

City of Safety Harbor, Florida



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Nature Preserve**

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A gift from George and Lucille Weiss

**Comprehensive Annual Financial Report
FYE September 30, 2017**

City of Safety Harbor, Florida

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2017



Prepared by:
Finance Department

June Solanes
Finance Director

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CITY OF SAFETY HARBOR, FLORIDA

September 30, 2017

CITY COMMISSION

2017

Joe Ayoub, Mayor
Carlos Diaz, Vice Mayor
Scott Long
Andy Zodrow
Cliff Merz

CITY ADMINISTRATION

2017

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, 2017

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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

May 2, 2018

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, 2017, 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 report has been compiled and prepared by the City's Finance Department. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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, 2017. 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 auditors' 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 17,606. 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 6.0 percent increase in the City's property tax base and an unemployment rate for the local metropolitan area of 3.4 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 2017/2018, the City budgeted for a 7.1 percent increase in property taxable value and maintained the millage rate at 3.95 choosing to use \$136,610 in General Fund reserves to balance the budget. Citywide revenues excluding transfers and debt proceeds were assumed to increase by \$3,581,400 or 12.0 percent over the prior years adopted budget with budgeted appropriations excluding transfers increasing by \$3,607,540 or 9.2 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 2017/2018 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 2017/18 to FY2021/22 is \$38.7 million, of which \$13.3 million is appropriated in FY 2017/2018. Proprietary fund infrastructure projects make up 71.0 percent of the \$38.7 five-year budget.

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

In fiscal 2018, 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 the first full year of rate increases for long-term percent sustainability of the City's proprietary funds, which included a rate study recommendation of an 11.5 percent increase in water and wastewater a rate study recommendation of 17.65 percent increase in stormwater.

Awards and Acknowledgements

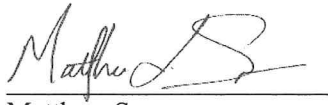
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Safety Harbor for its comprehensive annual financial report for the fiscal year ended September 30, 2016. In order to be awarded 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,



Matthew Spoor
City Manager



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, 2016

Christopher P. Morrill

Executive Director/CEO

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CITY OF SAFETY HARBOR



LIST OF PRINCIPAL OFFICIALS

September 30, 2017

CITY COMMISSION

Joe Ayoub, Mayor
Carlos Diaz, Vice Mayor
Scott Long
Andy Zodrow
Cliff Merz

City Manager
Matthew Spoor

City Clerk
Karen Sammons

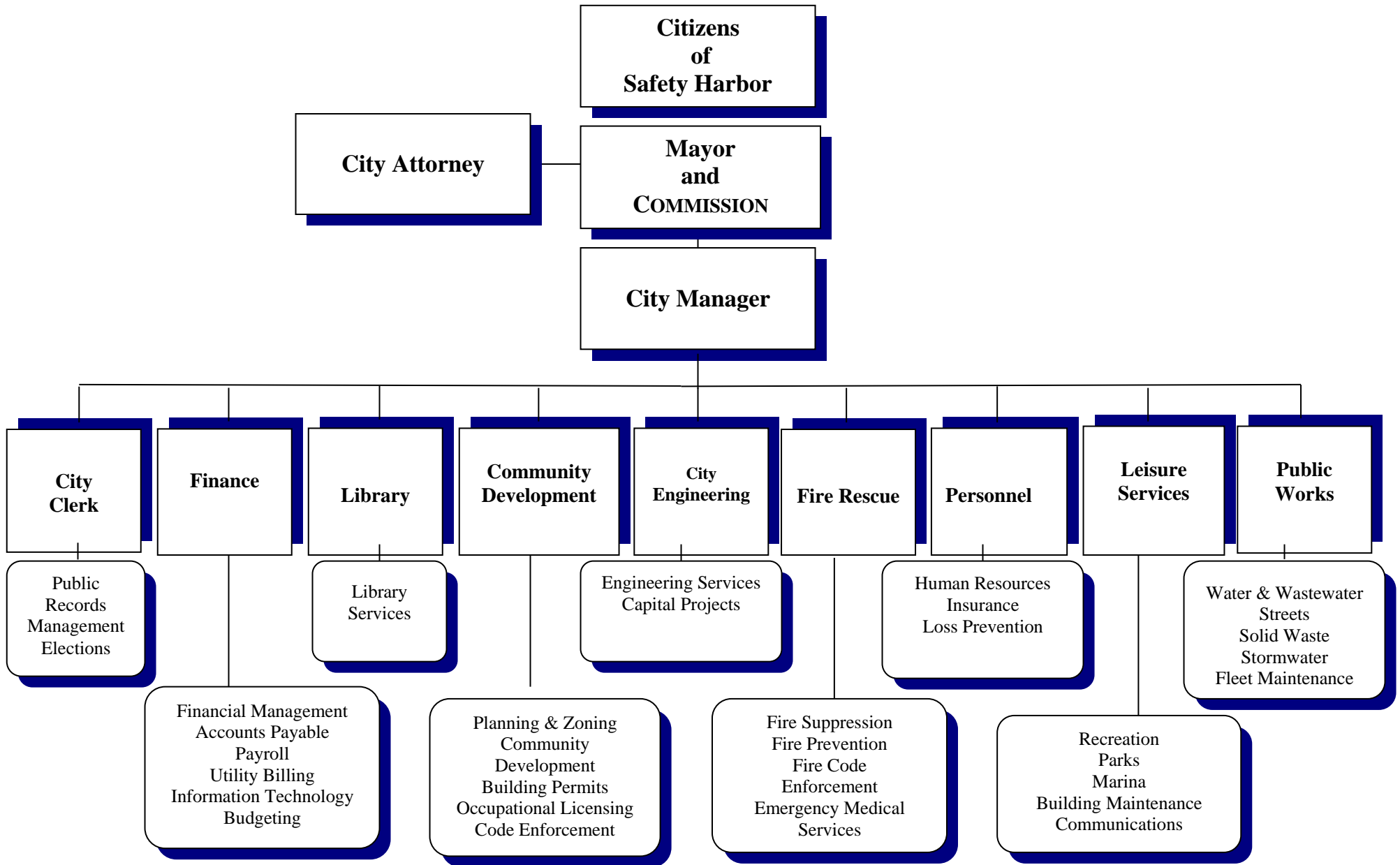
City Attorney
Alan Zimmet

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 (City), as of and for the year ended September 30, 2017, 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.

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

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

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, 2017, 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.

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 statements.

The combining and individual nonmajor fund financial statements and budget and actual 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 them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2018, 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 solely 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 the effectiveness of the City's 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
May 2, 2018

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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, 2017. 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 18).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Safety Harbor exceeded its liabilities and deferred inflows at September 30, 2017 by \$68,957,727 (net position). Of this amount, \$13,932,615 (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 \$2,059,777 or 3.08 percent. Governmental net position increased by \$625,810 or 1.9 percent while business type net position increased by \$1,433,967 or 4.2 percent as of September 30, 2017.
- As of September 30, 2017, the City of Safety Harbor's governmental funds reported combined ending fund balances of \$11,284,182, a decrease of \$1,571,543 in comparison with the prior year. Of this total amount, \$9,121,290 or 80.8 percent, committed, assigned and unassigned fund balances are available for spending.
- The City's total debt for revenue bonds and notes decreased by \$1,795,634 or 15.4 percent during the fiscal year. This decrease is due to the repayment of principal on outstanding revenue notes and bonds. A principal payment for the 2008 debt issuance due in fiscal year 2018 was paid on the last day of fiscal year 2017 in the amount of \$486,000, resulting in the percent change being higher than programmed in the budget. 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 \$225,000 at September 30th.

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 18 through 20 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 21 through 24 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 fifteen 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 twelve 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 87 and 88.

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 75 through 77 and 89 through 101, 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, Solid Waste and Stormwater (drainage) operations.

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 25 through 28 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 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 29 and 30 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 31 through 74 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 75 through 86 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 \$69.0 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 18.

	Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 14,500,893	\$ 16,160,878	\$ 18,687,737	\$ 17,021,200	\$ 33,188,630	\$ 33,182,078
Capital assets	26,033,038	25,202,754	26,813,468	27,138,791	52,846,506	52,341,545
Total assets	40,533,931	41,363,632	45,501,205	44,159,991	86,035,136	85,523,623
Deferred Outflows	2,107,514	2,409,871	414,135	433,920	2,521,649	2,843,791
Liabilities						
Current and other liabilities	1,839,827	2,943,251	2,163,372	1,868,508	4,003,199	4,811,759
Long-term liabilities	5,861,863	7,202,349	7,447,099	8,102,831	13,308,962	15,305,180
Total liabilities	7,701,690	10,145,600	9,610,471	9,971,339	17,312,161	20,116,939
Deferred Inflows	1,760,212	1,074,170	526,685	278,355	2,286,897	1,352,525
Net Position						
Invested in capital assets, net of related debt	22,503,388	20,413,796	19,839,464	19,967,583	42,342,852	40,381,379
Restricted	2,113,838	2,158,213	10,568,422	10,231,976	12,682,260	12,390,189
Unrestricted	8,562,317	9,981,724	5,370,298	4,144,658	13,932,615	14,126,382
Total Net Position	\$ 33,179,543	\$ 32,553,733	\$ 35,778,184	\$ 34,344,217	\$ 68,957,727	\$ 66,897,950

The largest portion of the City's net position, 61.4 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.

Resources that are subject to external or enabling legislation that restricts how they may be used make up \$12.7 million (18.4 percent) of net position. The remaining balance of unrestricted net position or \$13.9 million (20.2 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2017, 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 19 and 20 of this report.

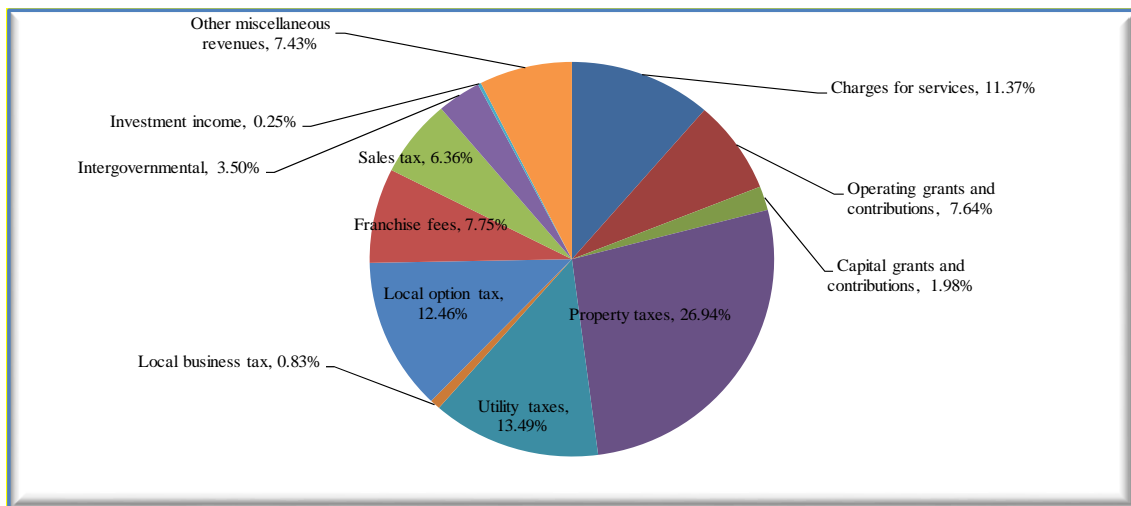
Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues:						
Charges for services	\$ 1,928,904	\$ 1,546,088	\$ 12,689,858	\$ 11,397,516	\$ 14,618,762	\$ 12,943,604
Operating grants and contributions	1,296,499	1,287,503	-	-	1,296,499	1,287,503
Capital grants and contributions	335,104	868,643	-	-	335,104	868,643
General revenues:						
Property taxes	4,571,161	4,390,452	-	-	4,571,161	4,390,452
Utility taxes	2,288,535	2,322,071	-	-	2,288,535	2,322,071
Local business tax	140,393	141,389	-	-	140,393	141,389
Local option tax	2,113,583	2,082,591	-	-	2,113,583	2,082,591
Franchise fees	1,315,493	1,347,753	-	-	1,315,493	1,347,753
Sales tax	1,078,525	1,151,421	-	-	1,078,525	1,151,421
Intergovernmental	593,293	568,087	55,231	32,934	648,524	601,021
Investment income	42,800	228,367	62,990	289,499	105,790	517,866
Other miscellaneous revenues	1,261,376	1,059,184	750,612	656,365	2,011,988	1,715,549
Gain on sale of capital assets	-	-	67,405	38,059	67,405	38,059
Total Revenues	16,965,666	16,993,549	13,626,096	12,414,373	30,591,762	29,407,922
EXPENSES						
Function/program activities						
Primary government:						
Governmental activities:						
General government	3,257,408	2,965,594	-	-	3,257,408	2,965,594
Law enforcement	1,277,859	1,260,699	-	-	1,277,859	1,260,699
Fire protection	4,000,144	3,942,197	-	-	4,000,144	3,942,197
Building department	484,448	390,407	-	-	484,448	390,407
Physical environment	491,636	467,017	-	-	491,636	467,017
Transportation	1,594,249	1,614,526	-	-	1,594,249	1,614,526
Library	1,542,784	1,498,730	-	-	1,542,784	1,498,730
Parks and recreation	3,545,138	3,274,817	-	-	3,545,138	3,274,817
Interest on long-term debt	146,190	119,243	-	-	146,190	119,243
Business-type activities:						
Water and sewer	-	-	8,287,692	8,235,173	8,287,692	8,235,173
Solid waste	-	-	2,861,263	2,586,702	2,861,263	2,586,702
Stormwater	-	-	1,043,174	1,050,346	1,043,174	1,050,346
Total Expenses	16,339,856	15,533,230	12,192,129	11,872,221	28,531,985	27,405,451
Excess before contributions	\$ 625,810	\$ 1,460,319	\$ 1,433,967	\$ 542,152	\$ 2,059,777	\$ 2,002,471
Transfers in (out)	-	-	-	-	-	-
Change in net position	625,810	1,460,319	1,433,967	542,152	2,059,777	2,002,471
Net position, beginning of year	32,553,733	31,093,414	34,344,217	33,802,065	66,897,950	64,895,479
Net position, end of year	\$ 33,179,543	\$ 32,553,733	\$ 35,778,184	\$ 34,344,217	\$ 68,957,727	\$ 66,897,950

Governmental activities. The net position for the City's governmental activities increased by \$625,810.

Total revenues and transfers in for the City's governmental activities decreased by \$27,883 (0.2 percent) under prior year. Key elements are as follows:

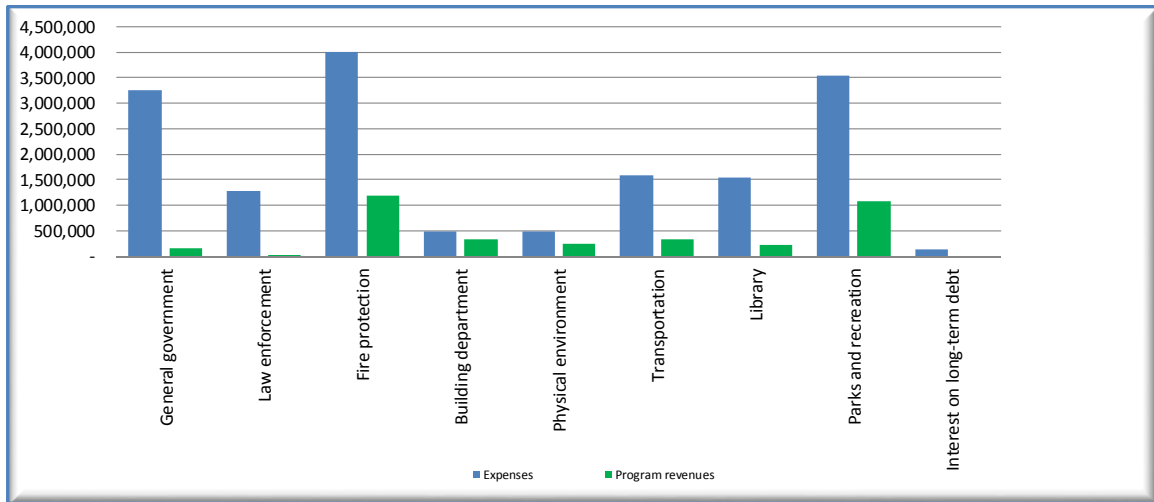
- Program revenues decreased by 3.8 percent or \$141,727.
 - Charges for services increased by \$382,816 with the large increases in inspection fees for building plan checks, building permits, impact fees, and code enforcement. The increases are consistent with the level of activity in the Building Department.

- Operating grants and contributions increased by a net amount of \$8,996. Of this increase, public safety revenue for fire and EMS increased by 6.5 percent. Library revenue from the Pinellas Public Library Cooperative decreased by 28.3 percent due to a one-year change in the calculation with donations to the library increasing by 6%. With Chrissie Shull Elmore Safety Harbor Library Funds, the library was able to purchase new self-checkout software and move the library’s online newspaper collection to a stable host environment.
- Capital grants and contributions decreased by \$553,539. In the prior year, the Weiss Family donated the Folly Farms Park property to the City resulting in a decrease in current year due to the value of the property. Further, the Weiss Family donated \$105,000 in the current year for improvements to the Park. In addition, grants for the Waterfront Park and for fire equipment are recognized in the current year.
- General revenues increased by 0.9 percent or \$113,844.
 - Property tax revenue increased by \$180,709 (4.1 percent). Gross taxable values in the City increased by 5.9 percent over prior year. City taxable values in the Community Redevelopment District increased by 9.0 percent over prior year. The millage rate was set at 3.95 mills or 2.42 percent lower than the prior year’s millage of 4.0479.
 - Investment income decreased by a net amount of \$185,567. Interest earnings remained relatively flat at \$210,229 with a market value decrease of \$167,429.
 - The local government half-cent sales decreased by \$72,896 (6.3 percent). These funds are remitted by sales tax dealers within the county that are earmarked for which a portion is earmarked for municipalities for citywide programs.
 - Miscellaneous revenues are increased by \$202,192 (19.1 percent). The city recognized revenue from insurance settlements claims due to an increase in property damage claims as well as allocated more engineering staff time for Water and Sewer infrastructure projects.



