \$ 26,466                 | \$ -               | \$ 23,122               | \$ 5,847          | \$ 76,024                   | \$ -              | \$ 76,024                      |
| Accrued liabilities                        | -                | -                  | -                 | 815               | -               | -                         | -                  | -                       | -                 | 815                         | -                 | 815                            |
| Customer deposits                          | -                | -                  | -                 | 4,667             | -               | -                         | -                  | -                       | -                 | 4,667                       | -                 | 4,667                          |
| Deferred revenue                           | -                | -                  | 1,256             | -                 | -               | -                         | -                  | -                       | -                 | 1,256                       | -                 | 1,256                          |
| <b>Total liabilities</b>                   | <b>-</b>         | <b>10,740</b>      | <b>1,256</b>      | <b>15,331</b>     | <b>-</b>        | <b>26,466</b>             | <b>-</b>           | <b>23,122</b>           | <b>5,847</b>      | <b>82,762</b>               | <b>-</b>          | <b>82,762</b>                  |
| <b>Fund Balances</b>                       |                  |                    |                   |                   |                 |                           |                    |                         |                   |                             |                   |                                |
| Restricted for:                            |                  |                    |                   |                   |                 |                           |                    |                         |                   |                             |                   |                                |
| Fire protection                            | 12,254           | -                  | -                 | -                 | -               | -                         | -                  | -                       | -                 | 12,254                      | -                 | 12,254                         |
| Transportation                             | -                | 157,916            | 35,137            | -                 | -               | 242,651                   | -                  | 53,564                  | -                 | 489,268                     | -                 | 489,268                        |
| Library                                    | -                | -                  | -                 | -                 | -               | -                         | 22,598             | -                       | -                 | 22,598                      | -                 | 22,598                         |
| Parks and recreation                       | -                | -                  | -                 | -                 | -               | -                         | -                  | -                       | 260,966           | 260,966                     | -                 | 260,966                        |
| Debt service                               | -                | -                  | -                 | -                 | -               | -                         | -                  | -                       | -                 | -                           | 138,327           | 138,327                        |
| Committed to:                              | -                | -                  | -                 | -                 | -               | -                         | -                  | -                       | -                 | -                           | -                 | -                              |
| Physical environment                       | -                | -                  | -                 | 265,742           | -               | -                         | -                  | -                       | -                 | 265,742                     | -                 | 265,742                        |
| Public safety                              | -                | -                  | -                 | -                 | 2,340           | -                         | -                  | -                       | -                 | 2,340                       | -                 | 2,340                          |
| Assigned to:                               |                  |                    |                   |                   |                 |                           |                    |                         |                   |                             |                   |                                |
| Fire protection                            | 2,022            | -                  | -                 | -                 | -               | -                         | -                  | -                       | -                 | 2,022                       | -                 | 2,022                          |
| Physical environment                       | -                | -                  | -                 | 13,821            | -               | -                         | -                  | -                       | -                 | 13,821                      | -                 | 13,821                         |
| Transportation                             | -                | 388,593            | -                 | -                 | -               | 254,777                   | -                  | 17,577                  | -                 | 660,947                     | -                 | 660,947                        |
| Parks and recreation                       | -                | -                  | -                 | -                 | -               | -                         | -                  | -                       | 341,211           | 341,211                     | -                 | 341,211                        |
| <b>Total fund balances</b>                 | <b>14,276</b>    | <b>546,509</b>     | <b>35,137</b>     | <b>279,563</b>    | <b>2,340</b>    | <b>497,428</b>            | <b>22,598</b>      | <b>71,141</b>           | <b>602,177</b>    | <b>2,071,169</b>            | <b>138,327</b>    | <b>2,209,496</b>               |
| <b>Total liabilities and fund balances</b> | <b>\$ 14,276</b> | <b>\$ 557,249</b>  | <b>\$ 36,393</b>  | <b>\$ 294,894</b> | <b>\$ 2,340</b> | <b>\$ 523,894</b>         | <b>\$ 22,598</b>   | <b>\$ 94,263</b>        | <b>\$ 608,024</b> | <b>\$ 2,153,931</b>         | <b>\$ 138,327</b> | <b>\$ 2,292,258</b>            |

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                   | Public Safety | Street Improvement | Street Assessment | Marina Boat Basin | Tree Bank | Transportation Impact Fee | Library Impact Fee | Street Light Assessment | Parkland   | Total Special Revenue Funds | Debt Service | Total Other Governmental Funds |
|-------------------------------------------------------------------|---------------|--------------------|-------------------|-------------------|-----------|---------------------------|--------------------|-------------------------|------------|-----------------------------|--------------|--------------------------------|
| Revenues:                                                         |               |                    |                   |                   |           |                           |                    |                         |            |                             |              |                                |
| Local option taxes                                                | \$ -          | \$ 240,300         | \$ -              | \$ -              | \$ -      | \$ -                      | \$ -               | \$ -                    | \$ -       | \$ 240,300                  | \$ -         | \$ 240,300                     |
| Impact fees                                                       | 4,675         | -                  | -                 | -                 | -         | 28,281                    | 4,979              | -                       | 4,095      | 42,030                      | -            | 42,030                         |
| Special assessments                                               | -             | -                  | 100               | -                 | -         | -                         | -                  | 247,416                 | -          | 247,516                     | -            | 247,516                        |
| Intergovernmental                                                 | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Charges for services                                              | -             | -                  | -                 | 46,166            | 2,340     | -                         | -                  | -                       | -          | 48,506                      | -            | 48,506                         |
| Interest income and net appreciation in fair value of investments | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Contributions and donations                                       | 245           | 13,245             | -                 | 6,234             | -         | 8,713                     | -                  | 1,688                   | 13,330     | 43,455                      | -            | 43,455                         |
|                                                                   | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | 634,454    | 634,454                     | -            | 634,454                        |
| Total revenues                                                    | 4,920         | 253,545            | 100               | 52,400            | 2,340     | 36,994                    | 4,979              | 249,104                 | 651,879    | 1,256,261                   | -            | 1,256,261                      |
| Expenditures:                                                     |               |                    |                   |                   |           |                           |                    |                         |            |                             |              |                                |
| Current operating:                                                |               |                    |                   |                   |           |                           |                    |                         |            |                             |              |                                |
| General government                                                | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Law enforcement                                                   | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Fire protection                                                   | 859           | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | 859                         | -            | 859                            |
| Building department                                               | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Physical environment                                              | -             | -                  | -                 | 35,972            | -         | -                         | -                  | -                       | -          | 35,972                      | -            | 35,972                         |
| Transportation                                                    | -             | 365,739            | -                 | -                 | -         | -                         | -                  | 272,750                 | -          | 638,489                     | -            | 638,489                        |
| Library                                                           | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Parks and recreation                                              | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | 12,717     | 12,717                      | -            | 12,717                         |
| Capital outlay                                                    | -             | 32,608             | -                 | 22,988            | -         | -                         | -                  | -                       | 725,220    | 780,816                     | -            | 780,816                        |
| Debt service                                                      | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Capital lease principal                                           | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | 5,000      | 5,000                       | -            | 5,000                          |
| Principal retirement                                              | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | 722,400      | 722,400                        |
| Interest and other charges                                        | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | 167,784      | 167,784                        |
| Total expenditures                                                | 859           | 398,347            | -                 | 58,960            | -         | -                         | -                  | 272,750                 | 742,937    | 1,473,853                   | 890,184      | 2,364,037                      |
| Excess (deficiency) of revenues over (under) expenditures         | 4,061         | (144,802)          | 100               | (6,560)           | 2,340     | 36,994                    | 4,979              | (23,646)                | (91,058)   | (217,592)                   | (890,184)    | (1,107,776)                    |
| Other financing sources (uses):                                   |               |                    |                   |                   |           |                           |                    |                         |            |                             |              |                                |
| Transfers in                                                      | -             | -                  | -                 | -                 | -         | 120,800                   | -                  | 7,650                   | -          | 128,450                     | 888,710      | 1,017,160                      |
| Transfers out                                                     | -             | -                  | -                 | -                 | -         | -                         | -                  | -                       | -          | -                           | -            | -                              |
| Total other financing sources (uses)                              | -             | -                  | -                 | -                 | -         | 120,800                   | -                  | 7,650                   | -          | 128,450                     | 888,710      | 1,017,160                      |
| Net change in fund balances                                       | 4,061         | (144,802)          | 100               | (6,560)           | 2,340     | 157,794                   | 4,979              | (15,996)                | (91,058)   | (89,142)                    | (1,474)      | (90,616)                       |
| Fund balances, beginning of year                                  | 10,215        | 691,311            | 35,037            | 286,123           | -         | 339,634                   | 17,619             | 87,137                  | 693,235    | 2,160,311                   | 139,801      | 2,300,112                      |
| Fund balances, end of year                                        | \$ 14,276     | \$ 546,509         | \$ 35,137         | \$ 279,563        | \$ 2,340  | \$ 497,428                | \$ 22,598          | \$ 71,141               | \$ 602,177 | \$ 2,071,169                | \$ 138,327   | \$ 2,209,496                   |

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CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – PUBLIC SAFETY  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                      | <b>Budget Amounts</b> |              | <b>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</b> | <b>Variance with<br/>Final Budget</b> |
|----------------------------------------------------------------------|-----------------------|--------------|----------------------------------------------------|---------------------------------------|
|                                                                      | <b>Original</b>       | <b>Final</b> |                                                    |                                       |
| Resources (inflows):                                                 |                       |              |                                                    |                                       |
| Impact fees                                                          | \$ 7,470              | \$ 7,470     | \$ 4,675                                           | \$ (2,795)                            |
| Interest income and net appreciation<br>in fair value of investments | 250                   | 250          | 245                                                | (5)                                   |
| Amounts available for appropriation                                  | 7,720                 | 7,720        | 4,920                                              | (2,800)                               |
| Charges to appropriations (outflows):                                |                       |              |                                                    |                                       |
| Public Safety                                                        | 859                   | 859          | 859                                                | -                                     |
| Total charges to appropriations                                      | 859                   | 859          | 859                                                | -                                     |
| Excess of resources over<br>charges to appropriations                | 6,861                 | 6,861        | 4,061                                              | (2,800)                               |
| Appropriated fund balance                                            | (6,861)               | (6,861)      | -                                                  | 6,861                                 |
| Excess of resources over<br>charges to appropriations                | \$ -                  | \$ -         | \$ 4,061                                           | \$ 4,061                              |

There were no differences between budgetary inflows (outflows) and GAAP revenues (expenditures).

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – STREET IMPROVEMENT  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                            | <u>Budget Amounts</u> |              | <u>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget</u> |
|----------------------------------------------------------------------------|-----------------------|--------------|----------------------------------------------------|---------------------------------------|
|                                                                            | <u>Original</u>       | <u>Final</u> |                                                    |                                       |
| Resources (inflows):                                                       |                       |              |                                                    |                                       |
| Local option taxes                                                         | \$ 240,330            | \$ 240,330   | \$ 240,300                                         | \$ (30)                               |
| Interest income and net appreciation<br>in fair value of investments       | 12,850                | 12,850       | 13,245                                             | 395                                   |
| Amounts available for appropriation                                        | 253,180               | 253,180      | 253,545                                            | 365                                   |
| Charges to appropriations (outflows):                                      |                       |              |                                                    |                                       |
| Transportation                                                             | 41,054                | 394,439      | 365,739                                            | 28,700                                |
| Capital outlay                                                             | 138,430               | 69,178       | 32,608                                             | 36,570                                |
| Total charges to appropriations                                            | 179,484               | 463,617      | 398,347                                            | 65,270                                |
| (Deficiency) excess of resources (under)<br>over charges to appropriations | 73,696                | (210,437)    | (144,802)                                          | 65,635                                |
| Appropriated fund balance                                                  | (73,696)              | 210,437      | -                                                  | (210,437)                             |
| Excess of resources over<br>charges to appropriations                      | <u>\$ -</u>           | <u>\$ -</u>  | <u>\$ (144,802)</u>                                | <u>\$ (144,802)</u>                   |

There were no differences between budgetary inflows (outflows) and GAAP revenues (expenditures).

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – STREET ASSESSMENT  
YEAR ENDED SEPTEMBER 30, 2015

|                                                       | <u>Budget Amounts</u> |              | <u>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget</u> |
|-------------------------------------------------------|-----------------------|--------------|----------------------------------------------------|---------------------------------------|
|                                                       | <u>Original</u>       | <u>Final</u> |                                                    |                                       |
| Resources (inflows):                                  |                       |              |                                                    |                                       |
| Special assessments                                   | \$ 100                | \$ 100       | \$ 100                                             | \$ -                                  |
| Amounts available for appropriation                   | 100                   | 100          | 100                                                | -                                     |
| Charges to appropriations (outflows):                 |                       |              |                                                    |                                       |
| Capital outlay                                        | -                     | -            | -                                                  | -                                     |
| Total charges to appropriations                       | -                     | -            | -                                                  | -                                     |
| Excess of resources over<br>charges to appropriations | 100                   | 100          | 100                                                | -                                     |
| Appropriated fund balance                             | (100)                 | (100)        | -                                                  | 100                                   |
| Excess of resources over<br>charges to appropriations | <u>\$ -</u>           | <u>\$ -</u>  | <u>\$ 100</u>                                      | <u>\$ 100</u>                         |

There were no differences between budgetary inflows (outflows) and GAAP revenues (expenditures).

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – MARINA BOAT BASIN  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                      | <b>Budget Amounts</b> |              | <b>Actual Amount</b>     | <b>Variance with</b> |
|----------------------------------------------------------------------|-----------------------|--------------|--------------------------|----------------------|
|                                                                      | <b>Original</b>       | <b>Final</b> | <b>(Budgetary Basis)</b> | <b>Final Budget</b>  |
| Resources (inflows):                                                 |                       |              |                          |                      |
| Revenues:                                                            |                       |              |                          |                      |
| Charges for services                                                 | \$ 51,000             | \$ 51,000    | \$ 46,166                | \$ (4,834)           |
| Interest income and net appreciation<br>in fair value of investments | 6,990                 | 6,990        | 6,234                    | (756)                |
| Amounts available for appropriations                                 | 57,990                | 57,990       | 52,400                   | (5,590)              |
| Charges to appropriations (outflows):                                |                       |              |                          |                      |
| Physical environment                                                 | 44,690                | 42,130       | 35,972                   | 6,158                |
| Capital Outlay                                                       | 150,000               | 23,193       | 22,988                   | 205                  |
| Total charges to appropriations                                      | 194,690               | 65,323       | 58,960                   | 6,363                |
| Excess of resources over<br>charges to appropriations                | (136,700)             | (7,333)      | (6,560)                  | 773                  |
| Appropriated fund balance                                            | 136,700               | 7,333        | -                        | (7,333)              |
| Excess of resources over<br>charges to appropriations                | \$ -                  | \$ -         | \$ (6,560)               | \$ (6,560)           |

There were no differences between budgetary inflows (outflows) and GAAP revenues (expenditures).

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – CITY TREE BANK  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                            | <u>Budget Amounts</u> |              | <u>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget</u> |
|----------------------------------------------------------------------------|-----------------------|--------------|----------------------------------------------------|---------------------------------------|
|                                                                            | <u>Original</u>       | <u>Final</u> |                                                    |                                       |
| Resources (inflows):                                                       |                       |              |                                                    |                                       |
| Charges for services                                                       | -                     | -            | 2,340                                              | 2,340                                 |
| Amounts available for appropriation                                        | -                     | -            | 2,340                                              | 2,340                                 |
| Charges to appropriations (outflows):                                      |                       |              |                                                    |                                       |
| Public safety                                                              | -                     | -            | -                                                  | -                                     |
| Total charges to appropriations                                            | -                     | -            | -                                                  | -                                     |
| Excess (deficiency) of resources over<br>(under) charges to appropriations | -                     | -            | 2,340                                              | 2,340                                 |
| Appropriated fund balance                                                  | -                     | -            | -                                                  | -                                     |
| Excess of resources over<br>charges to appropriations                      | <u>\$ -</u>           | <u>\$ -</u>  | <u>\$ 2,340</u>                                    | <u>\$ 2,340</u>                       |

There were no differences between budgetary inflows (outflows) and GAAP revenues (expenditures).

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – TRANSPORTATION IMPACT FEE  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                                | <b>Budget Amounts</b> |                  | <b>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</b> | <b>Variance with<br/>Final Budget</b> |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|----------------------------------------------------|---------------------------------------|
|                                                                                                                                | <b>Original</b>       | <b>Final</b>     |                                                    |                                       |
| Resources (inflows):                                                                                                           |                       |                  |                                                    |                                       |
| Impact fees                                                                                                                    | \$ 36,580             | \$ 36,580        | \$ 28,281                                          | \$ (8,299)                            |
| Interest income and net appreciation<br>in fair value of investments                                                           | 5,800                 | 5,800            | 8,713                                              | 2,913                                 |
| Transfers from other funds                                                                                                     | 120,800               | 120,800          | 120,800                                            | -                                     |
|                                                                                                                                | <u>163,180</u>        | <u>163,180</u>   | <u>157,794</u>                                     | <u>(5,386)</u>                        |
| Amounts available for appropriation                                                                                            |                       |                  |                                                    |                                       |
|                                                                                                                                | <u>163,180</u>        | <u>163,180</u>   | <u>157,794</u>                                     | <u>(5,386)</u>                        |
| Excess (deficiency) of resources over<br>(under) charges to appropriations                                                     | 163,180               | 163,180          | 157,794                                            | (5,386)                               |
| Appropriated fund balance                                                                                                      | <u>(163,180)</u>      | <u>(163,180)</u> | <u>-</u>                                           | <u>163,180</u>                        |
| Excess of resources over<br>charges to appropriations                                                                          | <u>\$ -</u>           | <u>\$ -</u>      | <u>\$ 157,794</u>                                  | <u>\$ 157,794</u>                     |
| Explanation of differences between<br>budgetary inflows and GAAP revenues:                                                     |                       |                  |                                                    |                                       |
| Actual amounts (budgetary basis)<br>available for appropriation from<br>the budgetary comparison schedule                      |                       |                  |                                                    | \$ 157,794                            |
| Differences - budget to GAAP                                                                                                   |                       |                  |                                                    |                                       |
| Transfer from other funds are inflows of<br>budgetary resources but are not<br>resources for financial reporting<br>purposes   |                       |                  |                                                    | <u>120,800</u>                        |
| Total revenues as reported on the<br>statement of revenues, expenditures<br>and changes in fund balances<br>governmental funds |                       |                  |                                                    | <u>\$ 36,994</u>                      |

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CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – LIBRARY IMPACT FEE FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                            | <u>Budget Amounts</u> |                 | <u>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget</u> |
|----------------------------------------------------------------------------|-----------------------|-----------------|----------------------------------------------------|---------------------------------------|
|                                                                            | <u>Original</u>       | <u>Final</u>    |                                                    |                                       |
| Resources (inflows):                                                       |                       |                 |                                                    |                                       |
| Impact fees                                                                | <u>\$ 6,900</u>       | <u>\$ 6,900</u> | <u>\$ 4,979</u>                                    | <u>\$ (1,921)</u>                     |
| Amounts available for appropriation                                        | <u>6,900</u>          | <u>6,900</u>    | <u>4,979</u>                                       | <u>(1,921)</u>                        |
| Excess (deficiency) of resources over<br>(under) charges to appropriations | 6,900                 | 6,900           | 4,979                                              | (1,921)                               |
| Appropriated fund balance                                                  | <u>(6,900)</u>        | <u>(6,900)</u>  | <u>-</u>                                           | <u>6,900</u>                          |
| Excess of resources over<br>charges to appropriations                      | <u>\$ -</u>           | <u>\$ -</u>     | <u>\$ 4,979</u>                                    | <u>\$ 4,979</u>                       |

There were no differences between budgetary inflows (outflows) and GAAP revenues (expenditures).

CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – STREET LIGHT ASSESSMENT FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                             | <b>Budget Amounts</b> |                | <b>Actual Amount<br/>(Budgetary Basis)</b> | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------|--------------------------------------------|---------------------------------------|
|                                                                                                                             | <b>Original</b>       | <b>Final</b>   |                                            |                                       |
| Resources (inflows):                                                                                                        |                       |                |                                            |                                       |
| Special assessment                                                                                                          | \$ 245,120            | \$ 245,120     | \$ 247,416                                 | \$ 2,296                              |
| Intergovernmental                                                                                                           | 3,520                 | 3,520          | -                                          | (3,520)                               |
| Interest income and net appreciation<br>in fair value of investments                                                        | 870                   | 870            | 1,688                                      | 818                                   |
| Transfers in from other funds                                                                                               | 7,650                 | 7,650          | 7,650                                      | -                                     |
|                                                                                                                             | <u>257,160</u>        | <u>257,160</u> | <u>256,754</u>                             | <u>(406)</u>                          |
| Amounts available for appropriations                                                                                        |                       |                |                                            |                                       |
| Charges to appropriations (outflows) -                                                                                      |                       |                |                                            |                                       |
| Transportation                                                                                                              | 272,760               | 272,760        | 272,750                                    | 10                                    |
|                                                                                                                             | <u>272,760</u>        | <u>272,760</u> | <u>272,750</u>                             | <u>10</u>                             |
| Total charges to appropriations                                                                                             |                       |                |                                            |                                       |
|                                                                                                                             | <u>272,760</u>        | <u>272,760</u> | <u>272,750</u>                             | <u>10</u>                             |
| (Deficiency) excess of resources (under)<br>over charges to appropriations                                                  | (15,600)              | (15,600)       | (15,996)                                   | (396)                                 |
| Appropriated fund balance                                                                                                   | 15,600                | 15,600         | -                                          | 396                                   |
| (Deficiency) excess of resources (under)<br>over charges to appropriations                                                  | <u>\$ -</u>           | <u>\$ -</u>    | <u>\$ (15,996)</u>                         | <u>\$ -</u>                           |
| Explanation of differences between<br>budgetary inflows and GAAP revenues:                                                  |                       |                |                                            |                                       |
| Actual amounts (budgetary basis)<br>available for appropriation from<br>the budgetary comparison schedule                   |                       |                |                                            | \$ 256,754                            |
| Differences - budget to GAAP                                                                                                |                       |                |                                            |                                       |
| Transfer from other funds are inflows<br>budgetary resources but are not<br>resources for financial reporting<br>purposes   |                       |                |                                            | <u>7,650</u>                          |
| Total revenues as reported on the statement<br>of revenues, expenditures and changes in<br>fund balances governmental funds |                       |                |                                            | <u>\$ 249,104</u>                     |

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CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – PARKLAND FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                                 | <u>Budget Amounts</u> |                | <u>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget</u> |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------|----------------------------------------------------|---------------------------------------|
|                                                                                                                                 | <u>Original</u>       | <u>Final</u>   |                                                    |                                       |
| Resources (inflows):                                                                                                            |                       |                |                                                    |                                       |
| Impact fees                                                                                                                     | \$ 9,900              | \$ 9,900       | \$ 4,095                                           | \$ (5,805)                            |
| Interest income and net appreciation<br>in fair value of investments                                                            | 17,280                | 17,280         | 13,330                                             | (3,950)                               |
| Grants and contributions                                                                                                        | -                     | 600,000        | 634,454                                            | 34,454                                |
|                                                                                                                                 | <u>27,180</u>         | <u>627,180</u> | <u>651,879</u>                                     | <u>24,699</u>                         |
| Amounts available for appropriations                                                                                            |                       |                |                                                    |                                       |
| Charges to appropriations (outflows) -                                                                                          |                       |                |                                                    |                                       |
| Parks and recreation                                                                                                            | 28,300                | 21,600         | 17,717                                             | 3,883                                 |
| Capital Outlay                                                                                                                  | 245,000               | 764,377        | 725,220                                            | 39,157                                |
|                                                                                                                                 | <u>273,300</u>        | <u>785,977</u> | <u>742,937</u>                                     | <u>43,040</u>                         |
| Total charges to appropriations                                                                                                 |                       |                |                                                    |                                       |
| Excess of resources over<br>charges to appropriations                                                                           | (246,120)             | (158,797)      | (91,058)                                           | (18,341)                              |
| Appropriated fund balance                                                                                                       | <u>246,120</u>        | <u>158,797</u> | <u>-</u>                                           | <u>18,341</u>                         |
| Deficiency of revenues under expenditures                                                                                       | <u>\$ -</u>           | <u>\$ -</u>    | <u>\$ (91,058)</u>                                 | <u>\$ -</u>                           |
| Explanation of differences between<br>budgetary outflows and GAAP expenditures:                                                 |                       |                |                                                    |                                       |
| Actual amounts (budgetary basis)<br>charges to appropriations per<br>the budgetary comparison schedule                          |                       |                |                                                    | \$ 742,937                            |
| Differences - budget to GAAP                                                                                                    |                       |                |                                                    |                                       |
| Capital lease payments are outflows of<br>budgetary resources but are not expenditures<br>for financial reporting purposed      |                       |                |                                                    | <u>5,000</u>                          |
| Total expenditures as reported on the statement<br>of revenues, expenditures and changes in<br>fund balances governmental funds |                       |                |                                                    | <u>\$ 737,937</u>                     |

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CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                             | <u>Budget Amounts</u> |              | <u>Actual<br/>Amount<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------|----------------------------------------------------|---------------------------------------|
|                                                                                                                             | <u>Original</u>       | <u>Final</u> |                                                    |                                       |
| Resources (inflows):                                                                                                        |                       |              |                                                    |                                       |
| Revenues:                                                                                                                   |                       |              |                                                    |                                       |
| Transfers from other funds                                                                                                  | \$ 888,710            | \$ 888,710   | \$ 888,710                                         | \$ -                                  |
| Amount available for appropriations                                                                                         | 888,710               | 888,710      | 888,710                                            | -                                     |
| Charges to appropriations (outflows):                                                                                       |                       |              |                                                    |                                       |
| Principal payments                                                                                                          | 722,400               | 722,400      | 722,400                                            | -                                     |
| Interest and other fiscal charges                                                                                           | 166,310               | 166,310      | 167,784                                            | (1,474)                               |
| Total charges to appropriations                                                                                             | 888,710               | 888,710      | 890,184                                            | (1,474)                               |
| Deficiency of resources under<br>charges to appropriations                                                                  | -                     | -            | (1,474)                                            | (1,474)                               |
| Appropriated fund balance                                                                                                   | -                     | -            | -                                                  | -                                     |
| Excess of resources over<br>charges to appropriations                                                                       | <u>\$ -</u>           | <u>\$ -</u>  | <u>\$ (1,474)</u>                                  | <u>\$ (1,474)</u>                     |
| Explanation of differences between<br>budgetary inflows and GAAP revenues:                                                  |                       |              |                                                    |                                       |
| Actual amounts (budgetary basis)<br>available for appropriation from<br>the budgetary comparison schedule                   |                       |              |                                                    | \$ 888,710                            |
| Differences - budget to GAAP                                                                                                |                       |              |                                                    |                                       |
| Transfer from other funds are inflows<br>budgetary resources but are not<br>resources for financial reporting<br>purposes   |                       |              |                                                    | <u>888,710</u>                        |
| Total revenues as reported on the statement<br>of revenues, expenditures and changes in<br>fund balances governmental funds |                       |              |                                                    | <u>\$ -</u>                           |

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CITY OF SAFETY HARBOR, FLORIDA  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                                    | Budget Amounts |              | Actual Amount<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|------------------------------------|---------------------------------------------------------|
|                                                                                                                                    | Original       | Final        |                                    |                                                         |
| Resources (inflows):                                                                                                               |                |              |                                    |                                                         |
| Local option taxes                                                                                                                 | \$ 1,486,970   | \$ 1,486,970 | \$ 1,670,495                       | \$ 183,525                                              |
| Intergovernmental                                                                                                                  | 269,000        | 255,515      | 58,809                             | (196,706)                                               |
| Interest income and net appreciation<br>in fair value of investments                                                               | 90,810         | 90,810       | 28,236                             | (62,574)                                                |
| Miscellaneous                                                                                                                      | -              | -            | -                                  | -                                                       |
| Transfers in from other funds                                                                                                      | 1,644,860      | 1,644,860    | 1,644,860                          | -                                                       |
| Amounts available for appropriation                                                                                                | 3,491,640      | 3,478,155    | 3,402,400                          | (75,755)                                                |
| Charges to appropriations (outflows):                                                                                              |                |              |                                    |                                                         |
| Capital outlay                                                                                                                     | 3,495,520      | 1,623,087    | 1,126,669                          | 496,418                                                 |
| Transfers to other funds                                                                                                           | 888,710        | 888,710      | 888,710                            | -                                                       |
| Total charges to appropriations                                                                                                    | 4,384,230      | 2,511,797    | 2,015,379                          | 496,418                                                 |
| Excess (deficiency) of resources<br>over (under) charges to appropriations                                                         | (892,590)      | 966,358      | 1,387,021                          | (420,663)                                               |
| Appropriated fund balance                                                                                                          | 892,590        | (966,358)    | -                                  | 966,358                                                 |
| Excess (deficiency) of resources<br>over (under) charges to appropriations                                                         | \$ -           | \$ -         | \$ 1,387,021                       | \$ (1,387,021)                                          |
| Expanation of differences between budgetary<br>inflows and GAAP revenues:                                                          |                |              |                                    |                                                         |
| Actual amounts (budgetary basis) available for<br>appropriation per the budgetary comparison<br>schedule                           |                |              |                                    | \$ 3,402,400                                            |
| Differences - budget to GAAP                                                                                                       |                |              |                                    |                                                         |
| Transfers from other funds are inflows of budgetary<br>resources but are not revenues for financial<br>reporting purposes          |                |              |                                    | 1,644,860                                               |
| Total revenues as reported on the statement of<br>revenues, expenditures and changes in fund balances<br>of governmental funds     |                |              |                                    | \$ 1,757,540                                            |
| Expanation of differences between budgetary<br>outflows and GAAP expenditures:                                                     |                |              |                                    |                                                         |
| Actual amounts (budgetary basis) charges to<br>appropriations per the budgetary comparison<br>schedule                             |                |              |                                    | \$ 2,015,379                                            |
| Differences - budget to GAAP                                                                                                       |                |              |                                    |                                                         |
| Transfers to other funds are outflows of budgetary<br>resources but are not expenditures for financial<br>reporting purposes       |                |              |                                    | 888,710                                                 |
| Total expenditures as reported on the statement of<br>revenues, expenditures and changes in fund balances<br>of governmental funds |                |              |                                    | \$ 1,126,669                                            |

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## **OTHER SUPPLEMENTAL SCHEDULES**

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CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL AND BUDGET  
FIRE DISTRICT AND EMERGENCY MEDICAL SERVICES SUB-FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                       |                  | Actual Amounts   |                             |                    |                    |                                        |
|-----------------------------------------------------------------------|------------------|------------------|-----------------------------|--------------------|--------------------|----------------------------------------|
|                                                                       | Fire<br>Budget   | City<br>Amounts  | Fire<br>District<br>Amounts | EMS<br>Amounts     | Total<br>Amounts   | Variance<br>Favorable<br>(Unfavorable) |
| Revenue:                                                              |                  |                  |                             |                    |                    |                                        |
| Municipality - City of                                                |                  |                  |                             |                    |                    |                                        |
| Safety Harbor                                                         | \$ 2,998,123     | \$ 2,795,219     | \$ -                        | \$ -               | \$ 2,795,219       | \$ (202,904)                           |
| Intergovernmental                                                     | -                | -                | -                           | 49,243             | 49,243             | 49,243                                 |
| Local option tax                                                      | 140,000          | 128,897          | -                           | -                  | 128,897            | (11,103)                               |
| EMS District funds                                                    | 871,620          | -                | -                           | 871,620            | 871,620            | -                                      |
| Safety Harbor Fire District                                           | 153,000          | -                | 160,219                     | -                  | 160,219            | 7,219                                  |
| Total revenues                                                        | <u>4,162,743</u> | <u>2,924,116</u> | <u>160,219</u>              | <u>920,863</u>     | <u>4,005,198</u>   | <u>(157,545)</u>                       |
| Expenditures:                                                         |                  |                  |                             |                    |                    |                                        |
| Personnel services                                                    | 3,227,930        | 2,302,152        | 160,219                     | 792,355            | 3,254,726          | (26,796)                               |
| Contractual/other services                                            | 224,922          | 137,347          | -                           | 73,429             | 210,776            | 14,146                                 |
| Materials and supplies                                                | 155,192          | 64,868           | -                           | 73,737             | 138,605            | 16,587                                 |
| Capital outlay                                                        | 554,699          | 419,749          | -                           | 49,243             | 468,992            | 85,707                                 |
| Total expenditures                                                    | <u>4,162,743</u> | <u>2,924,116</u> | <u>160,219</u>              | <u>988,764</u>     | <u>4,073,099</u>   | <u>89,644</u>                          |
| Excess of revenues over<br>expenditures before<br>operating transfers | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>                 | <u>\$ (67,901)</u> | <u>\$ (67,901)</u> | <u>\$ 67,901</u>                       |

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CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL AND BUDGET  
LIBRARY SUB-FUNDS  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                       |                   | Actual Amounts   |                    |                  | Variance                   |
|-----------------------------------------------------------------------|-------------------|------------------|--------------------|------------------|----------------------------|
|                                                                       | Library<br>Budget | City<br>Amounts  | Library<br>Amounts | Total<br>Amounts | Favorable<br>(Unfavorable) |
| Revenue:                                                              |                   |                  |                    |                  |                            |
| Municipality - City of Safety Harbor                                  | \$ 1,076,044      | \$ 1,071,596     | \$ -               | \$ 1,071,596     | \$ (4,448)                 |
| Library impact fees                                                   | 6,900             | 4,979            | -                  | 4,979            | (1,921)                    |
| Intergovernmental                                                     | 184,640           | -                | 186,156            | 186,156          | 1,516                      |
| Other revenues                                                        | 12,500            | 13,252           | -                  | 13,252           | 752                        |
| Chrissie Shull Elmore Trust                                           | 22,000            | 21,990           | -                  | 21,990           | (10)                       |
| Total revenues                                                        | <u>1,302,084</u>  | <u>1,111,817</u> | <u>186,156</u>     | <u>1,297,973</u> | <u>(4,111)</u>             |
| Expenditures:                                                         |                   |                  |                    |                  |                            |
| Personnel services                                                    | 755,200           | 579,454          | 186,156            | 765,610          | (10,410)                   |
| Contractual/other services                                            | 413,886           | 400,914          | -                  | 400,914          | 12,972                     |
| Materials and supplies                                                | 25,108            | 21,042           | -                  | 21,042           | 4,066                      |
| Capital outlay                                                        | 107,890           | 105,428          | -                  | 105,428          | 2,462                      |
| Total expenditures                                                    | <u>1,302,084</u>  | <u>1,106,838</u> | <u>186,156</u>     | <u>1,292,994</u> | <u>9,090</u>               |
| Excess of revenues over<br>expenditures before<br>operating transfers | <u>\$ -</u>       | <u>\$ 4,979</u>  | <u>\$ -</u>        | <u>\$ 4,979</u>  | <u>\$ -</u>                |