Expenses for the City’s governmental activities increased by \$806,626. Key elements of the net increase are as follows:

- Overall, personal services are \$511,292 or 5.81 percent over prior year. A classification and salary study was conducted the prior year and implemented the last quarter of fiscal 2016. Each position was evaluated and job descriptions updated and compared to other local municipalities. Pay grades were updated to assist with a reduction in turnover and associated costs and to promote employees’ careers. The study resulted in a living wage of \$12.50 per hour for full and part time employees in addition to employees’ positions impacted by increases in their pay grade. Fiscal 2017 is the first full year of the results of the classification and salary study in combination with current year 2 percent merit increases. Health insurance increased by 12.4 percent (\$132,252) overall as well as a 14.99 percent (\$106,669) increase in retirement pension.
- Contractual and other services increased by \$296,645 or 10.4 percent over prior year with larger increases noted for an election, contract increase for law enforcement services, legal fees for labor and code enforcement attorneys, fire vehicle repairs, Pinellas County inspection services, mowing service in right-of-ways and city properties, street equipment repairs, recreation programs (offset by revenue), city utilities in building maintenance and the marina, building and grounds maintenance, and street resurfacing.



Business-type activities. Business-type activities resulted in an increase in the City’s net position by \$1,433,967.

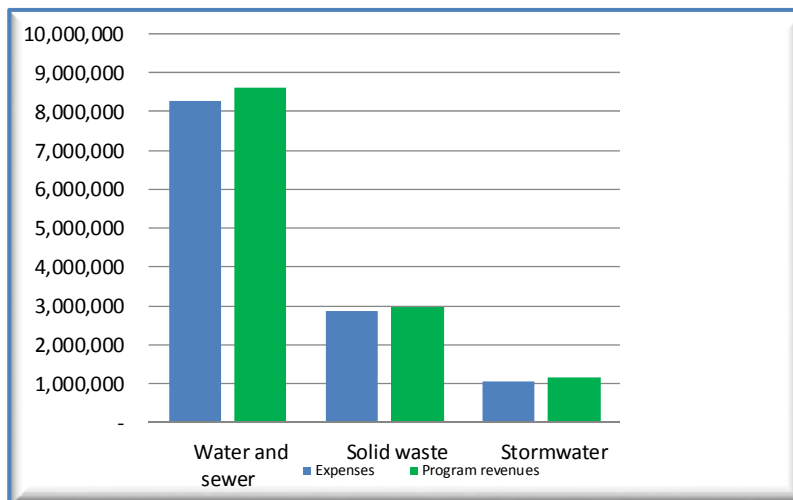
Total revenues for the City’s business-type activities increased by \$1,211,723 (9.8 percent) over prior year. Key elements are as follows:

- Program revenues increased by \$1,292,342.

- Charges for services includes revenue for water, sewer, and stormwater.
 - The city implemented the first year of a five-year rate change on January 1st of the current year for water and sewer. This is the first rate change for water and sewer since October 1st of 2009. Both water and sewer rate changes were set at an 11.5 percent increase. Water and sewer revenue increased by \$1,123,612, a combined increase of 15.1 percent over prior year
 - The city implemented the first year of a five-year rate change on January 1st of the current year for stormwater. This is the first rate for stormwater since October 1st of 2012. The increase in stormwater rates effective January 1st was 17.24 percent. Stormwater revenue in the first year of the change increased by \$137,609, which is a 13.6 percent increase.
 - Even though evaluated, no rate changes were implemented in solid waste. Solid waste realized a minimal increase of \$31,121 or 1.11 percent.
- General revenues decreased by \$80,619.
 - Investment income decreased by a net amount of \$226,509. Interest earnings increased by \$36,003 with a decrease in market value of \$262,512
 - Intergovernmental revenue increased by a net amount of \$22,297. Revenue of \$32,489 was recognized for expenses associated with Hurricane Hermine.
 - Other miscellaneous revenues increased by \$94,247 (14.4 percent). Claims insurance revenues increased by \$52,290 for proprietary fund damages to property. Indirect allocation of engineering services for water and sewer infrastructure projects was increased by 18.5 percent due to programmed capital projects.
 - The gain on sale of equipment from the Enterprise funds increased by \$29,346 for assets in the water, sewer, and stormwater funds.

Expenses for the City’s business-type activities increased by \$319,908. Key elements of the increase are as follows:

- Water and sewer expenses increased by \$52,519, which is .6 percent over prior year. Of the total, the largest increase is in the purchase of water from Pinellas County at 8.7 percent with a decrease of 17.49 for sewer at the Northeast Treatment Plant.
- Solid waste expenses increased by \$274,561 or 10.6 percent over prior year. Of the net increase, \$227,056 is an increase in personal services due to an increase in the FRS pension valuation and sick and vacation accruals for sanitation employees. Additionally, depreciation expense increased by 8.5 percent over prior year.
- Stormwater expenses decreased by \$7,172 or 0.7 percent. Minor increases and decreases are noted in all categories of expenses with depreciation showing the largest increase and indirect allocations the largest decrease.



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, 2017, the City's governmental funds reported combined ending fund balances of \$11,284,182, a decrease of \$1,571,543 in comparison with the prior year. Of this total amount, \$4,335,063 or 38.4 percent is unassigned and available for spending at the City's discretion. The remainder of fund balance, \$6,949,119 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, 2017, committed (emergency/stabilization) and unassigned fund balance was \$7,646,302. 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 0.3 percent of total general fund expenditures, while committed and unassigned fund balance is 54.4 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, 2017, the City's unassigned fund balance meets this goal at 35.9 percent of prior year's operating expenditures.

General Fund balance decreased by \$680,309 in the current fiscal year. Key elements of the increase are as follows:

- Revenues, including transfers in, total \$13,824,179, which is a net increase of \$229,136 over prior year.
 - Ad valorem revenue increased by \$125,997 with a millage rate of 3.95 (2.4 percent decrease in mills under prior year). The increase in assessed valuation of properties is 5.9 percent.
 - Utility taxes are decreased by a net amount of \$33,536, with 1.49 and 1.81 percent decreases in electric utility and communication services taxes, respectively.
 - Franchise fees decreased by \$32,260 (2.4 percent). As these fees are based on gross receipts for all retail electrical sales less governmental services not subject to franchise fees, the decrease is a result of a decrease in gross retail sales for the City's local energy provider Duke Energy.
 - Building permit revenues increased overall by \$68,891 (28.2 percent) over prior year.
 - Sales tax decreased by \$72,896 or 6.3 percent under prior year. This is based on economic conditions in the current fiscal year.
 - Charges for services increased by \$164,293 (18.2 percent). Recreation programs including Community Center and Museum summer part day/specialty camps, programs, full day camps, citywide special events venue rentals, after school programs and downtown events increased by \$169,417 (31.6 percent) over prior year.
 - Interest income and net appreciation in the fair value of investments decreased by \$127,536 due to decrease in market value at September 30, 2017.
 - Fines and forfeitures increased \$44,216 and include revenue collection and release of lien for one code case in the amount of \$41,191.
 - Other revenue increased by \$80,136. Of the increase, \$53,940 is due to the recalculation of indirect allocation of reimbursements from other funds supported by the General Fund and \$39,942 is due to insurance claims recovery on a loss.

- Expenditures of \$14,504,488, including transfers out of \$449,876, reflect a net increase of \$1,437,435 or 11 percent over prior year.
 - Personnel services of \$9,271,266 are increased over prior year by \$517,665 or 5.9 percent. Several factors drove this increase including the following:
 - 3 percent merit and full year impact of prior year salary study and living wage increases;
 - 12.5 percent increase in health insurance;
 - 15.3 percent increase in retirement; and,
 - the addition of a part-time position in the building department and a part-time position in recreation.
 - Materials and supplies of \$471,320 increased by \$18,821 from prior year. Of the net increase between all lines, the largest increase is for software at \$34,019.
 - Contracted/other operating expenses, including interfund allocations and grants to non-profits, of \$4,204,704 increased by \$434,735 or 11.5 percent. The net increase includes an election, services for labor attorney, disaster expenses for Hurricane Irma (\$17,948), law enforcement, fire vehicle repairs, mowing services and building inspection services.
 - Capital outlay of \$107,324 increased by \$23,678 over prior year. The purchase of library books remains relatively consistent. The increase is attributable to the redesign of office space in the building department, purchase of GPS equipment, and park equipment.
 - Transfers out of \$449,876 are \$442,226 higher than prior year with funds transferred from General Fund to the Capital Projects fund for the Waterfront Park project, Street Improvement fund due to low fund reserve, Law Enforcement fund as capital match for a speed feedback sign and to the Parkland fund for the Elm Street project.

The **Community Redevelopment Agency (CRA)** fund balance is \$447,376 as of September 30, 2017. Revenue of \$434,544 is \$40,228 over prior year. Municipal taxable values and County taxable values increased by 8.9 and 8.9 percent, respectively, in the tax increment financing district over prior year. With the millage decreased by 2.5 percent under prior year to 3.9500, the increase in ad valorem revenue is \$54,712 over prior year. Expenditures of \$591,182, including a transfer of \$157,000 to the General Fund for Waterfront Park, are 82.4 percent over the prior year's expenditures. The details for all CRA activities are included in Note 10 on page 73 within this document.

The **Capital Projects** fund balance is \$1,384,449 at September 30, 2017. Revenue of \$1,776,976 from the Penny for Pinellas sales tax is \$48,230 over prior year. The "Penny" is eligible for capital infrastructure improvements as well as the servicing of debt. Revenue also includes grants for the Waterfront Park. Current year capital improvements and acquisitions are \$2,011,574. The most significant capital outlay is for the Waterfront Park, self-contained breathing apparatus fire stations 52 and 53, replacement of fire extraction equipment, a stationary concrete dispense for streets, improvements at Folly Farms, and parks equipment replacement. Transfers out to General Fund for Waterfront Park repayment is \$100,000 and to debt service funds is \$903,220. Debt services include a 2008 issuance for library renovations, a 2006 issuance for brick streets and a 2012 issuance 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 21 through 24 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 \$2,422,588, \$1,866,292 and \$1,081,418, respectively. Cumulatively, the unrestricted net position for the enterprise funds increased by \$1,225,640 over prior year by 50.3 percent, 25.8 percent and 3.0 percent in the Water/Sewer, Sanitation, and Stormwater funds, respectively. Funds restricted for debt service decreased by \$15,383 and capital projects increased by \$351,829. The total increase in net position current year is \$1,225,640.

Total operating and non-operating revenue in the proprietary funds increased by \$1,211,723 with charges for services 11.3 percent or \$1,292,342 higher than prior year; investment income 78.2 percent or \$226,509 lower than prior year, of which investment income increased by \$36,003 and market value adjustment on September 30th over prior year decreased by \$262,512; and, other revenues, including intergovernmental, miscellaneous and gain on the sale of capital assets, increased by 20.1 percent or \$145,890 over prior year. Of the total increase in revenue, water and sewer increased by \$1,100,546, sanitation revenue decreased by \$26,561 and stormwater increased by \$137,738.

Total expenses in the City's proprietary funds increased by \$319,908 (2.7 percent) over prior year. Cumulatively the total of all funds in each category including salaries and fringes, materials and supplies and contracted/other services increased by \$245,683 while depreciation and amortization of assets increased by \$74,225. The most significant increase is in salaries with an increase of \$268,295 or 8.6 percent. Of the total increase in salaries, \$96,021 or 36.0 percent of the increase is due to the allocation of Florida Retirement System pension expense based on the actuarial valuation in the sanitation fund and a \$30,869 or 5.93 percent increase in health insurance. Materials and supplies increased by \$62,741 or 12.25 percent for citywide technology improvements that are allocated across governmental and enterprise funds. Water includes an increase of \$179,508 (8.7 percent) for the purchase of water from Pinellas County. Wastewater includes a decrease of \$290,601 (17.5 percent) for the purchase of wastewater flowing into the Northeast Treatment Plant.

More detail regarding the proprietary funds can be found on pages 25 through 28 of this report.

General Fund Budgetary Highlights

During the current year, the total decrease between adopted and final budgeted revenue totaled \$128,559. Supplemental budget amendments for budgeted appropriations increased between the adopted and final budget by \$91,623. The most significant differences between adopted and final budget was a decrease in revenue for utility taxes, franchise fees, EMS district taxes and the Pinellas Public Library Consortium totaling \$250,130 with increases in revenue of \$41,510 and \$60,746 for claims settlements and building permits. Overall, budgeted appropriations increased in general government, public safety, and transfers to other funds for projects by \$382,477, while engineering services, transportation, library, and parks and recreation appropriations decreased by \$290,854. Larger increases include \$35,000 for inspection services from Pinellas County, \$20,000 for fire vehicle repairs, and a \$200,000 transfer from General fund to the Parkland fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City’s investment in capital assets for governmental and business-type activities as of September 30, 2017 is \$52,846,506, net of accumulated depreciation. As reflected in the following schedule, the City’s investment in capital assets increased in all categories with the exception of land within governmental and business-type activities. The net increase in the City’s investment in capital assets is \$504,961 over prior year.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 8,071,070	\$ 8,071,070	\$ 606,548	\$ 606,548	\$ 8,677,618	\$ 8,677,618
Construction in progress	2,479,871	861,132	1,099,917	244,526	3,579,788	1,105,658
Buildings	4,899,393	4,892,927	343,689	343,689	5,243,082	5,236,616
Improvements other than buildings	28,616,622	28,226,269	39,854,110	39,501,293	68,470,732	67,727,562
Equipment	7,280,520	6,883,058	8,903,663	8,738,637	16,184,183	15,621,695
Less:						
Accumulated Depreciation	25,314,438	23,731,702	23,994,459	22,295,902	49,308,897	46,027,604
Total	\$ 26,033,038	\$ 25,202,754	\$ 26,813,468	\$ 27,138,791	\$ 52,846,506	\$ 52,341,545

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

Governmental Activities	Additions	Governmental Activities	Additions
Mullet Creek Bridge	\$ 214,196	ADA Handicap Chairlift	\$ 7,080
Self Contained Breathing Apparatus Units	189,751	Lightning Protection System for Library Trees	7,000
Library Books	87,277	Trimble GPS System	6,500
Playground & Butterfly Garden	79,767	Building Official Office Addition	6,466
Stationary Concrete Dispenser	62,992	Bayshore Greenway Improvements	6,220
Veterans Memorial Park Sidewalk	49,725	"Slow Down" Traffic Sign	5,434
Egret Terrace Road Improvements	46,350	Business-type Activities	Additions
Rescue Extraction Tools	32,972	Stormwater Improvements	\$ 234,104
Sidewalk Repair & Rehabilitation	32,324	2017 Tymco Street Sweeper	149,252
Water Fountain Replacement	27,291	Debris Body for Sideloader Vehicle #312	141,050
Brick Street Restoration	282,067	South Bayshore Lift Station Pumps & Generator	118,713
60-inch Turfcat Flail Mower	5,852,376	Bobcat Skid-Steer Loader	37,696
2017 Chevrolet Silverado Pickup	20,421	2017 Ford Explorer SUV	27,973
Street Sign Improvements	17,985	Radio Frequency Identification Devices	25,001
Safety Harbor City Park Ball Field Improvements	15,950	2017 Chevrolet Silverado Pickup	18,999
Brick Street Restoration (CRA)	10,018	Towmaster 12DT Trailer	10,096
52-inch Gravely Zero-turn Riding Mower	9,359	Utility Body for Vehicle #202	6,982
Veterans Memorial Park Sidewalk (CRA)	7,129		

The following reconciliation summarizes the Changes in Capital Assets, which is presented in detail on page 53 of the notes to the financial statements.

	Governmental Activities	Business-Type Activities	Total Primary Government
Beginning Balance	\$ 25,202,754	\$ 27,138,791	\$ 52,341,545
Additions	2,847,084	1,625,257	4,472,341
Depreciation	(1,775,313)	(1,950,580)	(3,725,893)
Disposals (net of depreciation)	(241,487)	-	(241,487)
Ending Balance	\$ 26,033,038	\$ 26,813,468	\$ 52,846,506

Long-term debt. As of fiscal year end, the City's outstanding long-term debt from revenue bonds and notes decreased by \$1,795,634. The decrease is a result of the retirement of debt principal. For the 2008 governmental debt, an additional principal payment of \$486,000 was made on the last day of the current fiscal year for debt service due on the first day of the 2018 fiscal year. Pages 56 through 59 of the notes to the financial statements provide details for the following summary.

		2017	2016	Change	Percent Change
Governmental Activities					
2012	Purchase of land for park	\$ 1,495,000	\$ 1,775,000	\$ (280,000)	-15.8%
2008	Library expansion	1,559,000	2,516,000	(957,000)	-38.0%
2006	General government improvements	250,650	267,958	(17,308)	-6.5%
Governmental activities total		<u>3,304,650</u>	<u>4,558,958</u>	<u>(1,254,308)</u>	<u>-27.5%</u>
Business-Type Activities					
2012	Refunding for utility system improvements	790,000	935,000	(145,000)	-15.5%
2006	Utility system improvements	5,739,147	6,135,473	(396,326)	-6.5%
Business-type activities total		<u>6,529,147</u>	<u>7,070,473</u>	<u>(541,326)</u>	<u>-7.7%</u>
Total Outstanding Debt		<u>\$ 9,833,797</u>	<u>\$ 11,629,431</u>	<u>\$ (1,795,634)</u>	<u>-15.4%</u>

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, 2017 was 3.6 percent compared to the prior year's 4.7 percent. This compares favorably to Florida's unemployment rate of 3.8 percent and the national unemployment rate of 4.2 percent.
- For the fourth fiscal year, property values have shown recovery with an increase of 7.1 percent in assessed values moving into the 2018 budget cycle. The millage rate was held at 3.9500, budgeting for an ad valorem revenue increase of \$180,709.
- The General Fund use of reserves to balance the budget was \$136,610. The City Commission transferred \$200,000 to the Street Improvement Fund from reserve for unfunded projects.
- A rate study for the Enterprise Funds was adopted by City Commission and implemented on January 1st of 2017. Effective October 1, 2017, water and wastewater increased by 11.5 percent with a change in base charges and tiers. Stormwater increased by 17.24 percent with the equivalent residential unit (ERU) set at \$10 per ERU. No rate increase was recommended for the Sanitation fund.

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, Florida 34695, via the City's website (<http://www.cityofsafetyharbor.com>) or by phone at 727-724-1555.