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CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
WATER AND SEWER FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                            | <u>Budget</u>      | <u>Budgetary Basis<br/>Actual</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------|---------------------------------------------|
| <b>OPERATING REVENUES</b>                                                                                                  |                    |                                   |                                             |
| Charges for services                                                                                                       | \$ 7,700,180       | \$ 7,149,079                      | \$ (551,101)                                |
| Other                                                                                                                      | 669,460            | 689,803                           | 20,343                                      |
| Total operating revenue                                                                                                    | <u>8,369,640</u>   | <u>7,838,882</u>                  | <u>(530,758)</u>                            |
| <b>OPERATING EXPENSES</b>                                                                                                  |                    |                                   |                                             |
| Salaries, wages and employee benefits                                                                                      | 1,969,310          | 1,735,683                         | 233,627                                     |
| Materials and supplies                                                                                                     | 313,924            | 208,261                           | 105,663                                     |
| Contractual and other services                                                                                             | 4,602,016          | 4,477,673                         | 124,343                                     |
| Capital outlay                                                                                                             | <u>4,633,200</u>   | <u>2,007,049</u>                  | <u>2,626,151</u>                            |
| Total operating expenses                                                                                                   | <u>11,518,450</u>  | <u>8,428,666</u>                  | <u>3,089,784</u>                            |
| Operating income (loss)                                                                                                    | <u>(3,148,810)</u> | <u>(589,784)</u>                  | <u>2,559,026</u>                            |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                                                                                    |                    |                                   |                                             |
| Interest income and net appreciation                                                                                       |                    |                                   |                                             |
| in fair value of investments                                                                                               | 290,790            | 260,812                           | (29,978)                                    |
| Interest expense                                                                                                           | (172,970)          | (169,610)                         | 3,360                                       |
| Gain on the sale of capital assets                                                                                         | 4,500              | 16,037                            | 11,537                                      |
| Debt service principal retirement                                                                                          | <u>(417,630)</u>   | <u>(417,624)</u>                  | <u>6</u>                                    |
| Total nonoperating revenues (expenses)                                                                                     | <u>(295,310)</u>   | <u>(310,385)</u>                  | <u>(15,075)</u>                             |
| Income (loss) before appropriated net assets                                                                               | (3,444,120)        | (900,169)                         | 2,543,951                                   |
| Appropriated net assets                                                                                                    | <u>3,444,120</u>   | <u>-</u>                          | <u>(3,444,120)</u>                          |
| Changes in net assets                                                                                                      | <u>\$ -</u>        | (900,169)                         | <u>\$ (900,169)</u>                         |
| Adjustments to reconcile to combining<br>statement of revenues, expenses, and<br>changes in net assets - proprietary funds |                    |                                   |                                             |
| Depreciation and amortization                                                                                              |                    | (1,110,651)                       |                                             |
| Capital outlay                                                                                                             |                    | 2,007,049                         |                                             |
| Debt service principal repayment                                                                                           |                    | <u>417,624</u>                    |                                             |
| Change in net assets GAAP basis                                                                                            |                    | <u>\$ 413,853</u>                 |                                             |

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
SOLID WASTE FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                              | <u>Budget</u>    | <u>Budgetary Basis<br/>Actual</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------|---------------------------------------------|
| <b>OPERATING REVENUES</b>                                                                                                    |                  |                                   |                                             |
| Charges for services                                                                                                         | \$ 2,841,800     | \$ 2,894,957                      | \$ 53,157                                   |
| Other                                                                                                                        | 35,170           | 15,577                            | (19,593)                                    |
| Total operating revenues                                                                                                     | <u>2,876,970</u> | <u>2,910,534</u>                  | <u>33,564</u>                               |
| <b>OPERATING EXPENSES</b>                                                                                                    |                  |                                   |                                             |
| Salaries, wages and employee benefits                                                                                        | 1,181,380        | 1,126,963                         | 54,417                                      |
| Materials and supplies                                                                                                       | 300,518          | 228,527                           | 71,991                                      |
| Contractual and other services                                                                                               | 841,337          | 847,335                           | (5,998)                                     |
| Capital outlay                                                                                                               | 611,600          | 553,993                           | 57,607                                      |
| Total operating expenses                                                                                                     | <u>2,934,835</u> | <u>2,756,818</u>                  | <u>178,017</u>                              |
| Operating income (loss)                                                                                                      | <u>(57,865)</u>  | <u>153,716</u>                    | <u>211,581</u>                              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                                                                                      |                  |                                   |                                             |
| Interest income and net appreciation                                                                                         |                  |                                   |                                             |
| in fair value of investments                                                                                                 | 34,370           | 35,818                            | 1,448                                       |
| Interest expense                                                                                                             | (18,220)         | (17,972)                          | 248                                         |
| Intergovernmental                                                                                                            | 13,470           | -                                 | (13,470)                                    |
| Gain on the sale of capital assets                                                                                           | 73,000           | 4,900                             | (68,100)                                    |
| Debt service principal retirement                                                                                            | <u>(34,600)</u>  | <u>(34,599)</u>                   | <u>1</u>                                    |
| Total nonoperating revenues (expenses)                                                                                       | <u>68,020</u>    | <u>(11,853)</u>                   | <u>(79,873)</u>                             |
| Income (loss) before appropriated net assets                                                                                 | 10,155           | 141,863                           | 131,708                                     |
| Appropriated net assets                                                                                                      | <u>(10,155)</u>  | <u>-</u>                          | <u>10,155</u>                               |
| Changes in net position                                                                                                      | <u>\$ -</u>      | 141,863                           | <u>\$ 141,863</u>                           |
| Adjustments to reconcile to combining<br>statement of revenues, expenses, and<br>changes in net position - proprietary funds |                  |                                   |                                             |
| Depreciation and amortization                                                                                                |                  | (325,335)                         |                                             |
| Capital outlay                                                                                                               |                  | 553,993                           |                                             |
| Debt service principal repayment                                                                                             |                  | <u>34,599</u>                     |                                             |
| Change in net position GAAP basis                                                                                            |                  | <u>\$ 405,120</u>                 |                                             |

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
STORMWATER FUND  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                                                                              | <b>Budget</b>    | <b>Budgetary Basis<br/>Actual</b> | <b>Variance<br/>Positive<br/>(Negative)</b> |
|------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------|---------------------------------------------|
| <b>OPERATING REVENUES</b>                                                                                                    |                  |                                   |                                             |
| Charges for services                                                                                                         | \$ 990,000       | \$ 1,000,016                      | \$ 10,016                                   |
| Other                                                                                                                        | -                | 929                               | 929                                         |
| Total operating revenue                                                                                                      | <u>990,000</u>   | <u>1,000,945</u>                  | <u>10,945</u>                               |
| <b>OPERATING EXPENSES</b>                                                                                                    |                  |                                   |                                             |
| Salaries, wages and employee benefits                                                                                        | 326,440          | 284,563                           | 41,877                                      |
| Materials and supplies                                                                                                       | 54,349           | 101,414                           | (47,065)                                    |
| Contractual and other services                                                                                               | 224,430          | 195,160                           | 29,270                                      |
| Capital outlay                                                                                                               | <u>514,576</u>   | <u>124,488</u>                    | <u>390,088</u>                              |
| Total operating expenses                                                                                                     | <u>1,119,795</u> | <u>705,625</u>                    | <u>414,170</u>                              |
| Operating income (loss)                                                                                                      | <u>(129,795)</u> | <u>295,320</u>                    | <u>425,115</u>                              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                                                                                      |                  |                                   |                                             |
| Interest income and net appreciation<br>in fair value of investments                                                         | 22,700           | 26,063                            | 3,363                                       |
| Interest expense                                                                                                             | (32,800)         | (32,355)                          | 445                                         |
| Intergovernmental                                                                                                            | 250,000          | -                                 | (250,000)                                   |
| Transfers to other fund                                                                                                      | (162,650)        | (120,800)                         | 41,850                                      |
| Gain on the sale of capital assets                                                                                           | -                | 2,857                             | 2,857                                       |
| Debt service principal retirement                                                                                            | <u>(62,300)</u>  | <u>(62,299)</u>                   | <u>1</u>                                    |
| Total nonoperating revenues (expenses)                                                                                       | <u>14,950</u>    | <u>(186,534)</u>                  | <u>(201,484)</u>                            |
| Income (loss) before appropriated net assets                                                                                 | (114,845)        | 108,786                           | 223,631                                     |
| Appropriated net assets                                                                                                      | <u>114,845</u>   | <u>-</u>                          | <u>(114,845)</u>                            |
| Changes in net position                                                                                                      | <u>\$ -</u>      | 108,786                           | <u>\$ 108,786</u>                           |
| Adjustments to reconcile to combining<br>statement of revenues, expenses, and<br>changes in net position - proprietary funds |                  |                                   |                                             |
| Depreciation and amortization                                                                                                |                  | (323,223)                         |                                             |
| Capital outlay                                                                                                               |                  | 124,488                           |                                             |
| Debt service principal repayment                                                                                             |                  | <u>62,299</u>                     |                                             |
| Change in net position GAAP basis                                                                                            |                  | <u>\$ (27,650)</u>                |                                             |

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CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUNDS TO  
TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2015

|                                                      | <b>Total<br/>Governmental<br/>Funds</b> | <b>Assets, deferred<br/>inflows, long-term<br/>liabilities and<br/>deferred inflows</b> | <b>Statement of Net<br/>Assets</b> |
|------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------|
| <b>Assets</b>                                        |                                         |                                                                                         |                                    |
| Equity in pooled cash and investments                | \$ 13,757,488                           | \$ -                                                                                    | \$ 13,757,488                      |
| Receivables, net:                                    |                                         |                                                                                         |                                    |
| Accounts receivable                                  | 388,644                                 | -                                                                                       | 388,644                            |
| Due from other governments                           | 592,881                                 | -                                                                                       | 592,881                            |
| Other assets                                         | 154,892                                 | -                                                                                       | 154,892                            |
| Inventories                                          | 62,739                                  | -                                                                                       | 62,739                             |
| Prepaid items                                        | 7,587                                   | -                                                                                       | 7,587                              |
| Capital assets:                                      |                                         |                                                                                         |                                    |
| Nondepreciable                                       | -                                       | 7,707,057                                                                               | 7,707,057                          |
| Depreciable, net of accumulated depreciation         | -                                       | 16,539,297                                                                              | 16,539,297                         |
| Pension asset                                        | -                                       | 2,442,070                                                                               | 2,442,070                          |
| Total assets                                         | <u>14,964,231</u>                       | <u>26,688,424</u>                                                                       | <u>41,652,655</u>                  |
| <b>Deferred outflows</b>                             | <u>-</u>                                | <u>653,222</u>                                                                          | <u>653,222</u>                     |
| <b>Total assets and deferred outflows</b>            | <u><u>\$ 14,964,231</u></u>             | <u><u>\$ 27,341,646</u></u>                                                             | <u><u>\$ 42,305,877</u></u>        |
| <b>Liabilities</b>                                   |                                         |                                                                                         |                                    |
| Liabilities:                                         |                                         |                                                                                         |                                    |
| Accounts payable                                     | 438,020                                 | -                                                                                       | 438,020                            |
| Interest payable                                     | -                                       | 71,634                                                                                  | 71,634                             |
| Accrued liabilities                                  | 371,129                                 | -                                                                                       | 371,129                            |
| Customer deposits                                    | 18,066                                  | -                                                                                       | 18,066                             |
| Unearned revenue                                     | 995,987                                 | -                                                                                       | 995,987                            |
| Pension liability                                    | -                                       | 1,461,190                                                                               | 1,461,190                          |
| Long-term obligations                                | -                                       | 6,556,032                                                                               | 6,556,032                          |
| Total liabilities                                    | <u>1,823,202</u>                        | <u>8,088,856</u>                                                                        | <u>9,912,058</u>                   |
| <b>Deferred inflows</b>                              | <u>-</u>                                | <u>1,300,405</u>                                                                        | <u>1,300,405</u>                   |
| <b>Fund Balances</b>                                 |                                         |                                                                                         |                                    |
| Invested in capital assets, net of related debt      | -                                       | 18,705,536                                                                              | 18,705,536                         |
| Nonspendable:                                        |                                         |                                                                                         |                                    |
| Inventories and prepaid amounts                      | 70,326                                  | (70,326)                                                                                | -                                  |
| Restricted for:                                      |                                         |                                                                                         |                                    |
| General government                                   | 484,103                                 | -                                                                                       | 484,103                            |
| Fire protection                                      | 12,254                                  | -                                                                                       | 12,254                             |
| Physical environment                                 | -                                       | -                                                                                       | -                                  |
| Transportation                                       | 489,268                                 | -                                                                                       | 489,268                            |
| Library                                              | 22,598                                  | -                                                                                       | 22,598                             |
| Parks and recreation                                 | 260,966                                 | -                                                                                       | 260,966                            |
| Debt service                                         | 138,327                                 | (71,634)                                                                                | 66,693                             |
| Capital projects                                     | 839,487                                 | -                                                                                       | 839,487                            |
| Committed to:                                        |                                         |                                                                                         |                                    |
| Emergency/disaster relief stabilization              | 2,941,837                               | -                                                                                       | 2,941,837                          |
| Physical environment                                 | 265,742                                 | -                                                                                       | 265,742                            |
| Public safety                                        | 2,340                                   | -                                                                                       | 2,340                              |
| Capital project (Waterfront Park)                    | 1,596,978                               | -                                                                                       | 1,596,978                          |
| Assigned to:                                         |                                         |                                                                                         |                                    |
| General government                                   | 163,290                                 | -                                                                                       | 163,290                            |
| Fire protection                                      | 2,022                                   | -                                                                                       | 2,022                              |
| Physical environment                                 | 13,821                                  | -                                                                                       | 13,821                             |
| Transportation                                       | 660,947                                 | -                                                                                       | 660,947                            |
| Parks and recreation                                 | 341,211                                 | -                                                                                       | 341,211                            |
| Other                                                | -                                       | -                                                                                       | -                                  |
| Unassigned:                                          | <u>4,835,512</u>                        | <u>(611,191)</u>                                                                        | <u>4,224,321</u>                   |
| Total fund balances                                  | <u><u>13,141,029</u></u>                | <u><u>17,952,385</u></u>                                                                | <u><u>31,093,414</u></u>           |
| Total liabilities, deferred inflow and fund balances | <u><u>\$ 14,964,231</u></u>             | <u><u>\$ 27,341,646</u></u>                                                             | <u><u>\$ 42,305,877</u></u>        |