BASIC FINANCIAL STATEMENTS

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CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Assets	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Pooled cash and investments	\$ 9,239,709	\$ 6,040,945	\$ 15,280,654
Receivables, net:			
Accounts receivable	395,945	1,175,701	1,571,646
Due from other governments	826,211	15,419	841,630
Inventories	48,644	208,224	256,868
Prepaid items	1,410	-	1,410
Restricted assets:			
Pooled cash and investments:			
Other	2,113,838	-	2,113,838
Sinking fund	51,092	48,738	99,830
Customer deposits	23,280	625,842	649,122
Total current assets	<u>12,700,129</u>	<u>8,114,869</u>	<u>20,814,998</u>
Noncurrent assets:			
Restricted assets:			
Pooled cash and investments:			
Sinking fund	-	1,270,318	1,270,318
Capital projects	-	9,298,104	9,298,104
Capital assets:			
Non depreciable	10,550,941	1,706,465	12,257,406
Depreciable, net of accumulated depreciation	15,482,097	25,107,003	40,589,100
Unamortized prepaid insurance costs	-	4,446	4,446
Net pension asset	<u>1,800,764</u>	<u>-</u>	<u>1,800,764</u>
Total noncurrent assets	<u>27,833,802</u>	<u>37,386,336</u>	<u>65,220,138</u>
Total assets	<u>40,533,931</u>	<u>45,501,205</u>	<u>86,035,136</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	<u>2,107,514</u>	<u>414,135</u>	<u>2,521,649</u>
Total deferred outflows of resources	<u>2,107,514</u>	<u>414,135</u>	<u>2,521,649</u>
Total assets and deferred outflows of resources	42,641,445	45,915,340	88,556,785
Liabilities			
Current liabilities:			
Accounts payable	248,560	435,635	684,195
Accrued liabilities	168,450	58,067	226,517
Customer deposits	23,280	-	23,280
Unearned revenue	975,657	-	975,657
Current liabilities, payable from restricted assets:			
Accrued interest payable	51,092	48,738	99,830
Customer deposits	-	625,842	625,842
Construction contracts payable	-	410,473	410,473
Current portion of long-term obligations	<u>372,788</u>	<u>584,617</u>	<u>957,405</u>
Total current liabilities	<u>1,839,827</u>	<u>2,163,372</u>	<u>4,003,199</u>
Noncurrent liabilities:			
Compensated absences	746,931	242,906	989,837
Other post employment benefits	345,080	156,920	502,000
Net pension liability	1,548,040	1,075,753	2,623,793
Bonds and notes payable	<u>3,221,812</u>	<u>5,971,520</u>	<u>9,193,332</u>
Total noncurrent liabilities	<u>5,861,863</u>	<u>7,447,099</u>	<u>13,308,962</u>
Total liabilities	<u>7,701,690</u>	<u>9,610,471</u>	<u>17,312,161</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pension	1,760,212	487,855	2,248,067
Deferred amount on debt refunding	<u>-</u>	<u>38,830</u>	<u>38,830</u>
Total deferred inflows of resources	<u>1,760,212</u>	<u>526,685</u>	<u>2,286,897</u>
Net Position			
Net investment in capital assets	22,503,388	19,839,464	42,342,852
Restricted, net of payables from restricted assets:			
Community redevelopment	379,813	-	379,813
Fire protection and public safety	43,021	-	43,021
Transportation programs	471,642	-	471,642
Culture and recreation	278,863	-	278,863
Debt service	-	1,270,318	1,270,318
Capital projects	940,499	9,298,104	10,238,603
Unrestricted	<u>8,562,317</u>	<u>5,370,298</u>	<u>13,932,615</u>
Total net position	<u>\$ 33,179,543</u>	<u>\$ 35,778,184</u>	<u>\$ 68,957,727</u>

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2017

Function/Programs	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 3,257,408	\$ 153,275	\$ -	\$ -
Law enforcement	1,277,859	17,262	-	2,273
Fire protection	4,000,144	31,425	1,123,486	26,853
Building department	484,448	322,968	-	-
Physical environment	491,636	252,343	-	-
Transportation	1,594,249	283,183	11,818	42,113
Library	1,542,784	55,144	161,195	-
Parks and recreation	3,545,138	813,304	-	263,865
Interest on long-term debt	146,190	-	-	-
Total governmental activities	<u>16,339,856</u>	<u>1,928,904</u>	<u>1,296,499</u>	<u>335,104</u>
Business-type activities:				
Water and sewer	8,287,692	8,585,590	38,407	-
Solid waste	2,861,263	2,954,431	17,915	-
Stormwater	1,043,174	1,149,837	(1,091)	-
Total business-type activities	<u>12,192,129</u>	<u>12,689,858</u>	<u>55,231</u>	<u>-</u>
Total primary government	<u>\$ 28,531,985</u>	<u>\$ 14,618,762</u>	<u>\$ 1,351,730</u>	<u>\$ 335,104</u>
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				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
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, 2017

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,104,133)	\$ -	\$ (3,104,133)
(1,258,324)	-	(1,258,324)
(2,818,380)	-	(2,818,380)
(161,480)	-	(161,480)
(239,293)	-	(239,293)
(1,257,135)	-	(1,257,135)
(1,326,445)	-	(1,326,445)
(2,467,969)	-	(2,467,969)
(146,190)	-	(146,190)
(12,779,349)	-	(12,779,349)
-	336,305	336,305
-	111,083	111,083
-	105,572	105,572
-	552,960	552,960
(12,779,349)	552,960	(12,226,389)
4,571,161	-	4,571,161
2,288,535	-	2,288,535
140,393	-	140,393
2,113,583	-	2,113,583
1,315,493	-	1,315,493
1,078,525	-	1,078,525
593,293	-	593,293
42,800	62,990	105,790
1,261,376	750,612	2,011,988
-	67,405	67,405
13,405,159	881,007	14,286,166
625,810	1,433,967	2,059,777
32,553,733	34,344,217	66,897,950
\$ 33,179,543	\$ 35,778,184	\$ 68,957,727

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, 2017

	General	Community Redevelopment Agency	Capital Projects	Other Non- major Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 8,280,151	\$ 454,270	\$ 420,608	\$ 2,272,890	\$ 11,427,919
Receivables, net:					
Accounts receivable	365,476	887	460	29,122	395,945
Due from other funds	-	-	520,147	-	520,147
Due from other governments	322,253	-	460,713	43,245	826,211
Inventories	48,644	-	-	-	48,644
Prepaid items	410	1,000	-	-	1,410
Total assets	<u>\$ 9,016,934</u>	<u>\$ 456,157</u>	<u>\$ 1,401,928</u>	<u>\$ 2,345,257</u>	<u>\$ 13,220,276</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 162,601	\$ 8,032	\$ 17,479	\$ 60,448	\$ 248,560
Accrued liabilities	166,898	749	-	803	168,450
Customer deposits	17,677	-	-	5,603	23,280
Due to other funds	-	-	-	520,147	520,147
Unearned revenue	974,402	-	-	1,255	975,657
Total liabilities	<u>1,321,578</u>	<u>8,781</u>	<u>17,479</u>	<u>588,256</u>	<u>1,936,094</u>
Fund Balances:					
Nonspendable:					
Inventories and prepaid items	49,054	-	-	-	49,054
Restricted for:					
Community redevelopment	-	379,813	-	-	379,813
Fire protection	-	-	-	43,021	43,021
Transportation	-	-	-	471,642	471,642
Library	-	-	-	54,771	54,771
Parks and recreation	-	-	-	224,092	224,092
Debt service	-	-	-	-	-
Capital projects	-	-	940,499	-	940,499
Committed to:					
Emergency/disaster relief stabilization	2,959,770	-	-	-	2,959,770
Physical environment	-	-	-	126,372	126,372
Public safety	-	-	-	10,123	10,123
Capital project (Waterfront Park)	-	-	80,986	-	80,986
Assigned to:					
General government	-	67,563	-	-	67,563
Fire protection	-	-	-	2,538	2,538
Library	-	-	-	506	506
Public safety	-	-	-	2,169	2,169
Physical environment	-	-	-	18,156	18,156
Transportation	-	-	-	519,790	519,790
Parks and recreation	-	-	362,964	635,290	998,254
Unassigned:	<u>4,686,532</u>	<u>-</u>	<u>-</u>	<u>(351,469)</u>	<u>4,335,063</u>
Total fund balances	<u>7,695,356</u>	<u>447,376</u>	<u>1,384,449</u>	<u>1,757,001</u>	<u>11,284,182</u>
Total liabilities and fund balances	<u>\$ 9,016,934</u>	<u>\$ 456,157</u>	<u>\$ 1,401,928</u>	<u>\$ 2,345,257</u>	<u>\$ 13,220,276</u>

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, 2017

Fund balances - total governmental funds \$ 11,284,182

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	\$ 10,550,941	
Depreciable	40,796,535	
Less, accumulated depreciation	25,314,438	26,033,038

The net pension asset related to governmental activities does not represent financial
resources and is not reported in the funds. 1,800,764

Deferred outflows of resources related to net pension liabilities do not have a current
financial resources focus, and therefore are not recognized in the governmental fund
statements. 2,107,514

Accrued interest payable on long-term debt does not use represent the
current use of financial resources and is not reported as a liability in
the governmental funds (51,092)

Deferred inflows of resources related to net pension liabilities do not have a current
financial resources focus, and therefore are not recognized in the governmental fund
statements (1,760,212)

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

Net pension liability	(1,548,040)	
Revenue notes and line of credit payable	(3,304,650)	
Capital lease payable	(225,000)	
Compensated absences	(811,881)	
Other post employment benefits	(345,080)	(6,234,651)

Net position of governmental activities \$ 33,179,543

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, 2017

	General	Community Redevelopment Agency	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 4,138,275	\$ 432,886	\$ -	\$ -	\$ 4,571,161
Utility taxes	2,288,535	-	-	-	2,288,535
Local business taxes	140,393	-	-	-	140,393
Local option taxes	87,178	-	1,776,976	249,429	2,113,583
Franchise fees	1,315,493	-	-	-	1,315,493
Licenses and permits	313,308	-	-	-	313,308
Impact fees	-	-	-	282,018	282,018
Special assessments	-	-	-	246,399	246,399
Sales tax	1,078,525	-	-	-	1,078,525
Intergovernmental	1,858,773	-	169,525	59,333	2,087,631
Charges for services	1,066,906	-	-	57,785	1,124,691
Fines and forfeitures	84,544	-	-	-	84,544
Interest income and net appreciation in fair value of investments	31,929	1,658	3,456	5,757	42,800
Contributions and donations	24,000	-	-	113,265	137,265
Other	1,139,320	-	-	-	1,139,320
Total revenues	13,567,179	434,544	1,949,957	1,013,986	16,965,666
Expenditures:					
Current operating:					
General government	2,859,077	160,678	-	-	3,019,755
Public safety					
Law enforcement	1,277,165	-	-	-	1,277,165
Fire protection	3,814,412	-	-	-	3,814,412
Building department	470,304	-	-	7,466	477,770
Physical environment	435,978	-	-	41,017	476,995
Transportation	754,573	-	13,994	324,580	1,093,147
Culture and recreation					
Library	1,278,687	-	-	-	1,278,687
Parks and recreation	3,057,092	-	1,637	19,311	3,078,040
Capital outlay	107,324	273,504	1,995,943	228,826	2,605,597
Debt service:					
Capital lease principal	-	-	-	5,000	5,000
Principal retirement	-	-	-	1,254,309	1,254,309
Interest and other charges	-	-	-	156,332	156,332
Total expenditures	14,054,612	434,182	2,011,574	2,036,841	18,537,209
Excess (deficiency) of revenues over (under) expenditures	(487,433)	362	(61,617)	(1,022,855)	(1,571,543)
Other financing sources (uses):					
Transfers in	257,000	-	217,000	1,136,096	1,610,096
Transfers out	(449,876)	(157,000)	(1,003,220)	-	(1,610,096)
Total other financing sources (uses)	(192,876)	(157,000)	(786,220)	1,136,096	-
Net change in fund balances	(680,309)	(156,638)	(847,837)	113,241	(1,571,543)
Fund balances, beginning of year	8,375,665	604,014	2,232,286	1,643,760	12,855,725
Fund balances, end of year	\$ 7,695,356	\$ 447,376	\$ 1,384,449	\$ 1,757,001	\$ 11,284,182

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, 2017

Net change in fund balances - total governmental funds \$ (1,571,543)

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	\$ 2,605,597	
Less, current year depreciation	<u>1,775,313</u>	830,284

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	\$ 1,254,309	
Capital lease payment	<u>5,000</u>	1,259,309

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 related amounts	245,031	
Accrued interest on long-term debt	10,142	
Compensated absences	(105,818)	
Other post employment benefits	<u>(41,595)</u>	<u>107,760</u>

Change in net position - governmental activities \$ 625,810

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, 2017

	Water and Sewer			
	Fund	Solid Waste Fund	Stormwater Fund	Total
Assets				
Current assets:				
Pooled cash and investments	\$ 2,315,457	\$ 2,414,766	\$ 1,310,722	\$ 6,040,945
Accounts receivable, net:				
Accounts receivable	858,042	228,200	89,459	1,175,701
Due from other governments	14,937	482	-	15,419
Inventories	208,224	-	-	208,224
Restricted assets:				
Pooled cash and investments:				
Sinking fund	38,115	3,790	6,833	48,738
Customer deposits	568,977	56,865	-	625,842
Capital projects	-	-	-	-
Total current assets	<u>4,003,752</u>	<u>2,704,103</u>	<u>1,407,014</u>	<u>8,114,869</u>
Noncurrent assets:				
Restricted pooled cash and investments:				
Sinking fund	970,849	170,548	128,921	1,270,318
Capital projects	9,298,104	-	-	9,298,104
Capital assets:				
Nondepreciable	1,452,160	760	253,545	1,706,465
Depreciable, net of accumulated depreciation	17,755,500	1,797,870	5,553,633	25,107,003
Unamortized bond costs - prepaid insurance	4,446	-	-	4,446
Total noncurrent assets	<u>29,481,059</u>	<u>1,969,178</u>	<u>5,936,099</u>	<u>37,386,336</u>
Total assets	<u>33,484,811</u>	<u>4,673,281</u>	<u>7,343,113</u>	<u>45,501,205</u>
Deferred outflows of resources				
Deferred outflows of resources related to pensions	141,412	181,815	90,908	414,135
Liabilities				
Current liabilities:				
Accounts payable	351,107	78,178	6,350	435,635
Accrued liabilities	31,566	20,111	6,390	58,067
Current liabilities, payable from restricted assets:				
Accrued interest payable	38,115	3,790	6,833	48,738
Customer deposits	568,977	56,865	-	625,842
Construction contracts payable	410,473	-	-	410,473
Current portion of long-term obligations:				
Compensated absences	11,260	11,790	3,940	26,990
Bonds and notes payable	452,100	37,651	67,876	557,627
Total current liabilities	<u>1,863,598</u>	<u>208,385</u>	<u>91,389</u>	<u>2,163,372</u>
Noncurrent liabilities:				
Compensated absences	101,309	106,096	35,501	242,906
Other post employment benefits	86,326	56,334	14,260	156,920
Net pension liability	367,331	472,282	236,140	1,075,753
Bonds and notes payable	4,591,292	492,444	887,784	5,971,520
Total noncurrent liabilities	<u>5,146,258</u>	<u>1,127,156</u>	<u>1,173,685</u>	<u>7,447,099</u>
Total liabilities	7,009,856	1,335,541	1,265,074	9,610,471
Deferred inflows of resources				
Deferred inflow of resources related to pensions	166,585	214,180	107,090	487,855
Deferred charges on debt refunding	38,830	-	-	38,830
Total deferred inflows of resources	<u>205,415</u>	<u>214,180</u>	<u>107,090</u>	<u>526,685</u>
Net position				
Net investment in capital assets	13,719,411	1,268,535	4,851,518	19,839,464
Restricted for:				
Debt service	970,849	170,548	128,921	1,270,318
Capital projects	9,298,104	-	-	9,298,104
Unrestricted	2,422,588	1,866,292	1,081,418	5,370,298
Total net position	<u>\$ 26,410,952</u>	<u>\$ 3,305,375</u>	<u>\$ 6,061,857</u>	<u>\$ 35,778,184</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, 2017

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 8,585,590	\$ 2,954,431	\$ 1,149,837	\$ 12,689,858
Intergovernmental	38,407	17,915	(1,091)	55,231
Other	732,924	17,518	170	750,612
Total operating revenues	<u>9,356,921</u>	<u>2,989,864</u>	<u>1,148,916</u>	<u>13,495,701</u>
Operating expenses				
Salaries, wages, and employee benefits	1,733,509	1,312,462	347,454	3,393,425
Materials and supplies	265,850	214,826	94,377	575,053
Contractual and other services	4,991,382	884,986	213,600	6,089,968
Depreciation and amortization	1,150,284	433,041	358,995	1,942,320
Total operating expenses	<u>8,141,025</u>	<u>2,845,315</u>	<u>1,014,426</u>	<u>12,000,766</u>
Operating income (loss)	<u>1,215,896</u>	<u>144,549</u>	<u>134,490</u>	<u>1,494,935</u>
Nonoperating revenues (expenses)				
Interest income and net appreciation in fair value of investments	48,782	8,962	5,246	62,990
Interest expense	(146,667)	(15,948)	(28,748)	(191,363)
Gain on the sale of capital assets	45,481	140	21,784	67,405
Total nonoperating revenues (expenses)	<u>(52,404)</u>	<u>(6,846)</u>	<u>(1,718)</u>	<u>(60,968)</u>
Changes in net position	1,163,492	137,703	132,772	1,433,967
Net position - beginning	<u>25,247,460</u>	<u>3,167,672</u>	<u>5,929,085</u>	<u>34,344,217</u>
Net position - end of year	<u>\$ 26,410,952</u>	<u>\$ 3,305,375</u>	<u>\$ 6,061,857</u>	<u>\$ 35,778,184</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, 2017

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 8,400,953	\$ 2,927,633	\$ 1,126,105	\$ 12,454,691
Other operating and intergovernmental revenue	759,414	51,318	170	810,902
Cash paid to suppliers for goods and services	(5,357,965)	(1,076,314)	(308,514)	(6,742,793)
Cash payments to and for the benefit of employees	(1,740,911)	(1,166,244)	(307,327)	(3,214,482)
Cash provided by operating activities	<u>2,061,491</u>	<u>736,393</u>	<u>510,434</u>	<u>3,308,318</u>
Cash flows from capital and related financing activities:				
Principal payments on long-term debt	(438,726)	(36,610)	(65,990)	(541,326)
Interest payments on long-term debt	(150,160)	(16,210)	(29,220)	(195,590)
Proceeds from the sale of capital assets	45,481	140	21,784	67,405
Acquisition and construction of capital assets	(705,079)	(166,811)	(401,004)	(1,272,894)
Cash used by capital and related financing activities	<u>(1,248,484)</u>	<u>(219,491)</u>	<u>(474,430)</u>	<u>(1,942,405)</u>
Cash flows from investing activity:				
Interest and dividends on investments	49,388	8,564	5,479	63,431
Cash provided by investing activities	<u>49,388</u>	<u>8,564</u>	<u>5,479</u>	<u>63,431</u>
Net increase in pooled cash and investments	862,395	525,466	41,483	1,429,344
Pooled cash and investments at beginning of year	<u>12,329,107</u>	<u>2,120,503</u>	<u>1,404,993</u>	<u>15,854,603</u>
Pooled cash and investments at end of year	<u>\$ 13,191,502</u>	<u>\$ 2,645,969</u>	<u>\$ 1,446,476</u>	<u>\$ 17,283,947</u>