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CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF NET CHANGE IN FUND BALANCES  
FOR THE GOVERNMENTAL FUNDS TO CHANGES IN NET POSITION  
FOR GOVERNMENTAL ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2015

|                                                                      | Total<br>Governmental<br>Funds | Depreciation          | Capital Outlay      | Change in<br>Pension Asset | Compensated<br>Absences | Other Post<br>Employment<br>Benefits (OPEB) | Long-term Debt    | Reclasses and<br>Eliminations | Statement of<br>Activities Total |
|----------------------------------------------------------------------|--------------------------------|-----------------------|---------------------|----------------------------|-------------------------|---------------------------------------------|-------------------|-------------------------------|----------------------------------|
| <b>REVENUES</b>                                                      |                                |                       |                     |                            |                         |                                             |                   |                               |                                  |
| Property taxes                                                       | \$ 4,193,398                   | \$ -                  | \$ -                | \$ -                       | \$ -                    | \$ -                                        | \$ -              | \$ -                          | \$ 4,193,398                     |
| Utility taxes                                                        | 2,423,913                      | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 2,423,913                        |
| Local business taxes                                                 | 162,446                        | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 162,446                          |
| Local option taxes                                                   | 2,039,692                      | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 2,039,692                        |
| Franchise fees                                                       | 1,462,318                      | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 1,462,318                        |
| Licenses and permits                                                 | 219,997                        | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 219,997                          |
| Impact fees                                                          | 42,030                         | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 42,030                           |
| Special assessments                                                  | 247,516                        | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 247,516                          |
| Sales tax                                                            | 1,018,441                      | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 1,018,441                        |
| Intergovernmental                                                    | 1,844,722                      | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 1,844,722                        |
| Charges for services                                                 | 1,021,620                      | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 1,021,620                        |
| Fines and forfeitures                                                | 49,232                         | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 49,232                           |
| Interest income and net<br>appreciation in fair value of investments | 260,606                        | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 260,606                          |
| Contributions and donations                                          | 648,229                        | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 648,229                          |
| Other                                                                | 978,183                        | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 978,183                          |
| Total revenues                                                       | <u>16,612,343</u>              | <u>-</u>              | <u>-</u>            | <u>-</u>                   | <u>-</u>                | <u>-</u>                                    | <u>-</u>          | <u>-</u>                      | <u>16,612,343</u>                |
| <b>EXPENDITURES</b>                                                  |                                |                       |                     |                            |                         |                                             |                   |                               |                                  |
| Current operating:                                                   |                                |                       |                     |                            |                         |                                             |                   |                               |                                  |
| General government                                                   | 2,505,098                      | 311,322               | 3,464               | (37,375)                   | 21,605                  | 4,861                                       | -                 | -                             | 2,808,975                        |
| Law enforcement                                                      | 1,211,298                      | 1,983                 | -                   | -                          | -                       | -                                           | -                 | -                             | 1,213,281                        |
| Fire protection                                                      | 3,703,257                      | 248,700               | 120                 | (333,435)                  | (40,849)                | 7,292                                       | -                 | -                             | 3,585,085                        |
| Building department                                                  | 360,833                        | 331                   | -                   | (23,359)                   | (4,158)                 | 1,215                                       | -                 | -                             | 334,862                          |
| Physical environment                                                 | 390,432                        | 6,986                 | -                   | (12,458)                   | (11,034)                | 972                                         | -                 | -                             | 374,898                          |
| Transportation                                                       | 1,324,730                      | 524,789               | 21,770              | (35,817)                   | 13,858                  | 1,701                                       | -                 | -                             | 1,851,031                        |
| Library                                                              | 1,187,566                      | 281,291               | 17,493              | (23,359)                   | (3,993)                 | 2,674                                       | -                 | -                             | 1,461,672                        |
| Parks and recreation                                                 | 2,570,983                      | 453,184               | 6,723               | (23,359)                   | (6,540)                 | 5,104                                       | -                 | -                             | 3,006,095                        |
| Capital outlay                                                       | 2,058,101                      | -                     | (2,008,531)         | -                          | -                       | -                                           | -                 | (49,570)                      | -                                |
| Debt service:                                                        |                                |                       |                     |                            |                         |                                             |                   |                               |                                  |
| Capital lease retirement                                             | 5,000                          | -                     | -                   | -                          | -                       | -                                           | (5,000)           | -                             | -                                |
| Principal retirement                                                 | 722,400                        | -                     | -                   | -                          | -                       | -                                           | (722,400)         | -                             | -                                |
| Interest and other fiscal charges                                    | 167,784                        | -                     | -                   | -                          | -                       | -                                           | 71,634            | -                             | 239,418                          |
| Total expenditures                                                   | <u>16,207,482</u>              | <u>1,828,586</u>      | <u>(1,958,961)</u>  | <u>(489,162)</u>           | <u>(31,111)</u>         | <u>23,819</u>                               | <u>(655,766)</u>  | <u>(49,570)</u>               | <u>14,875,317</u>                |
| Excess (deficiency) of revenues<br>over (under) expenditures         | <u>404,861</u>                 | <u>(1,828,586)</u>    | <u>1,958,961</u>    | <u>489,162</u>             | <u>31,111</u>           | <u>(23,819)</u>                             | <u>655,766</u>    | <u>49,570</u>                 | <u>1,737,026</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                                |                       |                     |                            |                         |                                             |                   |                               |                                  |
| Transfers in                                                         | 2,662,020                      | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | 2,662,020                        |
| Transfers out                                                        | (2,541,220)                    | -                     | -                   | -                          | -                       | -                                           | -                 | -                             | (2,541,220)                      |
| Total other financing sources (uses)                                 | <u>120,800</u>                 | <u>-</u>              | <u>-</u>            | <u>-</u>                   | <u>-</u>                | <u>-</u>                                    | <u>-</u>          | <u>-</u>                      | <u>120,800</u>                   |
| Net change in fund balances                                          | <u>\$ 525,661</u>              | <u>\$ (1,828,586)</u> | <u>\$ 1,958,961</u> | <u>\$ 489,162</u>          | <u>\$ 31,111</u>        | <u>\$ (23,819)</u>                          | <u>\$ 655,766</u> | <u>\$ 49,570</u>              | <u>\$ 1,857,826</u>              |

See Independent Auditor's Report

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## **STATISTICAL SECTION**

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**City of Safety Harbor, Florida**  
**STATISTICAL SECTION**

This section of the City's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health. This information has not been audited by the independent auditor.

**Contents**

**Financial Trends**

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

|            |                                                |
|------------|------------------------------------------------|
| Schedule 1 | Net Assets by Component                        |
| Schedule 2 | Changes in Net Assets                          |
| Schedule 3 | Program Revenues by Function/Program           |
| Schedule 4 | Fund Balances of Governmental Funds            |
| Schedule 5 | Changes in Fund Balances of Governmental Funds |

**Revenue Capacity**

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

|             |                                                               |
|-------------|---------------------------------------------------------------|
| Schedule 6  | Assessed Value and Estimated Actual Value of Taxable Property |
| Schedule 7  | Direct and Overlapping Property Tax Rates                     |
| Schedule 8  | Principal Taxpayers - Real Property                           |
| Schedule 9  | Principal Taxpayers - Personal Property                       |
| Schedule 10 | Property Tax Levies and Collections                           |

**Debt Capacity**

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.

|             |                                                     |
|-------------|-----------------------------------------------------|
| Schedule 11 | Ratios of Outstanding Debt by Type                  |
| Schedule 12 | Legal Debt Margin Information                       |
| Schedule 13 | Direct and Overlapping Governmental Activities Debt |
| Schedule 14 | Pledged Revenue Coverage - Governmental Activities  |
| Schedule 15 | Pledged Revenue Coverage - Business-Type Activities |

**City of Safety Harbor, Florida**  
**STATISTICAL SECTION**

**Demographic and Economic Information**

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

- Schedule 16 Demographic and Economic Statistics
- Schedule 17 Principal Employers

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- Schedule 18 Full-time Equivalent City Government Employees by Function
- Schedule 19 Operating Indicators by Function
- Schedule 20 Capital Asset Statistics by Function

Sources: Unless otherwise noted, the information in this section is derived from the City's comprehensive annual financial reports for the relevant year. The City implemented the new reporting model, GASB 34, in the fiscal year ending September 30, 2003.

**SCHEDULE 1**

**City of Safety Harbor, Florida**  
**NET POSITION BY COMPONENT**  
 Last Nine Fiscal Years  
 (Accrual Basis of Accounting)

|                                                 | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                 | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 | 2010*                | 2009                 | 2008                 | 2007                 | 2006                 |
| <b>Governmental Activities</b>                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 18,705,536        | \$ 18,038,191        | \$ 18,127,134        | \$ 17,747,220        | \$ 17,815,778        | \$ 18,018,704        | \$ 19,665,284        | \$ 17,632,941        | \$ 21,125,097        | \$ 17,924,729        |
| Restricted                                      | 2,175,369            | 2,638,130            | 6,211,733            | 6,703,478            | 8,618,746            | 3,811,514            | 3,318,189            | 2,594,159            | 1,184,718            | 1,574,248            |
| Unrestricted                                    | 10,212,509           | 8,559,267            | 4,850,303            | 4,828,789            | 4,700,754            | 9,994,707            | 13,615,753           | 17,118,139           | 14,179,092           | 16,001,033           |
| Total governmental activities net position      | <u>\$ 31,093,414</u> | <u>\$ 29,235,588</u> | <u>\$ 29,189,170</u> | <u>\$ 29,279,487</u> | <u>\$ 31,135,278</u> | <u>\$ 31,824,925</u> | <u>\$ 36,599,226</u> | <u>\$ 37,345,239</u> | <u>\$ 36,488,907</u> | <u>\$ 35,500,010</u> |
| <b>Business-type Activities</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 19,179,343        | \$ 18,085,216        | \$ 18,413,858        | \$ 16,597,580        | \$ 13,561,385        | \$ 12,760,978        | \$ 9,965,349         | \$ 11,937,820        | \$ 11,736,926        | \$ 13,227,123        |
| Restricted                                      | 10,538,939           | 8,685,536            | 6,854,934            | 6,065,933            | 5,249,420            | 4,832,069            | 3,984,661            | 1,802,944            | 2,327,691            | 1,677,869            |
| Unrestricted                                    | 4,083,783            | 6,239,990            | 7,456,566            | 8,467,665            | 8,668,700            | 7,469,063            | 5,274,983            | 4,559,472            | 3,748,015            | 3,077,758            |
| Total business-type activities net position     | <u>\$ 33,802,065</u> | <u>\$ 33,010,742</u> | <u>\$ 32,725,358</u> | <u>\$ 31,131,178</u> | <u>\$ 27,479,505</u> | <u>\$ 25,062,110</u> | <u>\$ 19,224,993</u> | <u>\$ 18,300,236</u> | <u>\$ 17,812,632</u> | <u>\$ 17,982,750</u> |
| <b>Primary Government</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 37,884,879        | \$ 36,123,407        | \$ 36,540,992        | \$ 34,344,800        | \$ 31,377,163        | \$ 30,779,682        | \$ 29,630,633        | \$ 29,570,761        | \$ 32,862,023        | \$ 31,151,852        |
| Restricted                                      | 12,714,308           | 11,323,666           | 13,066,667           | 12,769,411           | 13,868,166           | 8,643,583            | 7,302,850            | 4,397,103            | 3,512,409            | 3,252,117            |
| Unrestricted                                    | 14,296,292           | 14,799,257           | 12,306,869           | 13,296,454           | 13,369,454           | 17,463,770           | 18,890,736           | 21,677,611           | 17,927,107           | 19,078,791           |
| Total primary government net position           | <u>\$ 64,895,479</u> | <u>\$ 62,246,330</u> | <u>\$ 61,914,528</u> | <u>\$ 60,410,665</u> | <u>\$ 58,614,783</u> | <u>\$ 56,887,035</u> | <u>\$ 55,824,219</u> | <u>\$ 55,645,475</u> | <u>\$ 54,301,539</u> | <u>\$ 53,482,760</u> |

\*Restated

Note: The City began reporting the Stormwater Fund as a Business-type activity in 2011. Financial data restated in 2010 for comparative purposes.  
 The City implemented GASB 68 in 2015. Financial data restated in 2014 for comparative purposes.

**SCHEDULE 2**

**City of Safety Harbor, Florida**  
**CHANGES IN NET POSITION**  
 Last Nine Fiscal Years  
 (Accrual Basis of Accounting)

Page 1 of 2

|                                                        | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                        | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 |
| <b>Expenses</b>                                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                                     | \$ 2,808,975         | \$ 2,922,955         | \$ 2,931,779         | \$ 3,139,084         | \$ 3,219,077         | \$ 3,474,937         | \$ 3,307,998         | \$ 3,830,166         | \$ 3,447,422         | \$ 2,959,689         |
| Law enforcement                                        | 1,213,281            | 1,179,493            | 1,224,491            | 1,268,788            | 1,266,876            | 1,231,263            | 1,336,447            | 1,278,181            | 1,209,614            | 1,130,054            |
| Fire protection                                        | 3,585,085            | 3,894,577            | 3,788,045            | 3,724,329            | 3,843,029            | 3,814,874            | 4,082,474            | 3,935,680            | 3,591,781            | 3,072,479            |
| Building department                                    | 334,862              | 307,766              | 290,904              | 296,574              | 300,126              | 305,251              | 293,109              | 305,203              | 276,335              | 256,155              |
| Physical environment                                   | 374,898              | 423,295              | 405,422              | 414,406              | 483,956              | 1,347,914            | 1,289,878            | 1,269,798            | 1,294,981            | 1,202,864            |
| Transportation                                         | 1,851,031            | 1,520,855            | 1,588,963            | 2,009,562            | 1,858,826            | 2,152,048            | 2,283,184            | 2,180,589            | 1,721,927            | 1,198,203            |
| Library                                                | 1,461,672            | 1,466,178            | 1,467,129            | 1,528,418            | 1,560,737            | 1,514,773            | 1,670,642            | 1,361,946            | 1,165,872            | 1,003,278            |
| Parks and recreation                                   | 3,006,095            | 2,934,957            | 2,786,955            | 2,737,957            | 2,663,696            | 2,585,030            | 2,611,334            | 2,417,586            | 2,433,918            | 2,064,743            |
| Interest and other fiscal charges<br>on long-term debt | 239,418              | 189,032              | 208,644              | 183,650              | 176,977              | 237,267              | 103,790              | 96,730               | 401                  | 10,725               |
| Total governmental activities expenses                 | <u>14,875,317</u>    | <u>14,839,108</u>    | <u>14,692,332</u>    | <u>15,302,768</u>    | <u>15,373,300</u>    | <u>16,663,357</u>    | <u>16,978,856</u>    | <u>16,675,879</u>    | <u>15,142,251</u>    | <u>12,898,190</u>    |
| Business-type activities:                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water and wastewater                                   | 7,701,878            | 7,669,583            | 7,762,326            | 7,080,853            | 7,301,156            | 7,368,967            | 7,975,242            | 7,835,184            | 7,445,253            | 6,962,043            |
| Solid waste                                            | 2,546,132            | 2,688,181            | 2,637,708            | 2,662,998            | 2,623,957            | 2,613,310            | 2,760,181            | 2,866,134            | 2,413,274            | 2,154,910            |
| Stormwater                                             | 936,715              | 871,193              | 828,019              | 818,113              | 814,809              | -                    | -                    | -                    | -                    | -                    |
| Total business-type activities expenses                | <u>11,184,725</u>    | <u>11,228,957</u>    | <u>11,228,053</u>    | <u>10,561,964</u>    | <u>10,739,922</u>    | <u>9,982,277</u>     | <u>10,735,423</u>    | <u>10,701,318</u>    | <u>9,858,527</u>     | <u>9,116,953</u>     |
| Total primary government expenses                      | <u>\$ 26,060,042</u> | <u>\$ 26,068,065</u> | <u>\$ 25,920,385</u> | <u>\$ 25,864,732</u> | <u>\$ 26,113,222</u> | <u>\$ 26,645,634</u> | <u>\$ 27,714,279</u> | <u>\$ 27,377,197</u> | <u>\$ 25,000,778</u> | <u>\$ 22,015,143</u> |
| <b>Program Revenues</b> (see Schedule 3)               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services:                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                                     | \$ 77,093            | \$ 67,995            | \$ 129,579           | \$ 90,475            | \$ 75,110            | \$ 46,854            | \$ 132,810           | \$ 68,943            | \$ 46,809            | \$ 50,823            |
| Law enforcement                                        | 11,412               | 10,381               | 45,377               | 77,056               | 90,658               | 68,287               | 94,095               | 122,118              | 82,640               | 77,993               |
| Fire protection                                        | 9,450                | 16,794               | 23,376               | 6,845                | 6,890                | 1,083                | -                    | -                    | -                    | -                    |
| Building department                                    | 222,337              | 215,144              | 311,272              | 169,407              | 150,485              | 121,847              | 113,716              | 109,987              | 114,489              | 126,401              |
| Physical environment                                   | 46,166               | 46,550               | 42,964               | 49,913               | 51,235               | 508,932              | 591,432              | 546,650              | 500,576              | 6,841                |
| Transportation                                         | 275,797              | 344,165              | 343,274              | 40,550               | 9,624                | 20,834               | 8,083                | 22,243               | 33,557               | 21,852               |
| Library                                                | 42,663               | 49,311               | 49,077               | 47,223               | 55,745               | 45,613               | 31,888               | 47,977               | 24,270               | 27,863               |
| Parks and recreation                                   | 895,477              | 854,196              | 859,165              | 743,694              | 736,353              | 692,506              | 566,799              | 535,831              | 595,991              | 633,054              |
| Operating grants and contributions                     | 1,255,345            | 1,481,182            | 1,452,065            | 1,234,112            | 1,294,887            | 1,269,902            | 1,508,338            | 256,837              | 17,116               | 511,503              |
| Capital grants and contributions                       | 693,263              | 62,633               | 42,210               | 166,567              | 31,067               | 194,540              | 11,000               | 400,126              | 950,484              | 75,000               |
| Total governmental activities program revenues         | <u>3,529,003</u>     | <u>3,148,351</u>     | <u>3,298,359</u>     | <u>2,625,842</u>     | <u>2,502,054</u>     | <u>2,970,398</u>     | <u>3,058,161</u>     | <u>2,110,712</u>     | <u>2,365,932</u>     | <u>1,531,330</u>     |
| Business-type activities:                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services:                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water and wastewater                                   | 7,149,079            | 7,857,807            | 8,059,551            | 7,952,369            | 8,233,441            | 8,081,185            | 7,877,674            | 7,078,269            | 6,451,147            | 5,949,010            |
| Solid waste                                            | 2,894,957            | 2,900,306            | 2,847,160            | 2,797,521            | 2,871,451            | 2,782,138            | 2,695,636            | 2,467,341            | 2,281,782            | 1,916,238            |
| Stormwater                                             | 1,000,016            | 996,899              | 993,034              | 661,809              | 667,967              | -                    | -                    | -                    | -                    | -                    |
| Operating grants and contributions                     | -                    | 12,988               | 12,959               | 13,067               | 13,457               | 13,439               | 13,439               | -                    | -                    | -                    |
| Capital grants and contributions                       | -                    | 4,839                | 413,289              | 1,057,627            | 240,675              | -                    | -                    | -                    | -                    | -                    |
| Total business-type activities program revenues        | <u>11,044,052</u>    | <u>11,772,839</u>    | <u>12,325,993</u>    | <u>12,482,393</u>    | <u>12,026,991</u>    | <u>10,876,762</u>    | <u>10,586,749</u>    | <u>9,545,610</u>     | <u>8,732,929</u>     | <u>7,865,248</u>     |
| Total primary government program revenues              | <u>\$ 14,573,055</u> | <u>\$ 14,921,190</u> | <u>\$ 15,624,352</u> | <u>\$ 15,108,235</u> | <u>\$ 14,529,045</u> | <u>\$ 13,847,160</u> | <u>\$ 13,644,910</u> | <u>\$ 11,656,322</u> | <u>\$ 11,098,861</u> | <u>\$ 9,396,578</u>  |

**SCHEDULE 2**

**City of Safety Harbor, Florida**  
**CHANGES IN NET POSITION**  
 Last Nine Fiscal Years  
 (Accrual Basis of Accounting)

Page 2 of 2

|                                                           | Fiscal Year            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|-----------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                           | 2015                   | 2014                   | 2013                   | 2012                   | 2011                   | 2010                   | 2009                   | 2008                   | 2007                   | 2006                   |
| <b>Net (Expense)/Revenue</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                   | \$ (11,346,314)        | \$ (11,690,757)        | \$ (11,393,973)        | \$ (12,676,926)        | \$ (12,871,246)        | \$ (13,692,959)        | \$ (13,920,695)        | \$ (14,565,167)        | \$ (12,776,319)        | \$ (11,366,860)        |
| Business-type activities                                  | (140,673)              | 543,882                | 1,097,940              | 1,920,429              | 1,287,069              | 894,485                | (148,674)              | (1,155,708)            | (1,125,598)            | (1,251,705)            |
| Total primary government net expense                      | <u>\$ (11,486,987)</u> | <u>\$ (11,146,875)</u> | <u>\$ (10,296,033)</u> | <u>\$ (10,756,497)</u> | <u>\$ (11,584,177)</u> | <u>\$ (12,798,474)</u> | <u>\$ (14,069,369)</u> | <u>\$ (15,720,875)</u> | <u>\$ (13,901,917)</u> | <u>\$ (12,618,565)</u> |
| <b>General Revenues and Other Changes in Net Position</b> |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Taxes                                                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Property taxes                                            | \$ 4,193,398           | \$ 3,722,248           | \$ 3,215,616           | \$ 3,267,040           | \$ 3,454,605           | \$ 3,493,007           | \$ 3,543,283           | \$ 3,534,380           | \$ 3,585,742           | \$ 3,155,726           |
| Utility taxes                                             | 2,423,913              | 2,459,059              | 2,386,797              | 2,473,714              | 2,427,378              | 2,624,901              | 2,591,091              | 2,402,197              | 2,439,157              | 2,343,568              |
| Local business tax                                        | 162,446                | 135,802                | 150,074                | 154,396                | 146,230                | 144,522                | 143,032                | 142,447                | 158,996                | 133,289                |
| Local option tax                                          | 2,039,692              | 1,884,907              | 1,798,283              | 1,721,958              | 1,632,711              | 1,506,577              | 1,587,588              | 1,787,124              | 1,757,699              | 1,928,297              |
| Franchise fees                                            | 1,462,318              | 1,473,646              | 1,361,010              | 1,435,731              | 1,463,744              | 1,629,370              | 1,570,352              | 1,453,539              | 1,454,358              | 1,472,988              |
| Sales tax                                                 | 1,018,441              | 980,143                | 928,330                | 889,029                | 874,854                | 847,342                | 857,009                | 941,432                | 1,003,087              | 1,045,660              |
| Intergovernmental                                         | 554,343                | 529,971                | 494,362                | 469,506                | 472,827                | 468,225                | 404,719                | 1,793,785              | 1,460,577              | 1,376,761              |
| Interest income and net appreciation in                   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| fair value of investments                                 | 260,606                | 204,396                | (44,637)               | 198,116                | 507,216                | 844,977                | 835,294                | 1,113,049              | 716,601                | 709,644                |
| Other                                                     | 968,183                | 898,056                | 916,748                | 1,018,166              | 1,202,034              | 1,122,522              | 1,907,942              | 1,354,046              | 1,456,702              | 1,345,807              |
| Gain on sale of capital assets                            | -                      | -                      | 18,632                 | -                      | -                      | 6,992                  | -                      | -                      | -                      | -                      |
| Expense allocation business-type activities               | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Transfers                                                 | 120,800                | 120,800                | 120,800                | (806,520)              | -                      | -                      | -                      | -                      | -                      | -                      |
| Total governmental activities                             | <u>13,204,140</u>      | <u>12,409,028</u>      | <u>11,346,015</u>      | <u>10,821,136</u>      | <u>12,181,599</u>      | <u>12,688,435</u>      | <u>13,440,310</u>      | <u>14,521,999</u>      | <u>14,032,919</u>      | <u>13,511,740</u>      |
| Business-type activities:                                 |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Franchise fees                                            | -                      | -                      | -                      | -                      | -                      | 29,928                 | 38,290                 | -                      | -                      | -                      |
| Interest income and net appreciation in                   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| fair value of investments                                 | 322,693                | 247,524                | (48,331)               | 209,919                | 438,080                | 475,634                | 361,878                | 354,785                | 251,076                | 217,395                |
| Other                                                     | 706,309                | 698,586                | 722,038                | 696,670                | 680,091                | 657,841                | 673,263                | 1,139,362              | 949,217                | 142,687                |
| Proceeds from sale of capital assets                      | 23,794                 | 14,305                 | (1,791)                | 18,135                 | 12,155                 | 9,455                  | -                      | -                      | -                      | -                      |
| Transfers                                                 | (120,800)              | (120,800)              | (120,800)              | 806,520                | -                      | -                      | -                      | -                      | -                      | -                      |
| Total business-type activities                            | <u>931,996</u>         | <u>839,615</u>         | <u>551,116</u>         | <u>1,731,244</u>       | <u>1,130,326</u>       | <u>1,172,858</u>       | <u>1,073,431</u>       | <u>1,494,147</u>       | <u>1,200,293</u>       | <u>360,082</u>         |
| Total primary government                                  | <u>\$ 14,136,136</u>   | <u>\$ 13,248,643</u>   | <u>\$ 11,897,131</u>   | <u>\$ 12,552,380</u>   | <u>\$ 13,311,925</u>   | <u>\$ 13,861,293</u>   | <u>\$ 14,513,741</u>   | <u>\$ 16,016,146</u>   | <u>\$ 15,233,212</u>   | <u>\$ 13,871,822</u>   |
| <b>Change in Net Position</b>                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                   | \$ 1,857,826           | \$ 718,271             | \$ (47,958)            | \$ (1,855,790)         | \$ (689,647)           | \$ (1,004,524)         | \$ (480,385)           | \$ (43,168)            | \$ 1,256,600           | \$ 2,144,880           |
| Business-type activities                                  | 791,323                | 1,383,497              | 1,649,056              | 3,651,673              | 2,417,395              | 2,067,343              | 924,757                | 338,439                | 74,695                 | (891,623)              |
| Total primary government                                  | <u>\$ 2,649,149</u>    | <u>\$ 2,101,768</u>    | <u>\$ 1,601,098</u>    | <u>\$ 1,795,883</u>    | <u>\$ 1,727,748</u>    | <u>\$ 1,062,819</u>    | <u>\$ 444,372</u>      | <u>\$ 295,271</u>      | <u>\$ 1,331,295</u>    | <u>\$ 1,253,257</u>    |

Note: Beginning in fiscal year 2011 the City began to report the Stormwater Fund as an Enterprise Fund. Prior to 2011, the fund was reported as a Governmental Fund.

### SCHEDULE 3

**City of Safety Harbor, Florida**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
 Last Nine Fiscal Years  
 (Accrual Basis of Accounting)

|                                                 | Fiscal Year   |               |               |               |               |               |               |               |               |              |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
|                                                 | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          | 2009          | 2008          | 2007          | 2006         |
| <b>Function/Program</b>                         |               |               |               |               |               |               |               |               |               |              |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |              |
| General government                              | \$ 87,093     | \$ 77,995     | \$ 129,579    | \$ 240,475    | \$ 75,110     | \$ 61,854     | \$ 197,786    | \$ 68,943     | \$ 205,805    | \$ 184,112   |
| Law enforcement                                 | 11,412        | 12,492        | 45,377        | 77,056        | 94,936        | 72,302        | 95,095        | 125,885       | 82,640        | 77,993       |
| Fire protection                                 | 1,099,660     | 1,286,708     | 1,277,703     | 1,013,478     | 1,062,292     | 991,055       | 1,104,730     | -             | -             | -            |
| Building department                             | 222,337       | 215,144       | 311,272       | 169,407       | 150,485       | 266,369       | 256,748       | 252,434       | 114,489       | 126,401      |
| Physical environment                            | 46,166        | 46,550        | 42,964        | 49,913        | 51,235        | 699,457       | 591,432       | 894,454       | 1,468,176     | 593,344      |
| Transportation                                  | 281,295       | 349,283       | 348,022       | 46,986        | 9,624         | 20,834        | 8,083         | 73,390        | 33,557        | 21,852       |
| Library                                         | 251,109       | 287,149       | 284,277       | 278,199       | 293,653       | 310,543       | 378,583       | 302,222       | 24,270        | 27,863       |
| Parks and recreation                            | 1,529,931     | 873,030       | 859,165       | 750,328       | 764,719       | 692,506       | 568,736       | 535,831       | 595,991       | 633,054      |
| Total governmental activities program revenues  | 3,529,003     | 3,148,351     | 3,298,359     | 2,625,842     | 2,502,054     | 3,114,920     | 3,201,193     | 2,253,159     | 2,524,928     | 1,664,619    |
| Business-type activities:                       |               |               |               |               |               |               |               |               |               |              |
| Water and wastewater                            | 7,149,079     | 7,857,807     | 8,059,551     | 7,952,369     | 8,233,441     | 8,081,185     | 7,877,674     | 7,078,269     | 6,451,147     | 5,949,010    |
| Solid waste                                     | 2,894,957     | 2,913,294     | 2,860,119     | 2,810,588     | 2,884,908     | 2,795,577     | 2,709,075     | 2,467,341     | 2,281,782     | 1,916,238    |
| Stormwater                                      | 1,000,016     | 1,001,738     | 1,406,323     | 1,719,436     | 908,642       | -             | -             | -             | -             | -            |
| Total business-type activities program revenues | 11,044,052    | 11,772,839    | 12,325,993    | 12,482,393    | 12,026,991    | 10,876,762    | 10,586,749    | 9,545,610     | 8,732,929     | 7,865,248    |
| Total primary government program revenues       | \$ 14,573,055 | \$ 14,921,190 | \$ 15,624,352 | \$ 15,108,235 | \$ 14,529,045 | \$ 13,991,682 | \$ 13,787,942 | \$ 11,798,769 | \$ 11,257,857 | \$ 9,529,867 |

Note: Beginning in fiscal year 2011 the City began to report the Stormwater Fund as an Enterprise Fund. Prior to 2011, the fund was reported as a Governmental Fund.

# SCHEDULE 4

## City of Safety Harbor, Florida FUND BALANCES OF GOVERNMENTAL FUNDS Last Nine Fiscal Years (Modified Accrual Basis of Accounting)

|                                    | Fiscal Year         |                     |                     |                     |                     |                     |                     |                      |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
|                                    | 2015                | 2014                | 2013                | 2012                | 2011                | 2010                | 2009                | 2008                 | 2007                | 2006                |
| General Fund                       |                     |                     |                     |                     |                     |                     |                     |                      |                     |                     |
| Restricted                         | \$ -                | \$ -                | \$ -                | \$ 2,606,544        | \$ 2,886,389        | \$ 282,576          | \$ 167,223          | \$ 260,271           | \$ 124,501          | \$ 99,234           |
| Unrestricted                       | -                   | -                   | -                   | 5,829,922           | 6,081,005           | 8,515,866           | 9,051,391           | 8,498,484            | 8,721,789           | 9,335,644           |
| Nonspendable                       | \$ 70,326           | \$ 32,752           | \$ 34,784           | \$ 33,461           | \$ 193,576          | -                   | -                   | -                    | -                   | -                   |
| Restricted                         |                     | -                   | -                   | -                   | 22,755              | -                   | -                   | -                    | -                   | -                   |
| Committed                          | 2,941,837           | 2,593,469           | 2,580,409           | 2,573,083           | 2,670,058           | -                   | -                   | -                    | -                   | -                   |
| Assigned                           | -                   | 1,626,050           | 68,270              | 397,680             | 833,730             | -                   | -                   | -                    | -                   | -                   |
| Unassigned                         | 4,835,512           | 4,539,230           | 5,637,597           | 5,432,242           | 5,247,275           | -                   | -                   | -                    | -                   | -                   |
| Total general fund                 | <u>\$ 7,847,675</u> | <u>\$ 8,791,501</u> | <u>\$ 8,321,060</u> | <u>\$ 8,436,466</u> | <u>\$ 8,967,394</u> | <u>\$ 8,798,442</u> | <u>\$ 9,218,614</u> | <u>\$ 8,758,755</u>  | <u>\$ 8,846,290</u> | <u>\$ 9,434,878</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |                     |                     |                      |                     |                     |
| Reserved                           | \$ -                | \$ -                | \$ -                | \$ 3,699,254        | \$ 4,229,317        | \$ 3,528,938        | \$ 4,733,095        | \$ 8,510,572         | \$ 6,532,749        | \$ 7,536,906        |
| Unreserved, reported in:           |                     |                     |                     |                     |                     |                     |                     |                      |                     |                     |
| Special revenue funds              | -                   | -                   | -                   | -                   | 669,310             | 3,859,731           | 3,558,003           | 2,758,876            | 238,219             | 738,672             |
| Restricted                         | \$ 2,247,003        | \$ 2,638,130        | \$ 2,536,772        | \$ 2,700,566        | \$ 4,229,317        | -                   | -                   | -                    | -                   | -                   |
| Committed                          | 1,865,060           | 278,536             | 267,150             | 265,067             | 231,984             | -                   | -                   | -                    | -                   | -                   |
| Assigned                           | 1,181,291           | 907,201             | 724,348             | 733,621             | 437,326             | -                   | -                   | -                    | -                   | -                   |
| Total all other governmental funds | <u>\$ 5,293,354</u> | <u>\$ 3,823,867</u> | <u>\$ 3,528,270</u> | <u>\$ 3,699,254</u> | <u>\$ 4,898,627</u> | <u>\$ 7,388,669</u> | <u>\$ 8,291,098</u> | <u>\$ 11,269,448</u> | <u>\$ 6,770,968</u> | <u>\$ 8,275,578</u> |

Notes: (1) The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. The change in the classification of fund balance amounts in 2011 is discussed in the Notes to the Financial Statements.

(2) Prior year amounts have not been restated for the implementation of Statement 54.