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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, 2017

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Reconciliation of cash and investments				
to Statement of Net Position:				
Total unrestricted pooled cash and investments	\$ 2,315,457	\$ 2,414,766	\$ 1,310,722	\$ 6,040,945
Total unrestricted pooled cash and investments	<u>10,876,045</u>	<u>231,203</u>	<u>135,754</u>	<u>11,243,002</u>
Total pooled cash and investments	<u><u>\$ 13,191,502</u></u>	<u><u>\$ 2,645,969</u></u>	<u><u>\$ 1,446,476</u></u>	<u><u>\$ 17,283,947</u></u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,215,896	\$ 144,549	\$ 134,490	\$ 1,494,935
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,150,284	433,041	358,995	1,942,320
Change in operating assets and liabilities:				
Decrease (increase) in accounts receivable	(184,637)	(26,798)	(23,732)	(235,167)
Decrease (increase) in due from other governments	(11,917)	15,885	1,091	5,059
Increase in inventories	(8,586)	-	-	(8,586)
Decrease (increase) in deferred outflows	32,156	(8,247)	(4,124)	19,785
Increase (decrease) in accounts payable	(94,764)	24,344	(537)	(70,957)
Increase (decrease) in pension and other accrued liabilities	(112,371)	(9,366)	(6,728)	(128,465)
Increase in deferred inflows	74,503	122,098	61,049	257,650
Increase (decrease) in customer deposits	2,617	(846)	-	1,771
Increase in OPEB	9,939	6,626	1,840	18,405
Increase (decrease) in accumulated unused compensated absences	(11,629)	35,107	(11,910)	11,568
Net cash provided by operating activities	<u><u>\$ 2,061,491</u></u>	<u><u>\$ 736,393</u></u>	<u><u>\$ 510,434</u></u>	<u><u>\$ 3,308,318</u></u>
Non cash investing, capital, and financing activities:				
Amortization of bond premiums	\$ 9,320	\$ -	\$ -	\$ 9,320
Construction contracts payable at year end	410,473	-	-	410,473
Change in fair value of investments	(203,112)	(38,049)	(21,351)	(262,512)

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, 2017

	Pension Trust Fund
Assets	
Cash and cash equivalents:	
Money market	\$ 35,606
Investments, at fair value:	
Equity securities	5,412,048
U.S. Treasury Bonds, Notes and Bills	3,453,741
Total investments	8,865,789
Total assets	8,901,395
 Net position	
Restricted for pension benefits	7,731,192
Restricted for pension benefits - Share Plan	1,170,203
Total net position	\$ 8,901,395

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, 2017

	Pension Trust Fund
Additions	
Contributions:	
State of Florida	\$ 189,214
City	383,351
Employees	14,010
Total contributions	586,575
Investment income:	
Interest earnings and net decrease in the fair value of investments	1,022,976
Total additions	1,609,551
Deductions	
Administrative expenses	30,225
Change in net position	1,579,326
Net position - beginning of year	7,322,069
Net position - end of year	\$ 8,901,395

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, 2017

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. 61, the Financial 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. Separate financial statements are not prepared for the CRA.

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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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 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) with the exception of grant receivables which are collected within twelve months. 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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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 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, 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, 2017

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, 2017

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

Appropriations for outstanding authorized encumbrances are automatically reappropriated on October 1st 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:

	Supplemental Appropriations
General Fund	\$ 91,623
Public Safety	5,849
Marina	5,000
Transportation Impact Fees	50,000
Parkland	88,544

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 pooled cash and investments to be cash equivalents, since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

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 \$1,175,701 in the proprietary funds are shown net of the allowance of \$189,366.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 inflow 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, 2017.

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, 2017 was 3.9500.

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. The unused balance is reclassified from expenditure to inventory at year end, and 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, 2017

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

The following is the breakdown in governmental fund inventories at September 30, 2017:

	Amount
Equipment supplies	\$ 25,963
Office supplies	104
Fuel supplies	22,577
	\$ 48,644

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 financial statements. Donated assets are stated at acquisition value on the date donated. Acquisition value represents the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at acquisition date. 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, 2017 totaled \$1,775,313 and \$1,950,580 for governmental and business type activities, 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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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 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 straight-line method, which approximates the effective interest method. Bonds payable 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 an 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 \$20,540. The sale is from the time period of April 19, 2011 through April 30, 2061.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

Unearned Revenue (continued)

The sales proceeds of \$1,027,000 are recognized as unearned revenue and amortized over the life of the agreement. As of September 30th, the amount remaining to be amortized for the sale of the cell tower lease is \$895,202. For the fiscal year ending September 30, 2017, \$20,540 was amortized as other revenue. Additionally, recreation, library, and street assessment revenues received but not yet earned total \$80,455 at September 30, 2017.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the City's statement of net position pertain to one or more of the City's pension plans: the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Firefighters' Pension Plan. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the City's statement of net position pertain to one or more of the City's pension plans: the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Firefighters' Pension Plan. These amounts will be recognized as reductions in pension expense in future years.

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.
- 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:

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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.

Multimodal Impact Fee Fund

The Multimodal Impact Fee fund is used to account for and report the proceeds of impact fee revenues that are *restricted* to expenditures for capital improvements and transportation demand and system management initiatives specified per the Pinellas County Impact Fee ordinance 16-21, as amended in the Pinellas County Land Development Code, as may be amended.

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 parklands. 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.

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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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 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 Article X, Section 153.07(F) of the City of Safety Harbor Land Development Code.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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, 2017, the fund balance committed for stabilization is \$2,959,770.

- 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.

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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

- 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, 2017, the carrying amount of the City’s deposits with financial institutions was \$4,890,127 and the bank account balance was \$5,390,924. 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.

<u>Pooled Cash and Investments</u>	Carrying Amount	% of Portfolio	Weighted average maturity (years)	Credit Rating
<u>Cash and cash equivalents</u>				
Cash on hand	\$ 1,730	-	n/a	n/a
Cash in bank	4,890,127	-	n/a	n/a
Total cash and cash equivalents	<u>4,891,857</u>	17.04%		
<u>Investments</u>				
Certificates of Deposit	1,996,657	6.95%	2.94	AAA
Money Markets	439,232	1.53%	0.00	AAAm
SBA Florida Prime	295,859	1.03%	1.00	AAAm
Federal Home Loan Mortgage ARM FHLMC	96,925	0.34%	3.65	AAA
Federal Home Loan Mortgage CMO FHLMC	6,299,746	21.94%	2.73	AAA
Federal Home Loan Mortgage MBS FHLMC	1,194,658	4.16%	2.72	AAA
Government National Mortgage Association ARM GNMA	509,705	1.78%	3.80	AAA
Government National Mortgage Association CMO GNMA	3,583,665	12.48%	2.42	AAA
Government National Mortgage Association MBS GNMA	461,783	1.61%	4.02	AAA
Federal National Mortgage Association ARM FNMA	168,084	0.59%	3.90	AAA
Federal National Mortgage Association CMO FNMA	5,641,425	19.65%	3.37	AAA
Federal National Mortgage Association MBS FNMA	3,132,252	10.91%	2.45	AAA
Total investments	<u>23,819,991</u>			
Total pooled cash and investments	<u>\$ 28,711,848</u>	100.00%		

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

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;
 - 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 \$8.0 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 a dollar weighted average days to maturity at September 30, 2017 of 52 days. The investment policy of Florida PRIME is to manage the dollar weighted average maturity to 60 days or less.

On September 30, 2017, the fair value of the City's investments in Florida PRIME was \$295,859 with no liquidity restrictions.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Qualifying local government investment pools in the State of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes, states that the principal balance within an LGIP trust fund is subject to withdrawal at any time. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. With regard to liquidity fees, Chapter 218.409(4) provides authority for an LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the SBA.

At September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value within Florida PRIME.

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 along with the maximum allowed concentration by investment type.

Investment Types	Concentration at Fair Value	Percentage Pooled Investments	Maximum Portfolio Composition per Investment Policy
Certificates of Deposit	\$ 1,996,657	8.38%	20.00%
Money Markets	439,232	1.84%	10.00%
SBA Florida Prime	295,859	1.24%	25.00%
US/Government Agencies			
Federal Home Loan Mortgage ARM FHLMC	96,925	0.41%	
Federal Home Loan Mortgage MBS FHLMC	1,194,658	5.02%	
Government National Mortgage Association ARM GNMA	509,705	2.14%	
Government National Mortgage Association MBS GNMA	461,783	1.94%	
Federal National Mortgage Association ARM FNMA	168,084	0.71%	
Federal National Mortgage Association MBS FNMA	3,132,252	13.15%	
Total US/Government Agencies	5,563,407	23.36%	75.00%
Collateralized Mortgage Obligations (CMO's)			
Federal Home Loan Mortgage CMO FHLMC	6,299,746	26.45%	
Government National Mortgage Association CMO GNMA	3,583,665	15.04%	
Federal National Mortgage Association CMO FNMA	5,641,425	23.68%	
Total Collateralized Mortgage Obligations (CMO's)	15,524,836	65.18%	75.00%
	\$ 23,819,991	100.00%	

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 a maturity date of more than five years from the date of purchase. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practical with the expected use of the funds. 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 Years
Certificates of Deposit	\$ 1,996,657	\$ 3,973	\$ 246,484	\$ 495,870	\$ 997,053	\$ 253,277
Money Markets	439,232	439,232	-	-	-	-
SBA Florida Prime	295,859	295,859	-	-	-	-
Federal Home Loan Mortgage ARM FHLMC	96,925	-	-	-	96,925	-
Federal Home Loan Mortgage CMO FHLMC	6,299,746	42,336	690,510	2,966,038	2,195,068	405,793
Federal Home Loan Mortgage MBS FHLMC	1,194,658	-	200,495	212,951	781,212	-
Government National Mortgage Association ARM GNMA	509,705	-	-	40,619	220,582	248,504
Government National Mortgage Association CMO GNMA	3,583,665	212,440	632,602	600,191	1,246,746	891,686
Government National Mortgage Association MBS GNMA	461,783	10,165	-	-	-	451,618
Federal National Mortgage Association ARM FNMA	168,084	-	-	-	168,084	-
Federal National Mortgage Association CMO FNMA	5,641,425	47,022	379,804	1,819,443	2,610,633	784,523
Federal National Mortgage Association MBS FNMA	3,132,252	23,926	141,428	1,306,729	1,660,170	-
	<u>\$ 23,819,991</u>	<u>\$ 1,074,953</u>	<u>\$ 2,291,323</u>	<u>\$ 7,441,841</u>	<u>\$ 9,976,473</u>	<u>\$ 3,035,401</u>

City’s Firefighter Pension Plan 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.

Credit Risk

Credit risk exists when there is a possibility the issuer, or other counterparty to an investment, may be unable to fulfill its obligations. The FMIvT is a Local Government Investment Pool (LGIP), and, therefore, considered an external investment pool for GASB reporting requirements. The City is a participating employer in the FMPTF and has a beneficial interest in shares of the FMIvT portfolio – 401(a) Defined Benefit/OPEB. The City’s investment is a beneficial interest in the FMIvT 401(a) Defined Benefit/OPEB portfolio, not the individual securities held in the portfolio.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

The credit risk for FMIvT funds in the portfolio is as follows:

	<u>Firefighters Pension Plan</u>
	<u>Fitch Rating</u>
Cash and cash equivalents:	
Money Market	N/A
Investments, at fair value:	
Broad Market HQ Bond Fund	AAf/S4
Core Plus Fixed Income	Not Rated
High Quality Growth	Not Rated
Diversified Value	Not Rated
Russell 1000 Enhanced Index	Not Rated
Diversified Small to Mid Cap	Not Rated
International Blend	Not Rated

Concentration of Credit Risk

Safety of investment principal is the foremost objective of the City’s investment program. Diversification of investments is practiced to reduce the chances of losses from individual securities exceeding gains from the entire portfolio. The following table reflects the portfolio’s underlying funds, level of investment in each financial instrument and investment by issuer as a percentage of total investment:

	<u>Firefighters Pension Plan</u>	
	Portfolio	Amount in
	Allocation	Trust as of
		September 30,
		2017
Cash and cash equivalents:		
Money Market	0.40%	\$ 35,606
Investments, at fair value:		
Broad Market HQ Bond Fund	15.70%	1,397,519
Core Plus Fixed Income	23.10%	2,056,222
High Quality Growth	8.00%	712,112
Diversified Value	7.90%	703,210
Russell 1000 Enhanced Index	23.30%	2,074,025
Diversified Small to Mid Cap	11.00%	979,153
International Blend	10.60%	943,548
Total		<u>\$ 8,901,395</u>

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Interest Rate Risk

Through its investment policy and guidelines, the FMIvT manages its exposure to fair value losses arising from increasing interest rates by limiting the modified duration of certain bond funds as follows:

Fixed Income Fund	<u>Fire Pension Investment Pool (FMIvT)</u>	
	Modified Duration in Years	Weighted Average Maturity (WAM) in Years
FMIvT Broad Market HQ Bond Fund	4.74	6.10
FMIvT Core Plus Fixed Income	2.24	7.40

Fair Value Measurement

The City and the Firefighters’ Pension Plan categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments are reported at fair value other than those using Net Asset Value (“NAV”) or amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value determination, other than those measured using the NAV as a practical expedient, are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability, and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

The City had the following recurring fair value measurements comprised of investments as of September 30, 2017:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Certificates of Deposit - Negotiable	\$ 1,992,684	\$ -	\$ 1,992,684	\$ -
U.S. Government Agency Securities	774,714	-	774,714	-
Collateralized Mortgage Obligations	15,524,836	-	15,524,836	-
Mortgage-backed Securities	4,788,693	-	4,788,693	-
Total Investments Measured at Fair Value	<u>\$ 23,080,927</u>	<u>\$ -</u>	<u>\$ 23,080,927</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
Money Market Mutual Fund	439,232			
Certificates of Deposit - Non-negotiable	3,973			
Local Government Investment Pool (LGIP)	295,859			
Total Investments Measured at Cost	<u>\$ 739,064</u>			
Total Investments	<u><u>\$ 23,819,991</u></u>			

Debt securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

The Firefighters' Pension Plan had the following recurring fair value measurements comprised of investments as of September 30, 2017:

	2017			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
External Investment Pool:				
FMIvT funds:				
Broad Market HQ Bond Fund	\$ 1,397,519	\$ -	\$ 1,397,519	\$ -
Core Plus Fixed Income	2,056,222	-	-	2,056,222
International Blend	943,548	-	943,548	-
High Quality Growth	712,112	-	712,112	-
Diversified Value	703,210	-	703,210	-
Russell 1000 Enhanced Index	2,074,025	-	2,074,025	-
Diversified Small to Mid Cap	979,153	-	979,153	-
Total Investments Measured at Fair Value	<u>\$ 8,865,789</u>	<u>\$ -</u>	<u>\$ 6,809,567</u>	<u>\$ 2,056,222</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

FMIvT Broad Market High Quality Bond Fund:

This fund invests mainly in US government and agency securities, asset-backed securities and corporate bonds and notes. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. The City reports these shares as Level 2, since the value is based on market corroborated data.

FMIvT Core Plus Fixed Income Fund:

This fund invests in two underlying funds, the Franklin Templeton Global Multi-Sector Plus Fund, LP and the Pioneer Institutional Multi-Sector Fixed Income Portfolio, LLC. Shares of these funds are not publicly quoted. These underlying funds invest in a variety of financial instruments, including equity investments, asset-backed securities, debt securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts, litigation trusts for both U.S. and foreign companies and governments. The City reports the shares of this fund as Level 3 since the value is based on unobservable inputs.

FMIvT High Quality Growth Portfolio, Large Cap Diversified Portfolio, and Diversified Small to Mid-Cap Equity Portfolio:

This portfolio invests mainly in domestic stocks. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted. The City reports these shares as Level 2, since the value is based on market-corroborated data.

FMIvT Russell 1000 Enhanced Index Portfolio:

This portfolio invests in a single underlying fund, the Intech U.S. Broad Enhanced Plus Fund, LLC (Intech Fund), shares of which are not publicly quoted. The Intech Fund invests mainly in domestic stocks, all of which have observable Level 1 quoted pricing inputs. The value of the portfolio's shares of the Intech Fund investment are determined based on the net asset value provided by the Intech Fund, which was calculated in accordance with generally accepted accounting principles. The City reports these shares as Level 2 since the value is based on market-corroborated data.

FMIvT International Equity Portfolio:

This portfolio invests in a single underlying fund, the Investec International Dynamic Equity Fund, LLC (Investec Fund), shares of which are not publicly quoted. The Investec Fund invests in stocks sold on U.S. and international exchanges, all of which have observable Level 1 quoted pricing inputs. The value of the portfolio's shares of the Intech Fund investment are determined based on the net asset value provided by the Investec Fund, which was calculated in accordance with generally accepted accounting principles. The City reports these shares as Level 2 since the value is based on market-corroborated data.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

The assets of the Firefighters’ Pension Plan are invested through the Florida Municipal Investment Trust (FMIvT), an external investment pool. The funds within the portfolio are valued at the net asset values provided by FMIvT, which are based upon the values of the underlying assets of the various funds and portfolios. The values of the bond funds and equity portfolios classified as Level 2 are derived from market-corroborated data, while the value of the bond fund classified as Level 3 is based on unobservable inputs. The bonds funds classified as Level 2 invest in U.S. Treasury and agency securities, asset-backed securities and corporate bonds and notes. The investment objective of these funds is to meet or exceed the return of its benchmark. The Core Plus Fixed Income Fund, classified as Level 3, includes securities for which exchange quotations are not readily available, and therefore the values are based on various valuation methodologies and are ultimately determined in good faith by the fund’s management. The Core Plus Fixed Income Fund is designed to provide an investment alternative to members that seek a broadly diversified portfolio of fixed-income securities in order to maximize total investment return through a combination of interest income, capital appreciation and currency gains. The commingled funds of the Core Plus Fixed Income Fund invest in a broad spectrum of fixed and floating-rate debt securities that are diversified by credit quality, geography and duration. The equity and international portfolios invest in domestic and foreign stocks. The investment objectives of these funds is to meet or exceed the return of its benchmark. Depending on the fund or portfolio, withdrawals can be made on a semi-monthly or monthly basis. All funds and portfolios require five days’ notice, with exception of the International Equity Portfolio, which requires thirty days.