**SCHEDULE 5**

**City of Safety Harbor, Florida**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Nine Fiscal Years  
 (Modified Accrual Basis of Accounting)

|                                                                      | Fiscal Year       |                   |                     |                       |                     |                       |                       |                     |                       |                   |
|----------------------------------------------------------------------|-------------------|-------------------|---------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|-------------------|
|                                                                      | 2015              | 2014              | 2013                | 2012                  | 2011                | 2010                  | 2009                  | 2008                | 2007                  | 2006              |
| <b>Revenues</b>                                                      |                   |                   |                     |                       |                     |                       |                       |                     |                       |                   |
| Property taxes                                                       | \$ 4,193,398      | \$ 3,722,248      | \$ 3,215,616        | \$ 3,267,040          | \$ 3,454,605        | \$ 3,493,007          | \$ 3,543,283          | \$ 3,534,380        | \$ 3,585,742          | \$ 3,155,726      |
| Utility taxes                                                        | 2,423,913         | 2,459,059         | 2,386,797           | 2,473,714             | 2,427,378           | 2,624,901             | 2,591,091             | 2,402,197           | 2,439,157             | 2,343,568         |
| Local business tax                                                   | 162,446           | 135,802           | 150,074             | 154,396               | 146,230             | 144,522               | 143,032               | 142,447             | 158,996               | 133,289           |
| Local option tax                                                     | 2,039,692         | 1,884,907         | 1,798,283           | 1,721,958             | 1,632,711           | 1,506,577             | 1,587,588             | 1,787,124           | 1,757,699             | 1,928,297         |
| Franchise fees                                                       | 1,462,318         | 1,473,646         | 1,361,010           | 1,435,731             | 1,463,744           | 1,629,370             | 1,570,352             | 1,453,539           | 1,454,358             | 1,472,988         |
| Licenses and permits                                                 | 219,997           | 215,144           | 311,272             | 169,407               | 150,485             | 121,847               | 113,716               | 109,987             | 114,489               | 126,401           |
| Impact fees                                                          | 42,030            | 44,430            | 59,875              | 43,729                | 5,738               | 6,988                 | 11,702                | 27,496              | 47,407                | 111,145           |
| Special assessments                                                  | 247,516           | 317,863           | 312,657             | 10,696                | 991                 | 468,479               | 540,663               | 498,033             | 500,635               | 511,503           |
| Sales tax                                                            | 1,018,441         | 980,143           | 928,330             | 889,029               | 874,854             | 847,342               | 857,009               | 941,432             | 1,003,087             | 1,045,660         |
| Intergovernmental                                                    | 1,844,722         | 1,982,488         | 1,967,332           | 1,850,861             | 1,779,621           | 1,932,667             | 1,861,572             | 2,450,747           | 2,837,597             | 1,865,976         |
| Charges for services                                                 | 1,021,620         | 995,188           | 1,037,575           | 860,674               | 885,181             | 879,969               | 652,757               | 628,977             | 640,640               | 616,952           |
| Fines and forfeitures                                                | 49,232            | 31,911            | 77,530              | 140,659               | 127,865             | 28,673                | 92,570                | 189,258             | 95,895                | 90,541            |
| Interest income and net appreciation<br>in fair value of investments | 260,606           | 204,396           | (44,637)            | 198,116               | 507,216             | 844,977               | 835,294               | 1,113,050           | 716,602               | 709,643           |
| Contributions and donations                                          | 648,229           | 81,298            | -                   | -                     | 25,000              | -                     | -                     | -                   | -                     | -                 |
| Other                                                                | 978,183           | 908,056           | 961,860             | 1,037,488             | 1,202,034           | 1,122,522             | 2,097,842             | 1,354,046           | 1,046,549             | 931,382           |
| <b>Total revenues</b>                                                | <b>16,612,343</b> | <b>15,436,579</b> | <b>14,523,574</b>   | <b>14,253,498</b>     | <b>14,683,653</b>   | <b>15,651,841</b>     | <b>16,498,471</b>     | <b>16,632,713</b>   | <b>16,398,853</b>     | <b>15,043,071</b> |
| <b>Expenditures</b>                                                  |                   |                   |                     |                       |                     |                       |                       |                     |                       |                   |
| General government                                                   | 2,505,098         | 2,591,242         | 2,584,760           | 2,798,564             | 2,969,719           | 3,223,596             | 3,307,998             | 3,102,319           | 3,178,784             | 2,847,137         |
| Law enforcement                                                      | 1,211,298         | 1,177,579         | 1,221,973           | 1,264,935             | 1,260,120           | 1,228,769             | 1,336,447             | 1,277,100           | 1,208,207             | 1,122,791         |
| Fire protection                                                      | 3,703,257         | 3,726,465         | 3,672,859           | 3,566,685             | 3,673,446           | 3,615,892             | 4,082,474             | 3,679,384           | 3,318,354             | 2,883,327         |
| Building department                                                  | 360,833           | 302,451           | 288,643             | 293,273               | 295,895             | 300,581               | 293,109               | 295,879             | 268,376               | 242,518           |
| Physical environment                                                 | 390,432           | 406,815           | 425,653             | 403,240               | 484,875             | 1,219,847             | 1,289,878             | 1,184,793           | 973,168               | 1,151,621         |
| Transportation                                                       | 1,324,730         | 972,351           | 1,051,453           | 1,466,218             | 1,327,636           | 1,652,066             | 2,283,184             | 1,732,432           | 1,375,531             | 926,335           |
| Library                                                              | 1,187,566         | 1,141,108         | 1,095,553           | 1,157,376             | 1,190,494           | 1,163,288             | 1,670,642             | 1,186,319           | 1,027,308             | 873,826           |
| Parks and recreation                                                 | 2,570,983         | 2,477,869         | 2,329,512           | 2,287,102             | 2,210,288           | 2,158,588             | 2,611,334             | 2,045,159           | 1,955,310             | 1,735,908         |
| Capital outlay                                                       | 2,058,101         | 1,098,447         | 1,422,734           | 4,096,731             | 1,183,334           | 1,716,128             | 4,182,276             | 5,213,631           | 4,918,909             | 2,165,768         |
| Debt service                                                         |                   |                   |                     |                       |                     |                       |                       |                     |                       |                   |
| Principal retirement                                                 | 722,400           | 702,982           | 628,982             | 414,062               | 401,643             | 467,878               | -                     | -                   | -                     | 220,000           |
| Principal repayment                                                  | 5,000             | 5,000             | -                   | -                     | -                   | -                     | (25,431)              | -                   | -                     | -                 |
| Interest and other fiscal charges                                    | 167,784           | 189,032           | 208,644             | 179,572               | 174,431             | 234,801               | 103,790               | 96,730              | 401                   | 10,725            |
| Debt issuance costs                                                  | -                 | -                 | -                   | -                     | -                   | -                     | -                     | -                   | -                     | 10,200            |
| <b>Total expenditures</b>                                            | <b>16,207,482</b> | <b>14,791,341</b> | <b>14,930,766</b>   | <b>17,927,758</b>     | <b>15,171,881</b>   | <b>16,981,434</b>     | <b>21,135,701</b>     | <b>19,813,746</b>   | <b>18,224,348</b>     | <b>14,190,156</b> |
| Excess (deficiency) of revenues<br>over (under) expenditures         | 404,861           | 645,238           | (407,192)           | (3,674,260)           | (488,228)           | (1,329,593)           | (4,637,230)           | (3,181,033)         | (1,825,495)           | 852,915           |
| <b>Other Financing Sources (Uses)</b>                                |                   |                   |                     |                       |                     |                       |                       |                     |                       |                   |
| Transfers in                                                         | 2,662,020         | 1,018,770         | 1,104,830           | 921,720               | 889,080             | 924,684               | 2,141,239             | 2,685,436           | 916,461               | 751,573           |
| Transfers out                                                        | (2,541,220)       | (897,970)         | (984,030)           | (1,728,240)           | (889,080)           | (924,684)             | (2,141,239)           | (2,685,436)         | (916,461)             | (751,573)         |
| Sale of capital assets                                               | -                 | -                 | -                   | -                     | -                   | 6,992                 | -                     | -                   | -                     | -                 |
| Bond Issuance Costs                                                  | -                 | -                 | -                   | (24,521)              | -                   | -                     | -                     | -                   | -                     | -                 |
| Debt proceeds                                                        | -                 | -                 | -                   | 2,775,000             | -                   | -                     | 304,007               | 6,908,287           | -                     | 10,200            |
| <b>Total other financing sources (uses)</b>                          | <b>120,800</b>    | <b>120,800</b>    | <b>120,800</b>      | <b>1,943,959</b>      | <b>-</b>            | <b>6,992</b>          | <b>304,007</b>        | <b>6,908,287</b>    | <b>-</b>              | <b>10,200</b>     |
| Special item                                                         | -                 | -                 | -                   | -                     | -                   | -                     | (265,628)             | (216,212)           | -                     | -                 |
| <b>Net change in fund balances</b>                                   | <b>\$ 525,661</b> | <b>\$ 766,038</b> | <b>\$ (286,392)</b> | <b>\$ (1,730,301)</b> | <b>\$ (488,228)</b> | <b>\$ (1,322,601)</b> | <b>\$ (4,598,851)</b> | <b>\$ 3,727,254</b> | <b>\$ (1,825,495)</b> | <b>\$ 863,115</b> |
| Debt service as a percentage<br>of noncapital expenditures           | 6.33%             | 6.55%             | 6.20%               | 4.29%                 | 4.12%               | 4.60%                 | 0.46%                 | 0.66%               | 0.00%                 | 2.00%             |

**SCHEDULE 6**

**City of Safety Harbor, Florida**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
 Last Ten Fiscal Years

| Fiscal Year | Tax Year | Direct Rate | Estimated Actual Value |                   |                             | Exemptions <sup>a</sup> |                   |                             | Taxable Assessed Value |                   |                             | Total            | Total Direct Tax Rate |
|-------------|----------|-------------|------------------------|-------------------|-----------------------------|-------------------------|-------------------|-----------------------------|------------------------|-------------------|-----------------------------|------------------|-----------------------|
|             |          |             | Real Property          | Personal Property | Centrally Assessed Property | Real Property           | Personal Property | Centrally Assessed Property | Real Property          | Personal Property | Centrally Assessed Property |                  |                       |
| 2015        | 2014     | 4.0479      | \$ 1,416,453,116       | \$ 80,194,102     | \$ 660,616                  | \$ 440,330,500          | \$ 37,192,041     | \$ 76,876                   | \$ 976,122,616         | \$ 43,002,061     | \$ 583,740                  | \$ 1,019,708,417 | 4.0479                |
| 2014        | 2013     | 3.7343      | \$ 1,350,918,291       | \$ 87,330,535     | \$ 322,856                  | \$ 430,748,290          | \$ 41,114,325     | \$ 36,904                   | \$ 920,170,001         | \$ 46,216,210     | \$ 285,952                  | \$ 966,672,163   | 3.7343                |
| 2013        | 2012     | 3.3808      | \$ 1,325,154,475       | \$ 86,034,159     | \$ 305,709                  | \$ 422,178,220          | \$ 41,069,670     | \$ 33,173                   | \$ 902,976,255         | \$ 44,964,489     | \$ 272,536                  | \$ 948,213,280   | 3.3808                |
| 2012        | 2011     | 3.3808      | 1,332,938,921          | 85,821,501        | 299,945                     | 419,300,089             | 41,271,998        | 32,050                      | 913,638,832            | 44,549,503        | 267,895                     | 958,456,230      | 3.3808                |
| 2011        | 2010     | 3.3808      | 1,372,646,748          | 91,774,019        | 274,392                     | 430,162,090             | 44,668,976        | 34,697                      | 942,484,658            | 47,105,043        | 239,695                     | 989,829,396      | 3.3808                |
| 2010        | 2009     | 3.0674      | 1,669,297,187          | 107,537,652       | 278,640                     | 632,609,905             | 55,012,410        | 41,544                      | 1,036,687,282          | 52,525,242        | 237,096                     | 1,089,449,620    | 3.0674                |
| 2009        | 2008     | 2.7830      | 1,958,533,900          | 103,893,250       | 261,021                     | 812,959,674             | 48,958,026        | 40,443                      | 1,145,574,226          | 54,935,224        | 220,578                     | 1,200,730,028    | 2.7830                |
| 2008        | 2007     | 2.5140      | 2,109,555,400          | 104,481,050       | 502,966                     | 841,641,252             | 43,058,180        | -                           | 1,267,914,148          | 61,422,870        | 502,966                     | 1,329,839,984    | 2.5140                |
| 2007        | 2006     | 2.7391      | 2,014,888,720          | 95,798,960        | 249,413                     | 824,172,813             | 41,340,120        | -                           | 1,190,715,907          | 54,458,840        | 249,413                     | 1,245,424,160    | 2.7391                |
| 2006        | 2005     | 2.7391      | 1,648,622,700          | 82,943,400        | 222,282                     | 600,434,600             | 29,810,110        | -                           | 1,048,188,100          | 53,133,290        | 222,282                     | 1,101,543,672    | 2.7391                |

Source: Pinellas County Property Appraiser Revised Recapitulation of the Ad Valorem Assessment Rolls of Safety Harbor, Form DR-403

<sup>a</sup> Exemptions are provided for agricultural government and institutional property. Exemptions available solely to residential property include, but are not limited to, widows/widowers, disabled/blind, \$25,000 homestead and homestead differential (capped values).

**SCHEDULE 7**

**City of Safety Harbor, Florida**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
 Last Ten Fiscal Years

| Fiscal<br>Year | Taxable<br>Year | Direct Rate                           | Overlapping Rates  |                    |                                            |                                  |                    | Total   |
|----------------|-----------------|---------------------------------------|--------------------|--------------------|--------------------------------------------|----------------------------------|--------------------|---------|
|                |                 | City of<br>Safety Harbor<br>Operating | Pinellas<br>County | School<br>District | Emergency<br>Medical Services <sup>a</sup> | Transit<br>District <sup>a</sup> | Other <sup>b</sup> |         |
| 2015           | 2014            | 4.0479                                | 5.2755             | 7.8410             | 0.9158                                     | 0.7305                           | 1.3421             | 20.1528 |
| 2014           | 2013            | 3.7343                                | 5.2755             | 8.0600             | 0.9158                                     | 0.7305                           | 1.3581             | 20.0742 |
| 2013           | 2012            | 3.3808                                | 5.0105             | 8.3020             | 0.9158                                     | 0.7305                           | 1.3656             | 19.7052 |
| 2012           | 2011            | 3.3808                                | 4.8730             | 8.3850             | 0.8506                                     | 0.7305                           | 1.2390             | 19.4589 |
| 2011           | 2010            | 3.3808                                | 4.8730             | 8.3400             | 0.5832                                     | 0.5601                           | 1.4410             | 19.1781 |
| 2010           | 2009            | 3.0674                                | 4.8730             | 8.3460             | 0.5832                                     | 0.5601                           | 1.5106             | 18.9403 |
| 2009           | 2008            | 2.7830                                | 4.8730             | 8.0610             | 0.5832                                     | 0.5601                           | 1.5551             | 18.4154 |
| 2008           | 2007            | 2.5140                                | 4.8730             | 7.7310             | 0.5832                                     | 0.5601                           | 1.5121             | 17.7734 |
| 2007           | 2006            | 2.7391                                | 5.4700             | 8.2100             | 0.6300                                     | 0.6074                           | 1.6378             | 19.2943 |
| 2006           | 2005            | 2.7391                                | 6.1410             | 8.3900             | 0.6600                                     | 0.6377                           | 1.6555             | 20.2233 |

Source: Pinellas County Tax Collector's Office

<sup>a</sup> Emergency Medical Services and Transit District assessed on Real Property only

<sup>b</sup> Other includes:  
 Juvenile Welfare Board  
 Southwest Florida Water Management District  
 Health Department  
 Pinellas County Planning Council

**SCHEDULE 8**

**City of Safety Harbor, Florida**  
**PRINCIPAL TAXPAYERS - REAL PROPERTY**  
 Current Year and Nine Years Ago

| Taxpayer                               | 2015                       |                                               | 2006                       |                                               |
|----------------------------------------|----------------------------|-----------------------------------------------|----------------------------|-----------------------------------------------|
|                                        | Taxable Assessed Valuation | Percentage of City Taxable Assessed Valuation | Taxable Assessed Valuation | Percentage of City Taxable Assessed Valuation |
| Mease Hospital, Inc                    | \$ 15,151,500              | 1.55%                                         | \$ 23,244,500              | 1.87%                                         |
| Safety Harbor Spa & Resort, LLC        | 15,084,991                 | 1.55%                                         | 17,580,300                 | 1.41%                                         |
| Freedom Land Trust                     | 13,467,680                 | 1.38%                                         | 18,475,400                 | 1.48%                                         |
| Northwood Oaks, LLC                    | 9,850,000                  | 1.01%                                         | 10,700,000                 | 0.86%                                         |
| Northwood Pinellas, LLC                | 6,940,000                  | 0.71%                                         | -                          | 0.00%                                         |
| Leisure Associates Ltd Partnership     | 6,090,590                  | 0.62%                                         | 5,900,000                  | 0.47%                                         |
| Health Care Property Investment, Inc   | 5,383,504                  | 0.55%                                         | 6,150,000                  | 0.49%                                         |
| Safety Harbor Multifamily Partners LLC | 5,015,900                  | 0.51%                                         | -                          | 0.00%                                         |
| Safety Harbor Investment Properties    | 4,950,000                  | 0.51%                                         | -                          | 0.00%                                         |
| ARHC CSCLWFL01 LLC                     | 4,815,100                  | 0.49%                                         | -                          | 0.00%                                         |
| Northwood Commons LLC                  | -                          | 0.00%                                         | 9,100,000                  | 0.73%                                         |
| Bayshore Palms Apartments Inc          | -                          | 0.00%                                         | 7,500,000                  | 0.60%                                         |
| Capstone Capital Corp                  | -                          | 0.00%                                         | 5,100,000                  | 0.41%                                         |
| Intercit Inc                           | -                          | 0.00%                                         | 4,029,600                  | 0.32%                                         |
|                                        | <u>86,749,265</u>          | <u>8.89%</u>                                  | <u>107,779,800</u>         | <u>8.65%</u>                                  |
| Total Taxable Assessed Value           | <u>\$ 976,122,616</u>      |                                               | <u>\$ 1,245,424,160</u>    |                                               |

Source: Pinellas County Property Appraiser

Note: The current year amounts are based on the Interim/Pre-VAB Final Roll

**SCHEDULE 9**

**City of Safety Harbor, Florida**  
**PRINCIPAL TAXPAYERS - PERSONAL PROPERTY**  
 Current Year and Nine Years Ago

| Taxpayer                            | 2015                       |                                               | 2006                       |                                               |
|-------------------------------------|----------------------------|-----------------------------------------------|----------------------------|-----------------------------------------------|
|                                     | Taxable Assessed Valuation | Percentage of City Taxable Assessed Valuation | Taxable Assessed Valuation | Percentage of City Taxable Assessed Valuation |
| Duke Energy Florida                 | \$ 8,837,856               | 20.55%                                        | \$ -                       | 0.00%                                         |
| Mastercut Tool Corp                 | 4,909,546                  | 11.42%                                        | -                          | 0.00%                                         |
| Florida Gas Transmission            | 3,495,895                  | 8.13%                                         | -                          | 0.00%                                         |
| Bright House Networks LLC           | 2,682,307                  | 6.24%                                         | 2,191,600                  | 4.02%                                         |
| Verizon Florida LLC                 | 1,767,630                  | 4.11%                                         | 5,209,240                  | 9.57%                                         |
| Angelica Textile Services           | 1,461,151                  | 3.40%                                         | -                          | 0.00%                                         |
| Safety Harbor Resort and Spa        | 864,528                    | 2.01%                                         | 1,470,510                  | 2.70%                                         |
| Countryside Surgi-Center            | 842,029                    | 1.96%                                         | 943,970                    | 1.73%                                         |
| JP Morgan Chase Bank NA             | 832,387                    | 1.94%                                         | -                          | 0.00%                                         |
| Diagnostic Clinic Medical Group Inc | 829,548                    | 1.93%                                         | -                          | 0.00%                                         |
| Florida Power Corp                  | -                          | 0.00%                                         | 6,003,130                  | 11.02%                                        |
| National Linen Service #495         | -                          | 0.00%                                         | 3,819,370                  | 7.01%                                         |
| Countryside Cancer Center           | -                          | 0.00%                                         | 1,340,090                  | 2.46%                                         |
| Heart & Vascular Institute          | -                          | 0.00%                                         | 1,804,210                  | 3.31%                                         |
| Siemens Financial Services          | -                          | 0.00%                                         | 1,164,600                  | 2.14%                                         |
| Kash N Karry #873/1775              | -                          | 0.00%                                         | 1,041,590                  | 1.91%                                         |
|                                     | <u>26,522,877</u>          | <u>61.68%</u>                                 | <u>24,988,310</u>          | <u>45.88%</u>                                 |
| Total Taxable Assessed Value        | <u>\$ 43,002,061</u>       |                                               | <u>\$ 54,458,840</u>       |                                               |

Source: Pinellas County Property Appraiser

Note: The current year amounts are based on the Interim/Pre-VAB Final Roll

**SCHEDULE 10**

**City of Safety Harbor, Florida**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

| Fiscal Year | Taxable Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy <sup>a</sup> |                    | Delinquent Tax Collections <sup>b</sup> | Total Collections to Date |                    |
|-------------|--------------|----------------------------------|-----------------------------------------------------------|--------------------|-----------------------------------------|---------------------------|--------------------|
|             |              |                                  | Amount                                                    | Percentage of Levy |                                         | Amount                    | Percentage of Levy |
| 2015        | 2014         | \$ 4,127,679                     | \$ 3,840,246                                              | 93.04%             | \$ 15,908                               | \$ 3,856,154              | 93.42%             |
| 2014        | 2013         | 3,610,112                        | 3,358,137                                                 | 93.02%             | 70,048                                  | 3,428,185                 | 94.96%             |
| 2013        | 2012         | 3,217,132                        | 2,945,922                                                 | 91.57%             | 5,509                                   | 2,951,431                 | 91.74%             |
| 2012        | 2011         | 3,243,229                        | 3,015,807                                                 | 92.99%             | 4,367                                   | 3,020,174                 | 93.12%             |
| 2011        | 2010         | 3,346,414                        | 3,087,460                                                 | 92.26%             | 60,336                                  | 3,147,796                 | 94.06%             |
| 2010        | 2009         | 3,341,778                        | 3,064,109                                                 | 91.69%             | 20,859                                  | 3,084,968                 | 92.32%             |
| 2009        | 2008         | 3,341,632                        | 3,080,653                                                 | 92.19%             | 2,547                                   | 3,083,200                 | 92.27%             |
| 2008        | 2007         | 3,343,218                        | 3,218,471                                                 | 96.27%             | 17,810                                  | 3,236,281                 | 96.80%             |
| 2007        | 2006         | 3,410,980                        | 3,167,153                                                 | 92.85%             | -                                       | 3,167,153                 | 92.85%             |
| 2006        | 2005         | 3,017,238                        | 2,822,065                                                 | 93.53%             | -                                       | 2,822,065                 | 93.53%             |

Sources: Office of Economic and Demographic Research (EDR); City of Safety Harbor Finance Department; Pinellas County Tax Collector's Office

<sup>a</sup> Discounts are allowed for early payment: 4% for November, 3% for December, 2% for January and 1% for February. No discount is allowed for payment in March. Payments must be made by March 31 to avoid becoming delinquent.

<sup>b</sup> All delinquent tax collections received during the year are applied to the year prior to collection, regardless of the year in which the taxes were originally levied.

**SCHEDULE 11**

**City of Safety Harbor, Florida**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

| Fiscal Year | Governmental Activities          |                                   |                | Business-Type Activities            |                                  |                | Total Primary Government | Debt as a Ratio to Personal Income <sup>a</sup> | Debt per Capita <sup>a</sup> |
|-------------|----------------------------------|-----------------------------------|----------------|-------------------------------------|----------------------------------|----------------|--------------------------|-------------------------------------------------|------------------------------|
|             | Public Improvement Revenue Bonds | Capital Improvement Revenue Bonds | Capital Leases | Water and Wastewater Refunding Bond | Capital Improvement Revenue Bond | Capital Leases |                          |                                                 |                              |
| 2015        | \$ 2,050,000                     | \$ 3,255,818                      | \$ 235,000     | \$ 1,075,000                        | \$ 6,520,665                     | \$ -           | 13,136,483               | 2.07%                                           | 753                          |
| 2014        | 2,315,000                        | 3,713,218                         | 240,000        | 1,215,000                           | 6,895,187                        | -              | 14,378,405               | 2.93%                                           | 839                          |
| 2013        | 2,575,000                        | 4,156,290                         | 245,000        | 1,355,000                           | 7,259,260                        | -              | 15,590,550               | 2.81%                                           | 891                          |
| 2012        | 2,775,000                        | 4,585,182 <sup>b</sup>            | -              | 1,500,000 <sup>b</sup>              | 7,612,848                        | -              | 16,473,030               | 2.97%                                           | 976                          |
| 2011        | -                                | 4,999,244                         | -              | 1,649,748                           | 7,957,023                        | 37,935         | 14,643,950               | 2.51%                                           | 867                          |
| 2010        | -                                | 6,780,150                         | 29,132         | 1,764,064                           | 6,912,338                        | 104,864        | 15,590,548               | 2.58%                                           | 880                          |
| 2009        | -                                | 7,222,494                         | 54,792         | 2,073,384                           | 7,183,506                        | 163,950        | 16,698,126               | 2.80%                                           | 937                          |
| 2008        | -                                | 6,918,487 <sup>c</sup>            | -              | 2,367,704                           | 4,953,047                        | -              | 14,239,238               | 2.38%                                           | 798                          |
| 2007        | -                                | 10,200                            | -              | 2,647,025                           | 3,106,688 <sup>d</sup>           | -              | 5,763,913                | 0.97%                                           | 323                          |
| 2006        | -                                | 10,200 <sup>d</sup>               | -              | 2,916,346                           | 804,141 <sup>d</sup>             | -              | 3,730,687                | 0.73%                                           | 209                          |

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

<sup>a</sup> See Schedule 16 for personal income and population data

<sup>b</sup> Issued \$4,275,000 in Capital Improvement Refunding Revenue Bonds, Series 2012

<sup>c</sup> Issued \$5,412,000 in Capital Improvement Revenue Bonds, Series 2008

<sup>d</sup> Line of Credit; The principal amount of up to \$9,000,000 may be drawn over a three-year period; Issued \$9,000,000 in Capital Improvement Revenue Bonds, Series 2006

## **SCHEDULE 12**

### **City of Safety Harbor, Florida** **LEGAL DEBT MARGIN INFORMATION** Last Ten Fiscal Years

There are no limitations placed upon the amount of debt which the City of Safety Harbor may issue by either the City's Charter or Code of Ordinance or by State Statute; however, the City Commission has traditionally practiced conservative debt issuance.

# SCHEDULE 13

## City of Safety Harbor, Florida DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of September 30, 2015

| Government Unit                                                                   | Debt<br>Outstanding | Applicable to City of Safety Harbor |              |
|-----------------------------------------------------------------------------------|---------------------|-------------------------------------|--------------|
|                                                                                   |                     | Percent <sup>a</sup>                | Amount       |
| Bonded Debt:                                                                      |                     |                                     |              |
| Pinellas County School Board <sup>b</sup>                                         | \$ 16,056,399       | 1.71%                               | \$ 274,478   |
| Capital Leases:                                                                   |                     |                                     |              |
| Pinellas County School Board <sup>b</sup>                                         | 971,601             | 1.71%                               | 16,609       |
| Total Overlapping Debt                                                            | \$ 17,028,000       |                                     | \$ 291,087   |
| Total Direct Debt <sup>c</sup>                                                    |                     |                                     | 5,305,818    |
| Total Direct and Overlapping Governmental Activities Debt                         |                     |                                     | \$ 5,596,905 |
| Total Direct and Overlapping Governmental Activities Debt Per Capita <sup>d</sup> |                     |                                     | \$ 324.76    |

Source: Pinellas County, Florida

<sup>a</sup> Applicable net debt percentage is based on ratio of City to County-wide taxable values for tax year 2015.

<sup>b</sup> The City of Safety Harbor is not responsible for the debt of the School Board.

<sup>c</sup> The City of Safety Harbor currently does not have any general obligation bonded debt.

<sup>d</sup> 2015 permanent Safety Harbor population is estimated at 17,234.

# SCHEDULE 14

## City of Safety Harbor, Florida PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years

| Governmental Activities |                                |                                    |                                              |                           |            |            |          |
|-------------------------|--------------------------------|------------------------------------|----------------------------------------------|---------------------------|------------|------------|----------|
| Fiscal<br>Year          | Gross<br>Revenues <sup>a</sup> | Operating<br>Expenses <sup>b</sup> | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements |            |            | Coverage |
|                         |                                |                                    |                                              | Principal                 | Interest   | Total      |          |
| 2015                    | \$ 11,143,161                  | \$ 7,319,171                       | \$ 3,823,990                                 | \$ 722,400                | \$ 167,784 | \$ 890,184 | 4.30     |
| 2014                    | 11,005,175                     | 7,347,963                          | 3,657,212                                    | 702,982                   | 187,865    | 890,847    | 4.11     |
| 2013                    | 10,403,622                     | 7,944,315                          | 2,459,307                                    | 628,892                   | 208,644    | 837,536    | 2.94     |
| 2012                    | 10,199,565                     | 7,403,103                          | 2,796,462                                    | 414,062                   | 179,572    | 593,634    | 4.71     |
| 2011                    | 10,508,546                     | 7,732,700                          | 2,775,846                                    | 401,643                   | 174,431    | 576,074    | 4.82     |
| 2010                    | 10,450,030                     | 7,894,869                          | 2,555,161                                    | 467,878                   | 234,801    | 702,679    | 3.64     |
| 2009                    | 11,088,277                     | 8,169,710                          | 2,918,567                                    | -                         | 99,728     | 99,728     | 29.27    |
| 2008                    | 10,439,013                     | 7,955,066                          | 2,483,947                                    | -                         | 96,730     | 96,730     | 25.68    |
| 2007                    | -                              | -                                  | -                                            | -                         | -          | -          | -        |
| 2006                    | 10,227,685                     | 6,713,218                          | 3,514,467                                    | 220,000                   | 10,725     | 230,725    | 15.23    |

Note: The City's bond coverage, per the bond covenants, is 1.50%.

<sup>a</sup> Gross revenues include general fund and capital project revenues, less ad valorem

<sup>b</sup> Operating expenses include general government, law enforcement and fire protection

# SCHEDULE 15

## City of Safety Harbor, Florida PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years

| Business-type Activities |                                |                                                         |                                              |                           |            |            |          |
|--------------------------|--------------------------------|---------------------------------------------------------|----------------------------------------------|---------------------------|------------|------------|----------|
| Fiscal<br>Year           | Gross<br>Revenues <sup>a</sup> | Operating<br>Expenses Less<br>Depreciation <sup>b</sup> | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements |            |            | Coverage |
|                          |                                |                                                         |                                              | Principal                 | Interest   | Total      |          |
| 2015                     | \$ 7,838,882                   | \$ 6,391,042                                            | \$ 1,447,840                                 | \$ 514,522                | \$ 223,984 | \$ 738,506 | 1.96     |
| 2014                     | 8,523,018                      | 6,391,042                                               | 2,131,976                                    | 504,072                   | 237,674    | 741,746    | 2.87     |
| 2013                     | 8,727,480                      | 6,523,547                                               | 2,203,933                                    | 498,588                   | 197,092    | 695,680    | 3.17     |
| 2012                     | 8,737,970                      | 5,950,041                                               | 2,787,929                                    | 365,133                   | 238,340    | 603,473    | 4.62     |
| 2011                     | 9,152,955                      | 6,166,062                                               | 2,986,893                                    | 353,013                   | 256,533    | 609,546    | 4.90     |
| 2010                     | 9,086,960                      | 6,258,616                                               | 2,828,344                                    | 541,117                   | 234,146    | 775,263    | 3.65     |
| 2009                     | 8,903,152                      | 6,853,054                                               | 2,050,098                                    | 285,000                   | 224,109    | 509,109    | 4.03     |
| 2008                     | 8,080,684                      | 6,897,073                                               | 1,183,611                                    | 270,000                   | 123,659    | 393,659    | 3.01     |
| 2007                     | 7,886,340                      | 6,538,563                                               | 1,347,777                                    | 260,000                   | 133,981    | 393,981    | 3.42     |
| 2006                     | 6,541,811                      | 6,084,599                                               | 457,212                                      | 250,000                   | 145,624    | 395,624    | 1.16     |

Note: The City' bond coverage, per the bond covenants, is 1.25%.

<sup>a</sup> Gross revenues include charges for services, interest income and other revenue

<sup>b</sup> Operating expenses include personnel services, material and supplies and other operating expenses

# SCHEDULE 16

## City of Safety Harbor, Florida DEMOGRAPHICS AND ECONOMIC STATISTICS Last Ten Fiscal Years

| Fiscal Year | Population <sup>a</sup> | Estimated Personal Income <sup>b</sup> | Per Capita Personal Income <sup>c</sup> | Median Age <sup>c</sup> | Public School Enrollment <sup>d</sup> | Unemployment Rate <sup>e</sup> |
|-------------|-------------------------|----------------------------------------|-----------------------------------------|-------------------------|---------------------------------------|--------------------------------|
| 2015        | 17,454                  | \$ 635,744,496                         | \$ 36,424                               | 48.6                    | 2,073                                 | 6.4%                           |
| 2014        | 17,139                  | 490,723,848                            | 28,632                                  | 49.6                    | 2,073                                 | 6.2%                           |
| 2013        | 17,496                  | 621,265,464                            | 35,509                                  | 48.0                    | 2,073                                 | 6.4%                           |
| 2012        | 16,884                  | 559,721,484                            | 33,151                                  | 47.7                    | 2,073                                 | 8.8%                           |
| 2011        | 16,881                  | 554,962,875                            | 32,875                                  | 46.5                    | 4,219                                 | 10.8%                          |
| 2010        | 16,884                  | 582,936,984                            | 34,526                                  | 47.7                    | 3,891                                 | 12.1%                          |
| 2009        | 17,708                  | 604,374,040                            | 34,130                                  | 45.6                    | 3,891                                 | 11.0%                          |
| 2008        | 17,825                  | 596,335,375                            | 33,455                                  | 45.1                    | 3,891                                 | 6.6%                           |
| 2007        | 17,844                  | 597,310,056                            | 33,474                                  | 44.6                    | 3,891                                 | 4.2%                           |
| 2006        | 17,838                  | 594,665,406                            | 33,337                                  | 44.2                    | 3,891                                 | 3.4%                           |

Sources:

<sup>a</sup> Office of Economic and Demographic Research (edr.state.fl.us) (2003-2009), (2011); 2010 U.S. Census (2010);

<sup>b</sup> Estimated personal income is calculated by multiplying population by per capita personal income

<sup>c</sup> Claritas (Nielsen) Profile Reports provided by Pinellas County Economic Development Department (2006-2011; 2013-2014); U.S. Census Bureau (2003-2005, 2014)

<sup>d</sup> 2000 U.S. Census (2002-2010); Pinellas County Schools (www.pcsb.org) (2011); Public Schools K12 (2013-2014)

<sup>e</sup> U.S. Census Bureau (2012-2014); Bureau of Labor Statistics (www.bls.gov) Local Area Unemployment Statistics. The unemployment rates listed are for the Tampa-St.Petersburg-Clearwater, FL Metropolitan Statistical Area. Rates are not available for the City of Safety Harbor.

# **SCHEDULE 17**

## **City of Safety Harbor, Florida PRINCIPAL EMPLOYERS**

Current Year <sup>a</sup>

| Employer                        | Employees | Percentage of<br>Total City<br>Employment |
|---------------------------------|-----------|-------------------------------------------|
| Mease Countryside Hospital      | 1,000     | 12.18%                                    |
| Angelica Corporation            | 273       | 3.32%                                     |
| Safety Harbor Middle School     | 143       | 1.74%                                     |
| Jacobsen Manufacturing, Inc.    | 142       | 1.73%                                     |
| Consulate Health Care           | 131       | 1.60%                                     |
| Mastercut Tool Corp             | 110       | 1.34%                                     |
| Safety Harbor Elementary School | 94        | 1.14%                                     |
| Espiritu Santo Catholic Church  | 74        | 0.90%                                     |
| Pick Your Poison Cupcake Café   | 69        | 0.84%                                     |
| Northbay Christian Academy      | 65        | 0.79%                                     |
| Total Employed Population       | 8,211     |                                           |

Source: AtoZdatabases

<sup>a</sup> Current year only, 2015; data for 2005 is unavailable.