NOTE 3 – RECEIVABLES:

Receivables at September 30, 2017 for the City’s governmental and enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

	Utility					Total Gross Receivables	Less: Allowance for Uncollectibles	Net Total Receivables
	Interest	Taxes & Franchise Fees	Liens	Special Assessments	Accounts			
Governmental activities								
General fund	\$ 14,077	\$ 291,169	\$ 1,481,305	\$ -	\$ 31,785	\$ 1,818,336	\$ (1,452,860)	\$ 365,476
Community Redevelopment Agency	887	-	-	-	-	887	-	887
Capital Projects	460	-	-	-	-	460	-	460
Non-major governmental funds	3,394	-	-	25,336	4,068	32,798	(3,676)	29,122
Gross receivables	18,818	291,169	1,481,305	25,336	35,853	1,852,481	-	395,945
Less: allowance for uncollectibles	-	-	-	-	-	-	(1,456,536)	-
Net total receivables governmental activities	<u>\$ 18,818</u>	<u>\$ 291,169</u>	<u>\$ 1,481,305</u>	<u>\$ 25,336</u>	<u>\$ 35,853</u>	<u>\$ 1,852,481</u>	<u>\$ (1,456,536)</u>	<u>\$ 395,945</u>
Business-type activities								
Water and sewer utility	\$ 22,101	\$ -	\$ 107,545	\$ 20,978	\$ 836,281	\$ 986,905	\$ (128,863)	\$ 858,042
Solid waste utility	4,268	-	43,583	-	223,644	271,495	(43,295)	228,200
Stormwater utility	2,307	-	12,659	-	91,701	106,667	(17,208)	89,459
Gross receivables	28,676	-	163,787	20,978	1,151,626	1,365,067	-	1,175,701
Less: allowance for uncollectibles	-	-	-	-	-	-	(189,366)	-
Net total receivables business-type activities	<u>\$ 28,676</u>	<u>\$ -</u>	<u>\$ 163,787</u>	<u>\$ 20,978</u>	<u>\$ 1,151,626</u>	<u>\$ 1,365,067</u>	<u>\$ (189,366)</u>	<u>\$ 1,175,701</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – RECEIVABLES (continued):

Due from other governments

The following amounts were due from other governments as of September 30, 2017.

Fund	Name of Government	Revenue Source	Amount
Governmental Funds			
General	State of Florida	Half-Cent Sales Tax	\$ 164,182
General	State of Florida	Alcoholic Beverage Tax	7,504
General	Pinellas County	Ad Valorem	618
General	Pinellas County	Court Fines and Fees	1,310
General	Pinellas County	Pinellas County EMS Reimbursement	8,777
General	State of Florida	Firefighters' Supplemental Compensation	2,340
General	State of Florida	Communications Services Tax	132,224
General	State of Florida	Motor Fuel Tax Rebate	3,871
General	State of Florida	Mobile Home Licensing Fees	27
General	State of Florida	Tourist Development Tax (Softball Tournament)	1,400
Total general fund			<u>322,253</u>
Law Enforcement fund	PSTA	Justice Assistance Grant	<u>2,273</u>
Capital Projects Fund	Pinellas County	Local Government Infrastructure Tax	284,713
Capital Projects Fund	Dept. of Environmental Protection	Waterfront Park Development Grant	176,000
Total capital projects fund			<u>460,713</u>
Special Revenue Funds			
Street Improvement	State of Florida	Local Option Gas Tax	40,972
Total street improvement fund			<u>40,972</u>
Total governmental funds			<u>\$ 826,211</u>
Proprietary Funds			
Waster & Wastewater	Federal Emergency Management Agency	Federally Funded Public Assistance (Hermine)	14,937
Solid Waste	City of Clearwater	Franchise Fees	482
Total solid waste fund			<u>482</u>
Total proprietary funds			<u>\$ 15,419</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4 – CAPITAL ASSETS:

The following is a summary of changes in capital assets at September 30, 2017:

	Balance Sept. 30, 2016	Additions	Disposals	Balance Sept. 30, 2017
Governmental activities:				
Nondepreciable assets:				
Land	\$ 8,071,070	\$ -	\$ -	\$ 8,071,070
Construction in progress	861,132	1,860,226	241,487	2,479,871
Depreciable assets:				
Buildings	4,892,927	6,466	-	4,899,393
Infrastructure	28,226,269	390,353	-	28,616,622
Equipment and Vehicles	6,883,058	590,039	192,577	7,280,520
Total at historical cost	<u>48,934,456</u>	<u>2,847,084</u>	<u>434,064</u>	<u>51,347,476</u>
Less, accumulated depreciation for:				
Buildings	3,253,150	109,468	-	3,362,618
Infrastructure	16,301,402	1,138,014	-	17,439,416
Equipment and Vehicles	4,177,150	527,831	192,577	4,512,404
Total accumulated depreciation	<u>23,731,702</u>	<u>1,775,313</u>	<u>192,577</u>	<u>25,314,438</u>
Governmental activities capital assets, net	<u>\$ 25,202,754</u>	<u>\$ 1,071,771</u>	<u>\$ 241,487</u>	<u>\$ 26,033,038</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 606,548	\$ -	\$ -	\$ 606,548
Construction in progress	244,526	855,391	-	1,099,917
Depreciable assets:				
Buildings	343,689	-	-	343,689
Infrastructure	39,501,293	352,817	-	39,854,110
Equipment and Vehicles	8,738,637	417,049	252,023	8,903,663
Total at historical cost	<u>49,434,693</u>	<u>1,625,257</u>	<u>252,023</u>	<u>50,807,927</u>
Less, accumulated depreciation for:				
Buildings	248,678	12,937	-	261,615
Infrastructure	16,160,311	1,244,747	-	17,405,058
Equipment and Vehicles	5,886,913	692,896	252,023	6,327,786
Total accumulated depreciation	<u>22,295,902</u>	<u>1,950,580</u>	<u>252,023</u>	<u>23,994,459</u>
Business-type activities capital assets, net	<u>\$ 27,138,791</u>	<u>\$ (325,323)</u>	<u>\$ -</u>	<u>\$ 26,813,468</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4 – CAPITAL ASSETS (continued):

Depreciation expense was charged to governmental functions as follows:

	Amount
General government	\$ 237,936
Law enforcement	694
Fire protection	290,719
Building department	6,910
Physical environment	6,654
Transportation	486,028
Library	278,605
Parks and recreation	467,767
Total depreciation expense	\$ 1,775,313

Construction projects actively underway as of September 30, 2017 were as follows:

Project	Spent to Date	Remaining Commitment
<u>General Government</u>		
Fire Station 53/EOC Building Improvements	\$ 4,800	\$ 31,559
Community Center Improvements-Building	32,877	70,460
Waterfront Park Development	2,290,738	12,981
Folly Farms Park Development	18,076	-
Folly Farms Park Development	52,712	-
Main Street Holiday Decorations	34,210	1,212
Main Street Electrical, Irrigation & Landscaping	10,932	-
Museum Additional Parking	1,750	-
Total General Government	\$ 2,446,095	\$ 116,212
<u>Proprietary</u>		
North Bayshore Water Quality & Drainage	\$ 40,978	\$ 291,036
Repave Public Works Complex	3,800	21,362
Equipment Storage Awning	750	82,426
Water Line at McMullen-Booth & SR 590	133,923	9,251
Replace Water Line S. Green Springs	483,310	1,037,611
Water Main 13 Ave. N. to 9th Ave. N.	73,648	10,924
Green Springs Subdivision Water Main	88,571	48,153
Huntington Office Park/North City Park Main	41,553	21,522
Cypress Trace Water Main	32,280	1,390
Baywoods I Sewer Replacement	26,292	26,750
Washington/Brennan/N. Bayshore Dr. Sewer	42,533	4,253
North Bayshore Lift Station Force Main	3,710	43,076
Cypress Trace Force Main Relocation	30,508	4,256
Total Proprietary	\$ 1,001,854	\$ 1,602,010

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, 2017 were \$14,812.

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund transfers for the year ended September 30, 2017, consisted of the following:

Transfers from governmental funds:	
General fund	\$ 449,876
Community Redevelopment Agency	157,000
Capital Projects fund	1,003,220
Total transfers from	<u>\$ 1,610,096</u>
Transfers to governmental funds:	
General fund	\$ 257,000
Capital Projects fund	217,000
Parkland fund	200,000
Street Light fund	7,650
Street Improvement fund	20,000
Law Enforcement fund	5,226
Debt Service fund	903,220
Total transfers to	<u>\$ 1,610,096</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.

There were no long-term interfund receivables and payables outstanding as of September 30, 2017. There was a short-term due to/from balance in which the Debt Service Fund owed the Capital Projects Fund \$520,147 as of September 30, 2017. This interfund balance pertained to a debt service payment on September 30 advanced by the Capital Projects Fund that was due on October 1. Repayment is expected in the following fiscal year.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 – LONG TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended September 30, 2017:

	Balance Sept. 30, 2016	Increases	Decreases	Balance Sept. 30, 2017	Amount Due Within One Year	Long Term Debt
Governmental Activities						
2012 Capital Improvement Revenue Note	\$ 1,775,000	\$ -	\$ 280,000	\$ 1,495,000	\$ 285,000	\$ 1,210,000
2008 Capital Improvement Revenue Note	2,516,000	-	957,000	1,559,000	-	1,559,000
2006 Capital Improvement Line of Credit	267,958	-	17,308	250,650	17,838	232,812
Capital lease of real property	230,000	-	5,000	225,000	5,000	220,000
Net pension liability	980,706	2,147,611	1,580,277	1,548,040	-	1,548,040
Accrued compensated absences	706,064	665,150	559,333	811,881	64,950	746,931
OPEB liability	303,485	41,595	-	345,080	-	345,080
Governmental activities total	6,779,213	2,854,356	3,398,918	6,234,651	372,788	5,861,863
Business-Type Activities						
2012 Refunding Revenue Bond	935,000	-	145,000	790,000	150,000	640,000
2006 Capital Improvement Revenue Note	6,135,473	-	396,326	5,739,147	407,627	5,331,520
Total bonds payable	7,070,473	-	541,326	6,529,147	557,627	5,971,520
Net pension liability	1,225,280	948,632	1,098,159	1,075,753	-	1,075,753
Accrued compensated absences	258,348	195,024	183,476	269,896	26,990	242,906
OPEB liability	138,515	18,405	-	156,920	-	156,920
Business-type activities totals	8,692,616	1,162,061	1,822,961	8,031,716	584,617	7,447,099
Total all activities	\$ 15,471,829	\$ 4,016,417	\$ 5,221,879	\$ 14,266,367	\$ 957,405	\$ 13,308,962

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 – LONG TERM LIABILITIES (continued):

Accrued compensated absences, pension 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.

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	\$ 1,495,000	\$ 1,559,000	\$ 250,650	\$ 3,304,650	\$ 790,000	\$ 955,660	\$ 4,253,392	\$ 530,095	\$ 6,529,147
Interest Rate	2.340%	3.3396%	2.8600%		2.3400%	2.8600%	2.8600%	2.8600%	
Annual Debt Service									
2018	316,649	26,032	25,021	367,702	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
2021	315,940	545,964	25,022	886,926	165,733	95,103	423,797	52,819	737,452
2022	318,685	-	25,021	343,706	166,930	95,102	423,798	52,819	738,649
Thereafter	-	-	175,564	175,564	-	665,715	2,966,582	369,731	4,002,028
	<u>\$ 1,584,213</u>	<u>\$ 1,664,261</u>	<u>\$ 300,671</u>	<u>\$ 3,549,145</u>	<u>\$ 837,034</u>	<u>\$ 1,141,228</u>	<u>\$ 5,085,569</u>	<u>\$ 633,825</u>	<u>\$ 7,697,656</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2018	\$ 17,838	\$ 7,183	\$ 25,021
2019	18,349	6,673	25,022
2020	18,873	6,148	25,021
2021	19,413	5,609	25,022
2022	19,968	5,053	25,021
2023 - 2027	108,742	16,367	125,109
2028 - 2029	47,467	2,988	50,455
Total debt service	<u>\$ 250,650</u>	<u>\$ 50,021</u>	<u>\$ 300,671</u>

Year Ending September 30,	2008 Capital Improvement Revenue Note		
	Principal	Interest	Total
2018	\$ -	\$ 26,032	\$ 26,032
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>\$ 1,559,000</u>	<u>\$ 105,261</u>	<u>\$ 1,664,261</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2018	\$ 285,000	\$ 31,649	\$ 316,649
2019	290,000	24,921	314,921
2020	300,000	18,018	318,018
2021	305,000	10,940	315,940
2022	315,000	3,685	318,685
Total debt service	<u>\$ 1,495,000</u>	<u>\$ 89,213</u>	<u>\$ 1,584,213</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 – LONG TERM LIABILITIES (continued):

The annual debt service requirements for the business-type activities long-term debt as of September 30, 2017 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2018	\$ 407,627	\$ 164,092	\$ 571,719
2019	419,247	152,471	571,718
2020	431,239	140,480	571,719
2021	443,572	128,147	571,719
2022	456,258	115,461	571,719
2023 - 2027	2,484,649	373,943	2,858,592
2028 - 2029	1,096,555	46,881	1,143,436
Total debt service	<u>\$ 5,739,147</u>	<u>\$ 1,121,475</u>	<u>\$ 6,860,622</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2018	\$ 150,000	\$ 16,731	\$ 166,731
2019	155,000	13,163	168,163
2020	160,000	9,477	169,477
2021	160,000	5,733	165,733
2022	165,000	1,930	166,930
Total debt service	<u>\$ 790,000</u>	<u>\$ 47,034</u>	<u>\$ 837,034</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 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, 2017 is \$225,000.

NOTE 7 – PENSION PLANS:

The City currently contributes to three defined benefit plans, two of which are no longer available to incoming employees. The Florida Retirement System Plan along with its Retiree Health Insurance Subsidy are both multiple employer cost sharing plans. These two plans are no longer offered to incoming full-time general employees. The Safety Harbor Firefighter’s Pension Fund is a single employer defined benefit plan and is still offered to full-time firefighters employed with the City. The Florida Retirement System defined benefit plans were replaced with a defined contribution plan currently offered to all full-time general employees. Each of the City’s pension plans are administered by a third party.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

The City's pension expense totaled \$576,702 for the FRS Pension Plan, HIS Plan and Firefighters Pension Plan for the year ended September 30, 2017.

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 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.

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 6 employees participating in DROP as of September 30, 2017.

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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

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 contribution rates are based upon employees' gross earnings and are effective from July 1 thru June 30. The rates effective for July 1, 2017 thru June 30, 2018 are: regular employees, 7.92%; special risk, 23.27%; and senior management, 22.71%. The rates effective for July 1, 2016 thru June 30, 2017 are: regular employees, 7.52%; special risk, 22.57%; and senior management, 22.77%. 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 year ending September 30, 2017 was \$170,230 equal to the required contribution for this year.

Pension Costs

At September 30, 2017, the City reported a liability of \$2,052,013 for its proportionate share of the FRS pension plan's net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2017, the City's proportion was .006937320%, which was a decrease of .00327% from the proportion measured as of June 30, 2016.

The City recognized pension expense of \$158,260 for its proportionate share at September 30, 2017. The proportionate share of deferred outflows of resources and deferred inflows of resources were as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 188,325	\$ 11,367
Changes in Actuarial Assumptions	689,621	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	50,854
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	762,787
City Contributions Subsequent to the Measurement Date	44,784	-
Total	<u>\$ 922,730</u>	<u>\$ 825,008</u>

Amounts presented were determined as of June 30

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

A total of \$44,784 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2018	\$ (77,042)
2019	99,483
2020	37,821
2021	(76,214)
2022	48,929
Thereafter	19,961

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, 2017 was as follows:

<u>Investment Category</u>	<u>Target Allocations</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Assumed Inflation - mean			2.6%	1.9%

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

Actuarial Methods & Assumptions: Total pension liability was determined by actuarial valuation as of July 1, 2017, using the following actuarial assumptions:

Inflation	2.6% Per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.1%, Net of Investment expense, including inflation
Mortality	Generational RP-2000 with Projection Scale BB, details in actuarial valuation report for plan funding purposes

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study completed 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 7.10%, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (6.10 percent) and 1-percentage-point higher (8.10 percent).

	1% Decrease 6.10%	Current Rate 7.10%	1% Increase 8.10%
FRS Net Pension Liability	\$ 53,536,799,032	\$ 29,579,329,032	\$ 9,689,140,032
City's proportion of net pension liability	3,714,019	2,052,013	672,167

Amounts presented were determined as of June 30

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, 2017, 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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

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 the fiscal year ended September 30, 2017, the contribution rate was 1.66 percent of gross compensation. The City's contribution to the HIS plan for fiscal year ending September 30, 2017 was approximately \$26,300, equal to the required contribution for this year.

Pension Costs

At September 30, 2017, the City reported a liability of \$571,783 for its proportionate share of the HIS pension plan's net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2017, the City's proportion was .005347533%, which was a decrease of .0021% from the same as the proportion measured as of June 30, 2016.

The City recognized a pension contra-expense in the amount of \$18,474 for its proportionate share at September 30, 2017. The proportionate share of deferred outflows of resources and deferred inflows of resources were as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 1,191
Changes in Actuarial Assumptions	80,373	49,443
Net Difference Between Projected and Actual Earnings on HIS Program Investments	317	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	314,248
City Contributions Subsequent to the Measurement Date	6,666	-
Total	<u>\$ 87,356</u>	<u>\$ 364,882</u>

Amounts presented were determined as of June 30

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

A total of \$6,666 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ (52,593)
2019	(52,653)
2020	(52,682)
2021	(45,951)
2022	(47,904)
Thereafter	(32,409)

Actuarial Assumptions

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

<u>HIS Pension Plan Assumptions</u>	
Valuation date	7/1/2017
Measurement date	6/30/2017
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*	3.58%

*The municipal rate used to determine total pension liability increased from 2.85% to 3.58%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an experience study of the FRS Pension Plan for the period July 1, 2008 through June 30, 2013.

The discount rate used to measure the total pension liability was 3.58% 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.

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

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 3.58 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (2.58 percent) and 1-percentage-point higher (4.58 percent).