# SCHEDULE 18

## City of Safety Harbor, Florida FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years

|                              | Full-time Equivalent Employees as of September 30, |        |        |        |        |        |        |        |        |        |
|------------------------------|----------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                              | 2015                                               | 2014   | 2013   | 2012   | 2011   | 2010   | 2009   | 2008   | 2007   | 2006   |
| General Government           |                                                    |        |        |        |        |        |        |        |        |        |
| City Manager                 | 1.30                                               | 1.30   | 3.18   | 1.95   | 1.95   | 1.95   | 2.20   | 2.20   | 2.00   | 2.00   |
| City Clerk                   | 1.35                                               | 1.35   | 1.38   | 1.30   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   |
| Personnel                    | 2.00                                               | 1.88   | 2.00   | 3.50   | 3.50   | 3.50   | 3.50   | 3.50   | 3.00   | 3.00   |
| Finance                      | 3.00                                               | 3.00   | 3.50   | 3.50   | 4.00   | 5.50   | 5.50   | 5.50   | 5.50   | 5.50   |
| Water & Wastewater Finance   | 10.00                                              | 9.70   | 9.20   | 9.35   | 9.85   | 8.25   | 8.25   | 8.25   | 7.50   | 7.50   |
| Economic Dev. Director       | -                                                  | -      | -      | -      | -      | -      | -      | -      | 1.00   | -      |
| Planning                     | 3.70                                               | 3.45   | 3.30   | 3.15   | 3.65   | 3.40   | 4.00   | 4.00   | 4.00   | 4.00   |
| Fleet Maintenance            | 3.05                                               | 3.15   | 3.15   | 3.15   | 4.05   | 4.05   | 4.05   | 4.05   | 4.05   | 4.05   |
| Building Maintenance         | 5.70                                               | 5.70   | 5.80   | 5.80   | 5.80   | 5.80   | 5.55   | 5.55   | 5.55   | 5.55   |
| CRA                          | 0.30                                               | 0.30   | 0.30   | 0.60   | 0.60   | 0.60   | 1.00   | 1.00   | -      | -      |
| Total General Government     | 30.40                                              | 29.83  | 31.81  | 32.30  | 35.40  | 35.05  | 36.05  | 36.05  | 34.60  | 33.60  |
| Public Safety                |                                                    |        |        |        |        |        |        |        |        |        |
| Building Department          | 5.00                                               | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   | 4.00   |
| Fire Control and EMS         | 29.00                                              | 32.00  | 32.00  | 29.50  | 31.20  | 32.00  | 34.50  | 34.50  | 34.50  | 34.50  |
| Total Public Safety          | 34.00                                              | 36.00  | 36.00  | 33.50  | 35.20  | 36.00  | 38.50  | 38.50  | 38.50  | 38.50  |
| Physical Environment         |                                                    |        |        |        |        |        |        |        |        |        |
| Engineering                  | 4.30                                               | 4.30   | 4.30   | 4.30   | 5.80   | 6.55   | 6.50   | 6.50   | 5.50   | 5.50   |
| Information Systems          | 4.00                                               | 4.00   | 4.00   | 4.00   | 3.50   | 3.50   | 4.50   | 4.00   | 4.00   | 3.00   |
| Water                        | 7.20                                               | 7.60   | 7.60   | 8.60   | 8.20   | 8.20   | 8.20   | 8.20   | 8.20   | 8.20   |
| Stormwater                   | 5.20                                               | 5.20   | 5.20   | 5.20   | 5.20   | 5.20   | 5.20   | 5.20   | 5.20   | 5.20   |
| Wastewater                   | 8.20                                               | 8.60   | 8.60   | 8.60   | 8.20   | 8.20   | 10.20  | 10.20  | 11.20  | 11.20  |
| Sanitation                   | 19.15                                              | 18.15  | 19.35  | 19.35  | 19.15  | 19.15  | 20.15  | 20.15  | 19.15  | 19.15  |
| Total Physical Environment   | 48.05                                              | 47.85  | 49.05  | 50.05  | 50.05  | 50.80  | 54.75  | 54.25  | 53.25  | 52.25  |
| Transportation               |                                                    |        |        |        |        |        |        |        |        |        |
| Streets                      | 10.20                                              | 10.30  | 10.30  | 10.30  | 12.20  | 13.20  | 13.20  | 13.20  | 13.20  | 13.20  |
| Culture and Recreation       |                                                    |        |        |        |        |        |        |        |        |        |
| Library                      | 17.66                                              | 17.44  | 17.45  | 17.90  | 17.40  | 16.70  | 16.70  | 16.45  | 16.45  | 15.55  |
| Parks                        | 13.93                                              | 13.93  | 10.55  | 10.55  | 10.55  | 8.30   | 8.30   | 8.30   | 8.30   | 8.30   |
| Recreation                   | 22.07                                              | 21.63  | 19.93  | 18.75  | 19.05  | 16.00  | 17.00  | 17.00  | 17.50  | 17.50  |
| Total Culture and Recreation | 53.66                                              | 53.00  | 47.93  | 47.20  | 47.00  | 41.00  | 42.00  | 41.75  | 42.25  | 41.35  |
| Total City                   | 176.31                                             | 176.98 | 175.09 | 173.35 | 179.85 | 176.05 | 184.50 | 183.75 | 181.80 | 178.90 |

Source: City of Safety Harbor Annual Budget, Fiscal Years 2006-2015

**SCHEDULE 19**

**City of Safety Harbor, Florida**  
**OPERATING INDICATORS BY FUNCTION**  
 Last Ten Fiscal Years

|                                                           | Fiscal Year |         |         |         |         |         |         |         |         |         |
|-----------------------------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                           | 2015        | 2014    | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    | 2007    | 2006    |
| Public Safety                                             |             |         |         |         |         |         |         |         |         |         |
| Fire Control and EMS                                      |             |         |         |         |         |         |         |         |         |         |
| Inspections                                               | 715         | 715     | 715     | 715     | 715     | 715     | 715     | 715     | 665     | 700     |
| Investigations                                            | 20          | 20      | 12      | 10      | 10      | 10      | 10      | 10      | 5       | N/A     |
| Fire responses                                            | N/A         | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | 1,007   |
| EMS responses                                             | N/A         | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | 4,162   |
| Building Department                                       |             |         |         |         |         |         |         |         |         |         |
| Building permits issued                                   | 1,997       | 1,935   | 1,700   | 1,823   | 1,658   | 1,508   | 1,304   | 1,627   | 1,717   | 1,968   |
| Occupational licenses issued                              | 1,140       | 1,110   | 1,267   | 1,375   | 1,325   | 1,225   | 1,155   | 1,106   | 1,019   | 1,141   |
| Stormwater                                                |             |         |         |         |         |         |         |         |         |         |
| Storm drain/pipe cleaned (miles)                          | 0.44        | 0.28    | 0.15    | 1.14    | 1.07    | 0.06    | 0.30    | 5.50    | 5.50    | 5.50    |
| Ditches/creeks cleaned (miles)                            | 13.92       | 18.03   | 13.88   | 25.76   | 25.76   | 25.76   | 38.64   | 38.64   | 38.64   | 12.88   |
| Water                                                     |             |         |         |         |         |         |         |         |         |         |
| Customer accounts                                         | 7,473       | 7,456   | 7,586   | 7,506   | 7,488   | 7,493   | 7,470   | 7,447   | 7,417   | 7,454   |
| Average daily water consumption<br>in millions of gallons | 1.38        | 1.43    | 1.40    | 1.37    | 1.70    | 1.37    | 1.57    | 1.80    | 1.91    | 2.09    |
| Wastewater                                                |             |         |         |         |         |         |         |         |         |         |
| Customer accounts                                         | 8,918       | 8,903   | 8,946   | 8,871   | 8,856   | 8,897   | 8,745   | 8,796   | 8,741   | 8,673   |
| Average daily sewage flow in<br>millions of gallons       | 1.52        | 1.11    | 1.40    | 1.44    | 1.20    | 1.49    | 1.51    | 1.55    | 1.51    | 1.61    |
| Sanitation (solid waste)                                  |             |         |         |         |         |         |         |         |         |         |
| Refuse collected (tons)                                   | 11,440      | 10,923  | 12,016  | 12,618  | 12,604  | 13,000  | 13,769  | 15,501  | 16,424  | 14,513  |
| Recyclables collected (tons)                              | 3,150       | 3,299   | 2,600   | 2,141   | 1,741   | 2,266   | 1,955   | 1,801   | 2,649   | 2,364   |
| Streets                                                   |             |         |         |         |         |         |         |         |         |         |
| Streets swept (curb miles)                                | 920         | 918     | 918     | 938     | 938     | 918     | 918     | 918     | 918     | 918     |
| Curb/gutter/sidewalks replaced (cubic yds)                | 317         | 260     | 320     | 325     | 350     | 318     | 300     | 275     | 253     | N/A     |
| Pothole repairs (asphalt tons)                            | 25          | 23      | 16      | 32      | 25      | 18      | 36      | 25      | 33      | 20      |
| Culture and Recreation                                    |             |         |         |         |         |         |         |         |         |         |
| Recreation - Persons listed in programs                   |             |         |         |         |         |         |         |         |         |         |
| Trips                                                     | 2,327       | 2,666   | 2,355   | 2,445   | 1,588   | 1,965   | 1,079   | 516     | 339     | 339     |
| Classes                                                   | 25,983      | 29,680  | 33,630  | 26,377  | 21,254  | 22,474  | 14,197  | 11,702  | 6,526   | 6,526   |
| Camps/After-school                                        | 27,792      | 28,452  | 35,257  | 19,617  | 20,503  | 16,092  | 25,436  | 19,641  | 1,608   | 1,608   |
| Special events                                            | 6,554       | 6,252   | 3,761   | 843     | 786     | 723     | 373     | 1,089   | 1,233   | 1,233   |
| Parks - Acres maintained                                  | 123.89      | 103.89  | 93.99   | 88.99   | 73.88   | 72.47   | 72.47   | 72.04   | 72.04   | 72.04   |
| Library circulation                                       | 265,000     | 262,455 | 287,052 | 296,348 | 272,761 | 287,003 | 206,030 | 224,808 | 262,503 | 254,235 |
| Library registered borrowers                              | 10,090      | 10,082  | 10,043  | 10,056  | 9,700   | 9,641   | 14,303  | 15,650  | 19,290  | 10,346  |

Source: City of Safety Harbor Annual Budget, Fiscal Years 2006-2015

N/A - Information not available

**SCHEDULE 20**

**City of Safety Harbor, Florida**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 Last Ten Fiscal Years

|                                    | Fiscal Year |      |      |      |      |      |      |      |      |      |
|------------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                                    | 2015        | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| General Government                 |             |      |      |      |      |      |      |      |      |      |
| Buildings                          | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Vehicles                           | 17          | 17   | 17   | 17   | 13   | 12   | 12   | 11   | 11   | 12   |
| Public Safety                      |             |      |      |      |      |      |      |      |      |      |
| Fire stations                      | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Vehicles                           | 11          | 11   | 11   | 11   | 13   | 12   | 12   | 11   | 11   | 13   |
| Physical Environment               |             |      |      |      |      |      |      |      |      |      |
| Vehicles                           | 35          | 35   | 35   | 36   | 51   | 49   | 50   | 46   | 44   | 42   |
| Stormwater                         |             |      |      |      |      |      |      |      |      |      |
| Drainage basins/creeks (sq. miles) | 5.50        | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| Water                              |             |      |      |      |      |      |      |      |      |      |
| Pipeline (miles)                   | 76.5        | 76.3 | 76.3 | 76.0 | 75.8 | 75.7 | 75.7 | 75.7 | 75.4 | 75.1 |
| Fire hydrants maintained           | 554         | 552  | 552  | 548  | 542  | 540  | 540  | 539  | 539  | 531  |
| Wastewater                         |             |      |      |      |      |      |      |      |      |      |
| Lift stations                      | 25          | 25   | 25   | 25   | 25   | 25   | 25   | 25   | 25   | 25   |
| Mains in collection system (miles) | 66.3        | 66.3 | 66.3 | 66.3 | 66.3 | 66.3 | 66.3 | 66.3 | 66.3 | 66.0 |
| Sanitation (solid waste)           |             |      |      |      |      |      |      |      |      |      |
| Collection vehicles                | 21          | 19   | 21   | 20   | 14   | 14   | 13   | 13   | 13   | 13   |
| Streets                            |             |      |      |      |      |      |      |      |      |      |
| Curb miles of street               | 100         | 100  | 100  | 100  | 100  | 100  | 153  | 153  | 153  | 153  |
| Vehicles                           | 17          | 17   | 17   | 16   | 17   | 16   | 15   | 12   | 12   | 13   |
| Culture and Recreation             |             |      |      |      |      |      |      |      |      |      |
| Parks                              | 16          | 12   | 12   | 11   | 11   | 11   | 11   | 11   | 11   | 11   |
| Dog park                           | 2           | 1    | 1    | 1    | 1    | 1    | 1    | 0    | 0    | 0    |
| Skate park                         | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Playgrounds                        | 7           | 6    | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 5    |
| Gymnasiums                         | 3           | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| Recreation centers                 | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Library                            | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Marina                             | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Picnic Shelters                    | 12          | 12   | 12   | 10   | 10   | 10   | 10   | 9    | 9    | 8    |
| Baseball fields                    | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Softball fields                    | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Tennis courts                      | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Racquetball courts                 | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Restroom facilities                | 16          | 16   | 14   | 8    | 8    | 8    | 8    | 8    | 8    | 8    |
| Basketball courts                  |             |      |      |      |      |      |      |      |      |      |
| Outdoor                            | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Indoor                             | 3           | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| Vehicles                           | 14          | 12   | 12   | 13   | 12   | 12   | 9    | 9    | 9    | 8    |
| Museum/Cultural Center             | 1           | 1    | 1    | -    | -    | -    | -    | -    | -    | -    |

Sources: City of Safety Harbor Annual Budget, Fiscal Years 2006-2015; Various City departments

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## **REGULATORY REPORTS**

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**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**

Honorable Mayor and  
Members of the City Commission  
City of Safety Harbor, 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 6, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and  
Members of the City Commission  
City of Safety Harbor, Florida

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Tampa, Florida  
July 6, 2016

## **INDEPENDENT ACCOUNTANTS' REPORT**

Honorable Mayor and  
Members of the City Commission  
City of Safety Harbor, Florida

We have examined the City of Safety Harbor, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the City and the Florida Auditor General and is not intended to be, and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Tampa, Florida  
July 6, 2016

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**MANAGEMENT LETTER BASED ON RULE 10.554(1)(i) OF THE AUDITOR  
GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and  
Members of the City Commission  
City of Safety Harbor, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Safety Harbor, Florida (the City), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated July 6, 2016.

**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; and Chapter 10.550, Rules of the Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report and schedule, which are dated July 6, 2016, 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 audit report. Corrective action has been taken to address the finding and recommendation made in the preceding financial audit report. See Appendix A.

**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 this management letter, unless disclosed in the notes to the financial statements. The City discloses this information 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 in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that 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 certain 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 review of financial information provided by same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. 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 the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

### **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. The City does not have any special district component units.

### **Other Matters**

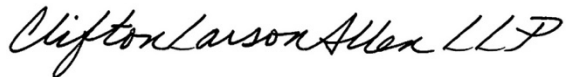
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our current year recommendation is listed in Appendix B to this Management Letter.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are 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.

Honorable Mayor and Members of the City Commission  
City of Safety Harbor Florida

**Purpose of this letter**

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Tampa, Florida  
July 6, 2016

**Appendix A – Prior Year Findings and Recommendations**

| Prior Year Findings |                          | Current Year Status |                   |             |
|---------------------|--------------------------|---------------------|-------------------|-------------|
| Finding Reference # | Comment                  | Cleared             | Partially Cleared | Not Cleared |
| MLC 2014-001        | Authorized Check Signers | X                   |                   |             |

## **Appendix B – Recommendations to Improve Financial Management**

### **2015-001 – Non-compliance with Purchasing Card Policy**

#### **Criteria**

The City maintains a Purchasing Card (P-card) Policy, and all City employees that participate in the purchasing card program are expected to comply with all elements within the policy.

#### **Condition**

During our analysis and testing of individual P-card transactions and subsequent discussions with management, we identified instances in which P-card users provided unapproved access to other employees to utilize a P-card on their behalf.

#### **Cause**

All requirements within the policy were not strictly followed by all users, and sufficient monitoring procedures were not in place to ensure compliance with the City's P-card policy.

#### **Effect**

By not complying with policy, the City is susceptible to employees initiating unauthorized or potentially fraudulent disbursements via purchasing card.

#### **Recommendation**

We recommend that directors within each of the City's departments that participate in the City's Purchasing Card program ensure that all users within their respective departments are keenly aware of all requirements under the policy, and monitoring procedures should be implemented to sufficiently mitigate any potential risks of non-compliance.

#### **Management's Response**

Management concurs. Procedures were immediately implemented by management to mitigate potential risks of non-compliance.



# *Safety Harbor 9/11 Memorial*