	1% Decrease 2.58%	Current Rate 3.58%	1% Increase 4.58%
HIS Net Pension Liability	\$ 12,201,514,391	\$ 10,692,461,377	\$ 9,435,503,574
City's proportion of net pension liability (asset)	652,480	571,783	504,567

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 \$376,099 for the year ended September 30, 2017. 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 2017 for the City Manager was \$47,923.

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.

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.

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

Plan Membership. At September 30, 2017, pension plan membership consists of the following:

Membership Classification	Number of Plan Members
Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	21
	23

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 times 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 \$393,136 (27.55 percent of covered payroll) for 2017 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 \$189,214 for 2017 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, 2017, the City reported a net pension asset of \$1,800,764. The net pension asset was measured as of September 30, 2017. The City recognized pension expense of \$436,916 at September 30, 2017. 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, 2017

NOTE 7 – PENSION PLANS (continued):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 449,181
Changes in Actuarial Assumptions	1,511,563	442,327
Net Difference Between Projected and Actual Earnings on Firefighter Pension Plan Investments	-	166,665
City Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 1,511,563</u>	<u>\$ 1,058,173</u>

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

Year Ending September 30	Amount
2018	\$ 55,860
2019	75,180
2020	40,864
2021	28,008
2022	57,209
Thereafter	334,010

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, 2017 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, 2017, the long-term investment rate of return assumption was 4.08%. The money-weighted rate of return, which expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested, was 4.39% for the year ended September 30, 2017.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

Net Pension Liability (Asset)

The components of the net pension liability (asset) at September 30, 2017, were as follows:

Total pension liability	\$ 5,930,428
Plan fiduciary net position	(7,731,192)
City's net pension liability (asset)	<u>\$ (1,800,764)</u>
 Plan fiduciary net position as a percentage of total pension liability	 130.36%

Actuarial Methods & Assumptions: Total pension liability was determined by actuarial valuation as of September 30, 2017, using the following actuarial assumptions:

	Firefighters Pension Plan
Actuarial valuation date	10/1/2016
Measurement date	9/30/2017
Actuarial cost method	Aggregate Cost**
Asset valuation method	Market value
Discount rate*	7.00% 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 (2.92 % 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 Blue Collar Mortality Table with full generational improvements in mortality using Scale BB.

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – PENSION PLANS (continued):

Rate of Return: The long-term expected real rate of return on plan asset classes as of September 30, 2017 are as follows:

<u>Investment Category</u>	<u>Long-Term Expected Real Rate of Return</u>	
Core Bonds	0.58%	per annum
Multi-Sector	1.08%	per annum
US Large Cap Equity	6.08%	per annum
US Small Cap Equity	6.83%	per annum
Non-US Equity	6.83%	per annum
Total or Weighted Arithmetic Average	4.08%	per annum

Changes in Net Pension Liability:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance as of September 30, 2016	\$ 5,137,120	\$ (6,361,922)	(1,224,802)
Changes due to:			
Service Cost	436,960	-	436,960
Expected Interest Growth	390,035	(461,895)	(71,860)
Unexpected Investment Income	-	(426,077)	(426,077)
Demographic Experience	(307,493)	-	(307,493)
Employer Contributions	-	(497,252)	(497,252)
Employee Contributions	-	(14,270)	(14,270)
Benefit Payments & Refunds	-	-	-
Administrative Expenses	-	30,224	30,224
Changes in Benefit Terms	-	-	-
Assumption Changes	273,806	-	273,806
Balance as of September 30, 2017	<u>\$ 5,930,428</u>	<u>\$ (7,731,192)</u>	<u>\$ (1,800,764)</u>

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 7.00 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (6.00 percent) and 1- percentage-point higher (8.00 percent).

	<u>1% Decrease 6.00%</u>	<u>Current Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Total pension liability	\$ 7,126,238	\$ 5,930,428	\$ 4,985,040
Fiduciary net position	(7,731,192)	(7,731,192)	(7,731,192)
Net pension liability (asset)	<u>\$ (604,954)</u>	<u>\$ (1,800,764)</u>	<u>\$ (2,746,152)</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Firefighters' Pension Plan – Share Plan

Plan Description

In accordance with Chapter 175, Section 351(6) of Florida Statutes, the Firefighters Plan has a defined contribution plan component (“Share Plan”) which provides special benefits to firefighters enrolled in the defined benefit plan. This Share Plan is funded solely by Chapter 175 premium tax monies allocated to the plan. Since 1999 annual premium tax proceeds have been set aside for extra benefits and in fiscal year 2014, City Commission adopted a resolution allowing firefighters enrolled in the Firefighters Plan a share of these proceeds based on years of service until retirement. Normal vesting in this plan occurs after 10 years of employment. The Share Plan balance as of September 30, 2017 is \$1,170,203.

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, 2017.

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, 2017, the City estimated a \$77,000 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.

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

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

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	\$ 159,000
Interest on net OPEB obligation	18,000
Adjustment to annual required contribution	<u>(38,000)</u>
Annual OPEB cost (expense)	139,000
Contributions made	<u>(77,000)</u>
Interest on Employer Contributions	(2,000)
Increase in net OPEB obligation	60,000
Net OPEB obligation - beginning of year	442,000
Net OPEB obligation - end of year	<u><u>\$ 502,000</u></u>

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:

Fiscal Year End	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2017	\$ 139,000	57%	\$ 502,000
9/30/2016	78,000	56%	442,000
9/30/2015	79,000	56%	408,000

Funding Status and Funding Progress

The unfunded actuarial accrued liability for other post employee benefits was \$1,080,000 and an actuarial value of assets of zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,080,000 as of June 1, 2017, the most recent actuarial valuation date. The covered payroll (annual payroll of active employees covered by the plan) was \$7,378,000, and the ratio of the UAAL to the covered payroll was 14.6 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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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 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 2022/23 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, 2017.

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Ad valorem taxes	\$ 183,576	\$ -
Ad valorem taxes from Pinellas County	249,310	-
Interest and investment income	1,658	-
Purpose of withdrawals:		
Personal services	-	42,156
Banners	-	4,226
Brochures	-	346
Decorative lighting	-	3,173
District fees	-	920
Downtown Parking Lease	-	9,860
Façade and partnership incentives	-	45,886
Jolley Trolley	-	438
Land lease - CSX	-	450
Public Art Committee	-	15,435
Streetscaping - benches, trash cans, planter, ballasts	-	17,000
Marina Fountain Improvements	-	20,787
Main Street Electrical, Irrigation, Landscaping	-	10,932
Holiday Decorations	-	34,210
Oak Tree Lightning Protection System	-	7,000
Mullet Creek Bridge Improvements	-	204,216
CRA New Sidewalk Construction	-	7,129
Brick Street Restoration	-	10,018
Transfer to General fund for Waterfront Park repayment	-	157,000
Totals	<u>\$ 434,544</u>	<u>\$ 591,182</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2017. In addition, there have been no settlements that exceeded the City's insurance coverage in any of the past three fiscal years.

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 CONTINGENCIES

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.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Property taxes	\$ 4,247,430	\$ 4,247,430	\$ 4,138,275	\$ (109,155)
Utility taxes	2,405,120	2,364,120	2,288,535	(75,585)
Local business tax	159,560	159,560	140,393	(19,167)
Local option tax	140,000	140,000	87,178	(52,822)
Franchise fees	1,491,800	1,367,800	1,315,493	(52,307)
Licenses and permits	254,530	315,276	313,308	(1,968)
Impact fees	-	-	-	-
Sales tax	1,130,900	1,130,900	1,078,525	(52,375)
Intergovernmental	1,942,480	1,860,665	1,858,773	(1,892)
Charges for services	1,043,810	1,059,810	1,066,906	7,096
Fines and forfeitures	36,200	36,200	84,544	48,344
Interest income and net appreciation in fair value of investments	159,230	159,230	31,929	(127,301)
Contributions and donations	22,050	22,050	24,000	1,950
Other	1,095,420	1,136,930	1,139,320	2,390
Amounts available for appropriation	<u>14,128,530</u>	<u>13,999,971</u>	<u>13,567,179</u>	<u>(432,792)</u>
Charges to appropriations (outflows):				
General Government:				
City Commission	157,360	157,360	151,033	6,327
City Manager	202,430	202,430	196,904	5,526
City Clerk	151,640	151,640	139,979	11,661
Elections	21,600	23,480	23,473	7
Finance	258,800	263,670	266,106	(2,436)
Personnel	188,670	206,840	201,425	5,415
Planning	318,129	300,554	280,267	20,287
City Attorney	139,800	139,800	139,765	35
Nondepartmental	339,519	369,423	371,527	(2,104)
Maintenance	641,790	717,317	699,148	18,169
Nonoperating	389,450	389,450	389,450	-
Total general government	<u>2,809,188</u>	<u>2,921,964</u>	<u>2,859,077</u>	<u>62,887</u>
Public Safety:				
Law enforcement	1,300,500	1,277,290	1,277,165	125
Fire protection	3,873,741	3,882,036	3,814,412	67,624
Building department	433,510	472,115	470,304	1,811
Total public safety	<u>5,607,751</u>	<u>5,631,441</u>	<u>5,561,881</u>	<u>69,560</u>
Physical environment	<u>450,756</u>	<u>448,956</u>	<u>435,978</u>	<u>12,978</u>
Transportation	<u>820,840</u>	<u>813,167</u>	<u>754,573</u>	<u>58,594</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUND – GENERAL FUND (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and recreation:				
Library	\$ 1,354,247	\$ 1,286,403	\$ 1,278,687	\$ 7,716
Parks and recreation	3,279,032	3,139,719	3,057,092	82,627
Total culture and recreation	<u>4,633,279</u>	<u>4,426,122</u>	<u>4,335,779</u>	<u>90,343</u>
Capital outlay	<u>140,763</u>	<u>107,324</u>	<u>107,324</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in from other funds	257,000	257,000	257,000	-
Transfers out to other funds	(244,650)	(449,876)	(449,876)	-
Total Other Financing Sources	<u>12,350</u>	<u>(192,876)</u>	<u>(192,876)</u>	<u>-</u>
Total charges to appropriations	<u>14,707,227</u>	<u>14,798,850</u>	<u>14,504,488</u>	<u>294,362</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(321,697)</u>	<u>(541,879)</u>	<u>(680,309)</u>	<u>(138,430)</u>
Appropriated fund balance	<u>321,697</u>	<u>541,879</u>	<u>-</u>	<u>(541,879)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (680,309)</u>	<u>\$ (680,309)</u>

Notes:

1. The basis of budgeting for the general fund is on a GAAP basis.
2. For information relating to the City's budgeting process, refer to Note 1 - Summary of Significant Accounting Policies.

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUND – COMMUNITY REDEVELOPMENT AGENCY FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Resources (inflows):				
Property taxes	\$ 432,890	\$ 432,890	\$ 432,886	\$ (4)
Miscellaneous revenue	-	-	-	-
Interest income and net appreciation in fair value of investments	7,870	7,870	1,658	(6,212)
Amounts available for appropriation	<u>440,760</u>	<u>440,760</u>	<u>434,544</u>	<u>(6,216)</u>
Charges to appropriations (outflows):				
General government	221,549	160,528	160,678	(150)
Capital outlay	495,006	273,504	273,504	-
Transfers out to other funds	157,000	157,000	157,000	-
Total charges to appropriations	<u>873,555</u>	<u>591,032</u>	<u>591,182</u>	<u>(150)</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(432,795)</u>	<u>(150,272)</u>	<u>(156,638)</u>	<u>(6,366)</u>
Appropriated fund balance	<u>432,795</u>	<u>150,272</u>	<u>-</u>	<u>(150,272)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (156,638)</u>	<u>\$ (156,638)</u>

Explanation of differences between budgetary outflows and expenditures determined in accordance with GAAP:

Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule

\$ 591,182

Differences - budget to GAAP

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposed

157,000

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds

\$ 434,182

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
 LAST TEN MEASUREMENT PERIODS

	2017	2016	2015
City's proportion of the net pension liability	0.006937320%	0.010163558%	0.011264343%
City's proportionate share of the net pension liability (asset)	\$ 2,052,013	\$ 2,566,306	\$ 1,454,941
Plan fiduciary net position as a percentage of the total pension liability (asset)	84%	84%	92%
City's covered payroll	\$ 1,704,511	\$ 2,319,170	\$ 2,451,390
City's proportionate share of the net pension liability (asset) as a percentage of covered payroll	114%	111%	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 Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF THE CITY'S CONTRIBUTIONS –
 FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
 LAST TEN FISCAL YEARS

	2017	2016	2015
Statutorily required contribution	\$ 170,230	\$ 247,855	\$ 274,634
Contributions in relation to the statutorily required contribution	(170,230)	(247,855)	(274,634)
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,704,511	\$ 2,319,170	\$ 2,451,390
City's contributions as a percentage of covered payroll	10%	11%	11%

Amounts presented were determined as of September 30.
 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 Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 HEALTH INSURANCE SUBSIDY PENSION PLAN¹
 LAST TEN MEASUREMENT PERIODS

	2017	2016	2015
City's proportion of the net pension liability	0.005347533%	0.007417542%	0.008084719%
City's proportionate share of the net pension liability (asset)	\$ 571,783	\$ 864,484	\$ 824,514
Plan fiduciary net position as a percentage of the total pension liability (asset)	1.64%	0.97%	0.50%
City's covered payroll	\$ 1,704,511	\$ 2,319,170	\$ 2,451,390
City's proportionate share of the net pension liability (asset) as a percentage of covered payroll	34%	37%	34%

Amounts presented were determined as of June 30.

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 Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF CITY CONTRIBUTIONS –
 HEALTH INSURANCE SUBSIDY PENSION PLAN¹
 LAST TEN FISCAL YEARS

	2017	2016	2015
Statutorily required contribution	\$ 26,348	\$ 38,020	\$ 30,905
Contributions in relation to the statutorily required contribution	(26,348)	(38,020)	(30,905)
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,704,511	\$ 2,319,170	\$ 2,451,390
City's contributions as a percentage of covered payroll	2%	2%	1%

Amounts presented were determined as of September 30.
 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 Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
FIREFIGHTERS' RETIREMENT FUND
LAST TEN MEASUREMENT PERIODS

Year ending September 30,	2017	2016	2015	2014
Total Pension Liability:				
Changes due to:				
Service Cost	\$ 436,960	\$ 338,895	\$ 190,271	\$ 256,386
Expected Interest Growth	390,035	239,563	320,285	249,194
Unexpected Investment Income	-	-	-	-
Demographic Experience	(307,493)	(5,117)	(201,410)	-
Employer Contributions	-	-	-	-
Employee Contributions	-	-	-	-
Benefit Payments & Refunds	-	(5,142)	-	-
Administrative Expenses	-	-	-	-
Changes in Benefit Terms	-	-	-	-
Assumption Changes	273,806	1,484,984	(562,306)	-
Net Change in Total Pension Liability	793,308	2,053,183	(253,160)	505,580
Total Pension Liability/(Asset)-Beginning	\$ 5,137,120	\$ 3,083,937	\$ 3,337,097	\$ 2,831,517
Total Pension Liability/(Asset)-Ending (a)	\$ 5,930,428	\$ 5,137,120	\$ 3,083,937	\$ 3,337,097
Fiduciary Net Position:				
Changes due to:				
Service Cost	\$ -	\$ -	\$ -	\$ -
Expected Interest Growth	(461,895)	(399,621)	(491,498)	(362,994)
Unexpected Investment Income	(426,077)	(64,282)	580,202	(96,582)
Demographic Experience	-	-	-	-
Employer Contributions	(497,252)	(389,600)	(403,688)	(395,359)
Employee Contributions	(14,270)	(12,244)	(10,861)	(10,486)
Benefit Payments & Refunds	-	5,142	-	-
Administrative Expenses	30,224	24,690	19,650	28,190
Changes in Benefit Terms	-	-	-	-
Assumption Changes	-	-	-	-
Net Change in Fiduciary Net Position	(1,369,270)	(835,915)	(306,195)	(837,231)
Plan Fiduciary Net Position-Beginning	\$ (6,361,922)	\$ (5,526,007)	\$ (5,219,812)	\$ (4,382,581)
Plan Fiduciary Net Position-Ending (a)	\$ (7,731,192)	\$ (6,361,922)	\$ (5,526,007)	\$ (5,219,812)
Net Pension Liability/(Asset) (a) + (b)	(1,800,764)	(1,224,802)	(2,442,070)	(1,882,715)
Plan Fiduciary Net Position as a percentage of Total Pension	-130%	-124%	-179%	-156%
Covered Employee Payroll	\$ 1,367,798	\$ 1,133,154	\$ 1,062,547	\$ 1,076,940
Net Pension Liability/(Asset) as a percentage of Covered Employee Payroll	132%	108%	230%	175%

Note: Amounts presented as of September 30

Note: 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 Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF CONTRIBUTIONS –
FIREFIGHTERS’ RETIREMENT FUND
LAST TEN FISCAL YEARS

<u>Year ended September 30,</u>	<u>Actuarially Determined Contribution</u> (a)	<u>Contributions Recognized By the Plan</u> (b)	<u>Contribution Excess (Deficiency)</u> (b-a)	<u>Covered Payroll</u> (d)	<u>Contribution Excess (Deficiency) as a % of Covered Payroll</u> ((b-a)/d)
2017	\$ 393,136	\$ 497,252	\$ 104,116	\$ 1,367,798	36.35%
2016	337,319	389,600	52,281	1,133,154	34.38%
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%

See Independent Auditors’ Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF INVESTMENT RETURNS –
FIREFIGHTERS' RETIREMENT FUND
LAST TEN FISCAL YEARS

<u>Year Ended</u> <u>September 30,</u>	<u>Money-</u> <u>Weighted Rate</u> <u>of Return</u>
2017	4.39%
2016	7.91%
2015	-0.05%
2014	9.97%
2013	10.45%
2012	17.70%

Note: 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 Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Projected Unit Credit (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/1/2017	\$ -	\$ 1,080,000	\$ 1,080,000	0.00%	\$ 7,378,000	14.60%
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%

See Independent Auditors' Report.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SAFETY HARBOR FLORIDA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017

Firefighters' Pension Plan

Actuarial assumptions and methods. The amounts reported for the year ended September 30, 2017 are based on the October 1, 2016 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. Assets were valued using the market value method. The discount rate used was 7.00% 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. The mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale BB.

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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
YEAR ENDED SEPTEMBER 30, 2017**

Special Revenue Funds

	Public Safety	Street Improvement	Street Assessment	Marina Boat Basin	City Tree Bank	Multimodal Impact Fee	Transportation Impact Fee	Library Impact Fee	Law Enforcement Fund	Street Light Assessment	Parkland	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
Assets														
Cash and cash equivalents	\$ 45,481	\$ 271,579	\$ 32,114	\$ 146,907	\$ 10,206	\$ 92,585	\$ 521,838	\$ 55,183	\$ (208)	\$ 69,905	\$ 858,622	\$ 2,104,212	\$ 168,678	\$ 2,272,890
Receivables, net:														
Accounts receivable	78	340	4,479	4,312	21	150	909	94	-	17,299	1,440	29,122	-	29,122
Due from other governments	-	40,972	-	-	-	-	-	-	2,273	-	-	43,245	-	43,245
Total assets	\$ 45,559	\$ 312,891	\$ 36,593	\$ 151,219	\$ 10,227	\$ 92,735	\$ 522,747	\$ 55,277	\$ 2,065	\$ 87,204	\$ 860,062	\$ 2,176,579	\$ 168,678	\$ 2,345,257
Liabilities and Fund Balances														
Liabilities:														
Accounts payable	\$ -	\$ 3,865	\$ -	\$ 285	\$ -	\$ 34,560	\$ -	\$ -	\$ -	\$ 21,058	\$ 680	\$ 60,448	\$ -	\$ 60,448
Accrued liabilities	-	-	-	803	-	-	-	-	-	-	-	803	-	803
Customer deposits	-	-	-	5,603	-	-	-	-	-	-	-	5,603	-	5,603
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	520,147	520,147
Unearned revenue	-	-	1,255	-	-	-	-	-	-	-	-	1,255	-	1,255
Total liabilities	-	3,865	1,255	6,691	-	34,560	-	-	-	21,058	680	68,109	520,147	588,256
Fund Balances														
Restricted for:														
Fire protection	43,021	-	-	-	-	-	-	-	-	-	-	43,021	-	43,021
Transportation	-	82,156	35,338	-	-	58,175	256,617	-	-	39,356	-	471,642	-	471,642
Library	-	-	-	-	-	-	-	54,771	-	-	-	54,771	-	54,771
Parks and recreation	-	-	-	-	-	-	-	-	-	-	224,092	224,092	-	224,092
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed to:														
Physical environment	-	-	-	126,372	-	-	-	-	-	-	-	126,372	-	126,372
Public safety	-	-	-	-	10,123	-	-	-	-	-	-	10,123	-	10,123
Assigned to:														
Fire protection	2,538	-	-	-	-	-	-	-	-	-	-	2,538	-	2,538
Library	-	-	-	-	-	-	-	506	-	-	-	506	-	506
Public safety	-	-	-	-	104	-	-	-	2,065	-	-	2,169	-	2,169
Physical environment	-	-	-	18,156	-	-	-	-	-	-	-	18,156	-	18,156
Transportation	-	226,870	-	-	-	-	266,130	-	-	26,790	-	519,790	-	519,790
Parks and recreation	-	-	-	-	-	-	-	-	-	-	635,290	635,290	-	635,290
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	(351,469)	(351,469)
Total fund balances	45,559	309,026	35,338	144,528	10,227	58,175	522,747	55,277	2,065	66,146	859,382	2,108,470	(351,469)	1,757,001
Total liabilities and fund balances	\$ 45,559	\$ 312,891	\$ 36,593	\$ 151,219	\$ 10,227	\$ 92,735	\$ 522,747	\$ 55,277	\$ 2,065	\$ 87,204	\$ 860,062	\$ 2,176,579	\$ 168,678	\$ 2,345,257

See Independent Auditors' Report

CITY OF SAFETY HARBOR, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

Special Revenue Funds

	Public Safety	Street Improvement	Street Assessment	Marina Boat Basin	City Tree Bank	Multimodal Impact Fee	Transportation Impact Fee	Library Impact Fee	Law Enforcement	Street Light Assessment	Parkland	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
Revenues:														
Local option taxes	\$ -	\$ 249,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,429	\$ -	\$ 249,429
Impact fees	19,950	-	-	-	-	36,784	-	21,066	-	-	204,218	282,018	-	282,018
Special assessments	-	-	101	-	-	-	-	-	-	246,298	-	246,399	-	246,399
Intergovernmental	-	49,132	-	-	-	-	-	-	2,273	-	7,928	59,333	-	59,333
Charges for services	-	-	-	48,125	9,660	-	-	-	-	-	-	57,785	-	57,785
Interest income and net appreciation in fair value of investments	134	341	-	597	34	(406)	2,188	169	-	282	2,418	5,757	-	5,757
Contributions and donations	-	-	-	-	-	-	-	-	-	-	113,265	113,265	-	113,265
Total revenues	20,084	298,902	101	48,722	9,694	36,378	2,188	21,235	2,273	246,580	327,829	1,013,986	-	1,013,986
Expenditures:														
Current operating:														
Building department	-	-	-	-	7,466	-	-	-	-	-	-	7,466	-	7,466
Physical environment	-	-	-	41,017	-	-	-	-	-	-	-	41,017	-	41,017
Transportation	-	70,021	-	-	-	-	-	-	-	254,559	-	324,580	-	324,580
Parks and recreation	-	-	-	-	-	-	-	-	-	-	19,311	19,311	-	19,311
Capital outlay	-	146,384	-	-	-	-	-	-	5,434	-	77,008	228,826	-	228,826
Debt service														
Capital lease principal	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-	5,000
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	1,254,309	1,254,309
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-	156,332	156,332
Total expenditures	-	216,405	-	41,017	7,466	-	-	-	5,434	254,559	101,319	626,200	1,410,641	2,036,841
Excess (deficiency) of revenues over (under) expenditures	20,084	82,497	101	7,705	2,228	36,378	2,188	21,235	(3,161)	(7,979)	226,510	387,786	(1,410,641)	(1,022,855)
Other financing sources (uses):														
Transfers in	-	20,000	-	-	-	-	-	-	5,226	7,650	200,000	232,876	903,220	1,136,096
Total other financing sources (uses)	-	20,000	-	-	-	-	-	-	5,226	7,650	200,000	232,876	903,220	1,136,096
Net change in fund balances	20,084	102,497	101	7,705	2,228	36,378	2,188	21,235	2,065	(329)	426,510	620,662	(507,421)	113,241
Fund balances, beginning of year	25,475	206,529	35,237	136,823	7,999	21,797	520,559	34,042	-	66,475	432,872	1,487,808	155,952	1,643,760
Fund balances, end of year	\$ 45,559	\$ 309,026	\$ 35,338	\$ 144,528	\$ 10,227	\$ 58,175	\$ 522,747	\$ 55,277	\$ 2,065	\$ 66,146	\$ 859,382	\$ 2,108,470	\$ (351,469)	\$ 1,757,001

See Independent Auditors' Report

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – PUBLIC SAFETY
 YEAR ENDED SEPTEMBER 30, 2017

	Budget Amounts		Actual Amount	Variance with Final Budget
	Original	Final	(Budgetary Basis)	
Resources (inflows):				
Impact fees	\$ 8,760	\$ 20,760	\$ 19,950	\$ (810)
Interest income and net appreciation in fair value of investments	<u>250</u>	<u>250</u>	<u>134</u>	<u>(116)</u>
Amounts available for appropriation	<u>9,010</u>	<u>21,010</u>	<u>20,084</u>	<u>(926)</u>
Charges to appropriations (outflows):				
Public Safety	<u>-</u>	<u>5,849</u>	<u>-</u>	<u>5,849</u>
Total charges to appropriations	<u>-</u>	<u>5,849</u>	<u>-</u>	<u>5,849</u>
Excess of resources over charges to appropriations	9,010	15,161	20,084	4,923
Appropriated fund balance	<u>(9,010)</u>	<u>(15,161)</u>	<u>-</u>	<u>15,161</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,084</u>	<u>\$ 20,084</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 IMPROVEMENT
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u> <u>(Budgetary</u>	
			<u>Basis)</u>	
Resources (inflows):				
Local option taxes	\$ 249,600	\$ 249,600	\$ 249,429	\$ (171)
Interest income and net appreciation in fair value of investments	11,040	11,040	341	(10,699)
Intergovernmental revenue	-	49,130	49,132	2
Transfer In	20,000	20,000	20,000	-
Amounts available for appropriation	<u>280,640</u>	<u>329,770</u>	<u>318,902</u>	<u>(10,868)</u>
Charges to appropriations (outflows):				
Transportation	70,393	120,660	70,021	50,639
Capital outlay	<u>320,590</u>	<u>190,245</u>	<u>146,384</u>	<u>43,861</u>
Total charges to appropriations	<u>390,983</u>	<u>310,905</u>	<u>216,405</u>	<u>94,500</u>
(Deficiency) excess of resources (under) over charges to appropriations	(110,343)	18,865	102,497	83,632
Appropriated fund balance	<u>110,343</u>	<u>(18,865)</u>	<u>-</u>	<u>18,865</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,497</u>	<u>\$ 102,497</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, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u> <u>(Budgetary</u>	
Resources (inflows):				
Special assessments	\$ 100	\$ 100	\$ 101	\$ 1
Amounts available for appropriation	100	100	101	1
Charges to appropriations (outflows):				
Capital outlay	-	-	-	-
Total charges to appropriations	-	-	-	-
Excess of resources over charges to appropriations	100	100	101	1
Appropriated fund balance	(100)	(100)	-	100
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 101	\$ 101

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, 2017

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Resources (inflows):				
Revenues:				
Charges for services	\$ 45,600	\$ 45,600	\$ 48,125	\$ 2,525
Interest income and net appreciation in fair value of investments	<u>5,860</u>	<u>5,860</u>	<u>597</u>	<u>(5,263)</u>
Amounts available for appropriations	<u>51,460</u>	<u>51,460</u>	<u>48,722</u>	<u>(2,738)</u>
Charges to appropriations (outflows):				
Physical environment	44,790	49,790	41,017	8,773
Capital Outlay	<u>8,539</u>	<u>8,539</u>	<u>-</u>	<u>8,539</u>
Total charges to appropriations	<u>53,329</u>	<u>58,329</u>	<u>41,017</u>	<u>17,312</u>
Excess of resources over charges to appropriations	(1,869)	(6,869)	7,705	14,574
Appropriated fund balance	<u>1,869</u>	<u>6,869</u>	<u>-</u>	<u>(6,869)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,705</u>	<u>\$ 7,705</u>

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, 2017

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Resources (inflows):				
Charges for services	\$ 7,000	\$ 7,000	\$ 9,660	\$ 2,660
Interest income and net appreciation in fair value of investments	<u>50</u>	<u>50</u>	<u>34</u>	<u>(16)</u>
Amounts available for appropriation	<u>7,050</u>	<u>7,050</u>	<u>9,694</u>	<u>2,644</u>
Charges to appropriations (outflows):				
Public safety	<u>15,090</u>	<u>10,090</u>	<u>7,466</u>	<u>2,624</u>
Total charges to appropriations	15,090	10,090	7,466	2,624
Excess (deficiency) of resources over (under) charges to appropriations	(8,040)	(3,040)	2,228	5,268
Appropriated fund balance	<u>8,040</u>	<u>3,040</u>	<u>-</u>	<u>(3,040)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228</u>	<u>\$ 2,228</u>

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

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – MULTIMODAL IMPACT FEE
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Impact fees	\$ 57,000	\$ 57,000	\$ 36,784	\$ (20,216)
Interest income and net appreciation in fair value of investments	<u>100</u>	<u>100</u>	<u>(406)</u>	<u>(506)</u>
Amounts available for appropriation	<u>57,100</u>	<u>57,100</u>	<u>36,378</u>	<u>(20,722)</u>
Excess (deficiency) of resources over (under) charges to appropriations	57,100	57,100	36,378	(20,722)
Appropriated fund balance	<u>(57,100)</u>	<u>(57,100)</u>	<u>-</u>	<u>57,100</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,378</u>	<u>\$ 36,378</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, 2017

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Impact fees	\$ -	\$ -	\$ -	\$ -
Interest income and net appreciation in fair value of investments	<u>7,570</u>	<u>7,570</u>	<u>2,188</u>	<u>(5,382)</u>
Amounts available for appropriation	<u>7,570</u>	<u>7,570</u>	<u>2,188</u>	<u>(5,382)</u>
Charges to appropriations (outflows):				
Capital outlay	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total charges to appropriations	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (deficiency) of resources over (under) charges to appropriations	7,570	(42,430)	2,188	44,618
Appropriated fund balance	<u>(7,570)</u>	<u>42,430</u>	<u>-</u>	<u>(42,430)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,188</u>	<u>\$ 2,188</u>

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

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – LIBRARY IMPACT FEE FUND
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Impact fees	\$ 9,000	\$ 9,000	\$ 21,066	\$ 12,066
Interest income and net appreciation in fair value of investments	<u>540</u>	<u>5,400</u>	<u>169</u>	<u>(5,231)</u>
Amounts available for appropriation	<u>9,540</u>	<u>14,400</u>	<u>21,235</u>	<u>6,835</u>
Excess (deficiency) of resources over (under) charges to appropriations	9,540	14,400	21,235	6,835
Appropriated fund balance	<u>(9,540)</u>	<u>(14,400)</u>	<u>-</u>	<u>14,400</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,235</u>	<u>\$ 21,235</u>

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

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – LAW ENFORCEMENT FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Intergovernmental	\$ -	\$ 2,273	\$ 2,273	\$ -
Transfers in from other funds	-	5,226	5,226	-
	-	7,499	7,499	-
Charges to appropriations (outflows):				
Capital outlay	-	7,499	5,434	2,065
	-	7,499	5,434	2,065
Excess (deficiency) of resources over (under) charges to appropriations	-	-	2,065	2,065
Appropriated fund balance	-	-	-	-
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 2,065	\$ 2,065

Explanation of differences between
budgetary inflows and GAAP revenues:

Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule	\$ 7,499
Differences - budget to GAAP	
Transfer from other funds are inflows of budgetary resources but are not resources for financial reporting purposes	5,226
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds	\$ 2,273

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – STREET LIGHT ASSESSMENT FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
	Resources (inflows):			
Special assessment	\$ 245,770	\$ 245,770	\$ 246,298	\$ 528
Intergovernmental	-	-	-	-
Interest income and net appreciation in fair value of investments	1,340	1,340	282	(1,058)
Transfers in from other funds	<u>7,650</u>	<u>7,650</u>	<u>7,650</u>	<u>-</u>
Amounts available for appropriations	<u>254,760</u>	<u>254,760</u>	<u>254,230</u>	<u>(530)</u>
Charges to appropriations (outflows):				
Transportation	<u>275,000</u>	<u>275,000</u>	<u>254,559</u>	<u>20,441</u>
Total charges to appropriations	<u>275,000</u>	<u>275,000</u>	<u>254,559</u>	<u>20,441</u>
(Deficiency) excess of resources (under) over charges to appropriations	(20,240)	(20,240)	(329)	19,911
Appropriated fund balance	<u>20,240</u>	<u>20,240</u>	<u>-</u>	<u>(19,911)</u>
(Deficiency) excess of resources (under) over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (329)</u>	<u>\$ -</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule			\$ 254,230	
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes			<u>7,650</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds			<u>\$ 246,580</u>	

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – PARKLAND FUND
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Impact fees	\$ 8,000	\$ 8,000	\$ 204,218	\$ 196,218
Interest income and net appreciation in fair value of investments	13,110	13,110	2,418	(10,692)
Intergovernmental	250,000	7,928	7,928	-
Grants and contributions	-	105,500	113,265	7,765
Transfers in	-	200,000	200,000	-
Amounts available for appropriations	<u>271,110</u>	<u>334,538</u>	<u>527,829</u>	<u>193,291</u>
Charges to appropriations (outflows) -				
Parks and recreation	29,250	30,958	19,311	11,647
Capital outlay	550,000	636,836	77,008	559,828
Capital lease principal	5,000	5,000	5,000	-
Total charges to appropriations	<u>584,250</u>	<u>672,794</u>	<u>101,319</u>	<u>571,475</u>
Excess of resources over charges to appropriations	(313,140)	(338,256)	426,510	(378,184)
Appropriated fund balance	<u>313,140</u>	<u>338,256</u>	<u>-</u>	<u>378,184</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,510</u>	<u>\$ -</u>

Explanation of differences between
budgetary inflows and GAAP revenues:

Actual amounts (budgetary basis)
available for appropriation from
the budgetary comparison schedule

\$ 527,829

Differences - budget to GAAP

Donations and contributions of capital assets are
budgetary resources but are not
resources for financial reporting
purposes

200,000

Total revenues as reported on the
statement of revenues, expenditures
and changes in fund balances
governmental funds

\$ 327,829

Explanation of differences between
budgetary outflows and GAAP expenditures:

Actual amounts (budgetary basis)
charges to appropriations per
the budgetary comparison schedule

\$ 101,319

Differences - budget to GAAP

Capital lease payments are outflows of
budgetary resources but are not expenditures
for financial reporting purposed

5,000

Total expenditures as reported on the statement
of revenues, expenditures and changes in
fund balances governmental funds

\$ 96,319

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Resources (inflows):				
Revenues:				
Transfers from other funds	\$ 903,220	\$ 903,220	\$ 903,220	\$ -
Amount available for appropriations	<u>903,220</u>	<u>903,220</u>	<u>903,220</u>	<u>-</u>
Charges to appropriations (outflows):				
Principal payments	768,310	768,310	1,254,309	(485,999)
Interest and other fiscal charges	<u>124,110</u>	<u>124,110</u>	<u>156,332</u>	<u>(32,222)</u>
Total charges to appropriations	<u>892,420</u>	<u>892,420</u>	<u>1,410,641</u>	<u>(518,221)</u>
Deficiency of resources under charges to appropriations	10,800	10,800	(507,421)	(518,221)
Appropriated fund balance	<u>(10,800)</u>	<u>(10,800)</u>	<u>-</u>	<u>10,800</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (507,421)</u>	<u>\$ (507,421)</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule			\$ 903,220	
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes			<u>903,220</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds			<u>\$ -</u>	

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUND
 YEAR ENDED SEPTEMBER 30, 2017

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Local option taxes	\$ 1,824,180	\$ 1,824,180	\$ 1,776,976	\$ (47,204)
Intergovernmental	261,680	158,352	169,525	11,173
Interest income and net appreciation in fair value of investments	32,060	32,060	3,456	(28,604)
Transfers in from other funds	217,000	217,000	217,000	-
Amounts available for appropriation	<u>2,334,920</u>	<u>2,231,592</u>	<u>2,166,957</u>	<u>(64,635)</u>
Charges to appropriations (outflows):				
Other Non-Capitalized	-	15,985	15,631	354
Capital outlay	3,274,154	2,376,956	1,995,943	381,013
Transfers to other funds	1,003,220	1,003,220	1,003,220	-
Total charges to appropriations	<u>4,277,374</u>	<u>3,396,161</u>	<u>3,014,794</u>	<u>381,367</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(1,942,454)</u>	<u>(1,164,569)</u>	<u>(847,837)</u>	<u>(316,732)</u>
Appropriated fund balance	<u>1,942,454</u>	<u>1,164,569</u>	<u>-</u>	<u>(1,164,569)</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (847,837)</u>	<u>\$ 847,837</u>
Explanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule			\$ 3,014,794	
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes			<u>1,003,220</u>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances of governmental funds			<u>\$ 2,011,574</u>	

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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, 2017

	Actual Amounts				Total Amounts	Variance Favorable (Unfavorable)
	Fire Budget	City Amounts	Fire District Amounts	EMS Amounts		
Revenue:						
Municipality - City of Safety Harbor	\$ 2,880,527	\$ 2,811,377	\$ -	\$ -	\$ 2,811,377	\$ (69,150)
Intergovernmental	-	-	-	38,358	38,358	38,358
Local option tax	140,000	87,178	-	-	87,178	(52,822)
EMS District funds	900,940	-	-	918,118	918,118	17,178
Safety Harbor Fire District	191,860	-	189,171	-	189,171	(2,689)
Total revenues	<u>4,113,327</u>	<u>2,898,555</u>	<u>189,171</u>	<u>956,476</u>	<u>4,044,202</u>	<u>(69,125)</u>
Expenditures:						
Personnel services	3,461,900	2,328,868	189,171	869,984	3,388,023	73,877
Contractual/other services	289,330	224,191	-	70,853	295,044	(5,714)
Materials and supplies	130,806	79,830	-	53,782	133,612	(2,806)
Capital outlay	231,291	189,165	-	38,358	227,523	3,768
Total expenditures	<u>4,113,327</u>	<u>2,822,054</u>	<u>189,171</u>	<u>1,032,977</u>	<u>4,044,202</u>	<u>69,125</u>
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ 76,501</u>	<u>\$ -</u>	<u>\$ (76,501)</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL AND BUDGET
LIBRARY SUB-FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Actual Amounts			Total Amounts	Variance Favorable (Unfavorable)
	Library Budget	City Amounts	Library Amounts		
Revenue:					
Municipality - City of Safety Harbor	\$ 1,167,713	\$ 1,170,522	\$ -	\$ 1,170,522	\$ 2,809
Library impact fees	9,000	21,065	-	21,065	12,065
Intergovernmental	137,200	-	137,195	137,195	(5)
Other revenues	38,290	36,247	-	36,247	(2,043)
Chrissie Shull Elmore Trust	22,000	22,000	-	22,000	-
Total revenues	1,374,203	1,249,834	137,195	1,387,029	12,826
Expenditures:					
Personnel services	894,320	821,944	74,918	896,862	(2,542)
Contractual/other services	365,783	360,377	-	360,377	5,406
Materials and supplies	26,300	21,448	-	21,448	4,852
Capital outlay	87,800	25,000	62,277	87,277	523
Total expenditures	1,374,203	1,228,769	137,195	1,365,964	8,239
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ 21,065</u>	<u>\$ -</u>	<u>\$ 21,065</u>	<u>\$ -</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
WATER AND SEWER FUND
YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 9,122,700	\$ 8,585,590	\$ (537,110)
Intergovernmental	41,426	38,407	(3,019)
Other	<u>723,582</u>	<u>732,924</u>	<u>9,342</u>
Total operating revenue	<u>9,887,708</u>	<u>9,356,921</u>	<u>(530,787)</u>
OPERATING EXPENSES			
Salaries, wages, and employee benefits	1,903,860	1,733,509	170,351
Materials and supplies	355,764	265,850	89,914
Contractual and other services	5,458,637	4,991,382	467,255
Capital outlay	<u>4,566,392</u>	<u>1,057,441</u>	<u>3,508,951</u>
Total operating expenses	<u>12,284,653</u>	<u>8,048,182</u>	<u>4,236,471</u>
Operating income (loss)	<u>(2,396,945)</u>	<u>1,308,739</u>	<u>3,705,684</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	246,890	48,782	(198,108)
Interest expense	(147,470)	(146,667)	803
Gain on the sale of capital assets	10,000	45,481	35,481
Debt service principal retirement	<u>(438,700)</u>	<u>(448,046)</u>	<u>(9,346)</u>
Total nonoperating revenues (expenses)	<u>(329,280)</u>	<u>(500,450)</u>	<u>(171,170)</u>
Income (loss) before appropriated net assets	(2,726,225)	808,289	3,534,514
Appropriated net assets	<u>2,726,225</u>	<u>-</u>	<u>(2,726,225)</u>
Changes in net assets	<u>\$ -</u>	808,289	<u>\$ 808,289</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net assets - proprietary funds			
Depreciation and amortization		(1,150,284)	
Capital outlay		1,057,441	
Debt service principal repayment		<u>448,046</u>	
Change in net assets GAAP basis		<u>\$ 1,163,492</u>	

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
SOLID WASTE FUND
YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 2,898,250	\$ 2,954,431	\$ 56,181
Intergovernmental	7,124	3,991	(3,133)
Other	10,000	17,518	7,518
Total operating revenues	<u>2,915,374</u>	<u>2,975,940</u>	<u>60,566</u>
OPERATING EXPENSES			
Salaries, wages, and employee benefits	1,262,820	1,312,462	(49,642)
Materials and supplies	264,060	214,826	49,234
Contractual and other services	877,328	884,986	(7,658)
Capital outlay	327,412	166,811	160,601
Total operating expenses	<u>2,731,620</u>	<u>2,579,085</u>	<u>152,535</u>
Operating income (loss)	<u>183,754</u>	<u>396,855</u>	<u>213,101</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	32,460	8,962	(23,498)
Interest expense	(18,220)	(15,948)	2,272
Intergovernmental	14,099	13,924	(175)
Gain on the sale of capital assets	10,000	140	(9,860)
Debt service principal retirement	<u>(36,610)</u>	<u>(36,610)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>1,729</u>	<u>(29,532)</u>	<u>(31,261)</u>
Income (loss) before appropriated net assets	185,483	367,323	181,840
Appropriated net assets	<u>(185,483)</u>	<u>-</u>	<u>185,483</u>
Changes in net position	<u>\$ -</u>	367,323	<u>\$ 367,323</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(433,041)	
Capital outlay		166,811	
Debt service principal repayment		<u>36,610</u>	
Change in net position GAAP basis		<u>\$ 137,703</u>	

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
STORMWATER FUND
YEAR ENDED SEPTEMBER 30, 2017

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 1,147,970	\$ 1,149,837	\$ 1,867
Intergovernmental grant	88,500	(1,091)	(89,591)
Other	-	170	170
Total operating revenue	<u>1,236,470</u>	<u>1,148,916</u>	<u>(87,554)</u>
OPERATING EXPENSES			
Salaries, wages, and employee benefits	356,150	347,454	8,696
Materials and supplies	106,380	94,377	12,003
Contractual and other services	258,120	213,600	44,520
Capital outlay	211,153	401,004	(189,851)
Total operating expenses	<u>931,803</u>	<u>1,056,435</u>	<u>(124,632)</u>
Operating income (loss)	<u>304,667</u>	<u>92,481</u>	<u>(212,186)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation in fair value of investments	23,330	5,246	(18,084)
Interest expense	(32,800)	(28,748)	4,052
Transfers from other funds	-	-	-
Intergovernmental	-	-	-
Transfers to other fund	-	-	-
Gain on the sale of capital assets	-	21,784	21,784
Debt service principal retirement	(65,990)	(65,990)	-
Total nonoperating revenues (expenses)	<u>(75,460)</u>	<u>(67,708)</u>	<u>7,752</u>
Income (loss) before appropriated net assets	229,207	24,773	(204,434)
Appropriated net assets	<u>(229,207)</u>	<u>-</u>	<u>229,207</u>
Changes in net position	<u>\$ -</u>	24,773	<u>\$ 24,773</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(358,995)	
Capital outlay		401,004	
Debt service principal repayment		<u>65,990</u>	
Change in net position GAAP basis		<u>\$ 132,772</u>	

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA
RECONCILIATION OF TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUNDS TO
TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2017

	<u>Total Governmental Funds</u>	<u>Assets, deferred inflows, long-term liabilities and deferred inflows</u>	<u>Statement of Net Position</u>
Assets			
Equity in pooled cash and investments	\$ 11,427,919	\$ -	\$ 11,427,919
Receivables, net:			
Accounts receivable	395,945	-	395,945
Due from other governments	826,211	-	826,211
Other assets	-	-	-
Inventories	48,644	-	48,644
Prepaid items	1,410	-	1,410
Capital assets:			
Nondepreciable	-	10,550,941	10,550,941
Depreciable, net of accumulated depreciation	-	15,482,097	15,482,097
Pension asset	-	1,800,764	1,800,764
Total assets	<u>12,700,129</u>	<u>27,833,802</u>	<u>40,533,931</u>
Deferred outflows	<u>-</u>	<u>2,107,514</u>	<u>2,107,514</u>
Total assets and deferred outflows	<u>\$ 12,700,129</u>	<u>\$ 29,941,316</u>	<u>\$ 42,641,445</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 248,560	\$ -	\$ 248,560
Interest payable	-	51,092	51,092
Accrued liabilities	168,450	-	168,450
Customer deposits	23,280	-	23,280
Unearned revenue	975,657	-	975,657
Pension liability	-	1,548,040	1,548,040
Long-term obligations	-	4,686,611	4,686,611
Total liabilities	<u>1,415,947</u>	<u>6,285,743</u>	<u>7,701,690</u>
Deferred inflows	<u>-</u>	<u>1,760,212</u>	<u>1,760,212</u>
Fund Balances			
Invested in capital assets, net of related debt	-	22,503,388	22,503,388
Nonspendable:			
Inventories and prepaid amounts	49,054	(49,054)	-
Restricted for:			
General government	379,813	-	379,813
Fire protection	43,021	-	43,021
Physical environment	-	-	-
Transportation	471,642	-	471,642
Library	54,771	-	54,771
Parks and recreation	224,092	-	224,092
Debt service	-	351,469	351,469
Capital projects	940,499	-	940,499
Committed to:			
Emergency/disaster relief stabilization	2,959,770	-	2,959,770
Physical environment	126,372	-	126,372
Public safety	10,123	-	10,123
Capital project (Waterfront Park)	80,986	-	80,986
Assigned to:			
General government	67,563	-	67,563
Fire protection	2,538	-	2,538
Library	506	-	506
Public safety	2,169	-	2,169
Physical environment	18,156	-	18,156
Transportation	519,790	-	519,790
Parks and recreation	998,254	-	998,254
Other	-	-	-
Unassigned:	<u>4,335,063</u>	<u>(910,442)</u>	<u>3,424,621</u>
Total fund balances	<u>11,284,182</u>	<u>21,895,361</u>	<u>33,179,543</u>
Total liabilities, deferred inflow, and fund balances	<u>\$ 12,700,129</u>	<u>\$ 29,941,316</u>	<u>\$ 42,641,445</u>

See Independent Auditors' Report.

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, 2017

	Total Governmental Funds	Depreciation	Capital Outlay	Change in Pension Asset	Compensated Absences	Other Post Employment Benefits (OPEB)	Long-term Debt	Reclasses and Eliminations	Statement of Activities Total
REVENUES									
Property taxes	\$ 4,571,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,571,161
Utility taxes	2,288,535	-	-	-	-	-	-	-	2,288,535
Local business taxes	140,393	-	-	-	-	-	-	-	140,393
Local option taxes	2,113,583	-	-	-	-	-	-	-	2,113,583
Franchise fees	1,315,493	-	-	-	-	-	-	-	1,315,493
Licenses and permits	313,308	-	-	-	-	-	-	-	313,308
Impact fees	282,018	-	-	-	-	-	-	-	282,018
Special assessments	246,399	-	-	-	-	-	-	-	246,399
Sales tax	1,078,525	-	-	-	-	-	-	-	1,078,525
Intergovernmental	2,087,631	-	-	-	-	-	-	-	2,087,631
Charges for services	1,124,691	-	-	-	-	-	-	-	1,124,691
Fines and forfeitures	84,544	-	-	-	-	-	-	-	84,544
Interest income and net appreciation in fair value of investments	42,800	-	-	-	-	-	-	-	42,800
Contributions and donations	137,265	-	-	-	-	-	-	-	137,265
Other	1,139,320	-	-	-	-	-	-	-	1,139,320
Total revenues	<u>16,965,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,965,666</u>
EXPENDITURES									
Current operating:									
General government	3,019,755	237,936	-	(14,776)	5,291	9,202	-	-	3,257,408
Law enforcement	1,277,165	694	-	-	-	-	-	-	1,277,859
Fire protection	3,814,412	290,719	-	(160,072)	42,938	12,147	-	-	4,000,144
Building department	477,770	6,910	-	-	(2,073)	1,841	-	-	484,448
Physical environment	476,995	6,654	-	-	6,146	1,841	-	-	491,636
Transportation	1,093,147	486,028	-	(14,776)	25,801	4,049	-	-	1,594,249
Library	1,278,687	278,605	-	(27,704)	8,411	4,785	-	-	1,542,784
Parks and recreation	3,078,040	467,767	-	(27,703)	19,304	7,730	-	-	3,545,138
Capital outlay	2,605,597	-	(2,605,597)	-	-	-	-	-	-
Debt service:									
Capital lease retirement	5,000	-	-	-	-	-	(5,000)	-	-
Principal retirement	1,254,309	-	-	-	-	-	(1,254,309)	-	-
Interest and other fiscal charges	156,332	-	-	-	-	-	(10,142)	-	146,190
Total expenditures	<u>18,537,209</u>	<u>1,775,313</u>	<u>(2,605,597)</u>	<u>(245,031)</u>	<u>105,818</u>	<u>41,595</u>	<u>(1,269,451)</u>	<u>-</u>	<u>16,339,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,571,543)</u>	<u>(1,775,313)</u>	<u>2,605,597</u>	<u>245,031</u>	<u>(105,818)</u>	<u>(41,595)</u>	<u>1,269,451</u>	<u>-</u>	<u>625,810</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	1,610,096	-	-	-	-	-	-	-	1,610,096
Transfers out	(1,610,096)	-	-	-	-	-	-	-	(1,610,096)
Bond issuance costs	-	-	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,571,543)</u>	<u>\$ (1,775,313)</u>	<u>\$ 2,605,597</u>	<u>\$ 245,031</u>	<u>\$ (105,818)</u>	<u>\$ (41,595)</u>	<u>\$ 1,269,451</u>	<u>\$ -</u>	<u>\$ 625,810</u>

See Independent Auditors' 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 Position by Component
Schedule 2	Changes in Net Position
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.

SCHEDULE 1

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

	Fiscal Year									
	2017	2016	2015	2014*	2013	2012	2011	2010*	2009	2008
Governmental Activities										
Invested in capital assets, net of related debt	\$ 22,503,388	\$ 20,413,796	\$ 18,705,536	\$ 18,038,191	\$ 18,127,134	\$ 17,747,220	\$ 17,815,778	\$ 18,018,704	\$ 19,665,284	\$ 17,632,941
Restricted	2,113,838	2,158,213	2,175,369	2,638,130	6,211,733	6,703,478	8,618,746	3,811,514	3,318,189	2,594,159
Unrestricted	8,562,317	9,981,724	10,212,509	8,559,267	4,850,303	4,828,789	4,700,754	9,994,707	13,615,753	17,118,139
Total governmental activities net position	<u>\$ 33,179,543</u>	<u>\$ 32,553,733</u>	<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>
Business-type Activities										
Invested in capital assets, net of related debt	\$ 19,839,464	\$ 19,967,583	\$ 19,179,343	\$ 18,085,216	\$ 18,413,858	\$ 16,597,580	\$ 13,561,385	\$ 12,760,978	\$ 9,965,349	\$ 11,937,820
Restricted	10,568,422	10,231,976	10,538,939	8,685,536	6,854,934	6,065,933	5,249,420	4,832,069	3,984,661	1,802,944
Unrestricted	5,370,298	4,144,658	4,083,783	6,239,990	7,456,566	8,467,665	8,668,700	7,469,063	5,274,983	4,559,472
Total business-type activities net position	<u>\$ 35,778,184</u>	<u>\$ 34,344,217</u>	<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>
Primary Government										
Invested in capital assets, net of related debt	\$ 42,342,852	\$ 40,381,379	\$ 37,884,879	\$ 36,123,407	\$ 36,540,992	\$ 34,344,800	\$ 31,377,163	\$ 30,779,682	\$ 29,630,633	\$ 29,570,761
Restricted	12,682,260	12,390,189	12,714,308	11,323,666	13,066,667	12,769,411	13,868,166	8,643,583	7,302,850	4,397,103
Unrestricted	13,932,615	14,126,382	14,296,292	14,799,257	12,306,869	13,296,454	13,369,454	17,463,770	18,890,736	21,677,611
Total primary government net position	<u>\$ 68,957,727</u>	<u>\$ 66,897,950</u>	<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>

*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 Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 3,257,408	\$ 2,965,594	\$ 2,808,975	\$ 2,922,955	\$ 2,931,779	\$ 3,139,084	\$ 3,219,077	\$ 3,474,937	\$ 3,307,998	\$ 3,830,166
Law enforcement	1,277,859	1,260,699	1,213,281	1,179,493	1,224,491	1,268,788	1,266,876	1,231,263	1,336,447	1,278,181
Fire protection	4,000,144	3,942,197	3,585,085	3,894,577	3,788,045	3,724,329	3,843,029	3,814,874	4,082,474	3,935,680
Building department	484,448	390,407	334,862	307,766	290,904	296,574	300,126	305,251	293,109	305,203
Physical environment	491,636	467,017	374,898	423,295	405,422	414,406	483,956	1,347,914	1,289,878	1,269,798
Transportation	1,594,249	1,614,526	1,851,031	1,520,855	1,588,963	2,009,562	1,858,826	2,152,048	2,283,184	2,180,589
Library	1,542,784	1,498,730	1,461,672	1,466,178	1,467,129	1,528,418	1,560,737	1,514,773	1,670,642	1,361,946
Parks and recreation	3,545,138	3,274,817	3,006,095	2,934,957	2,786,955	2,737,957	2,663,696	2,585,030	2,611,334	2,417,586
Interest and other fiscal charges on long-term debt	146,190	119,243	239,418	189,032	208,644	183,650	176,977	237,267	103,790	96,730
Total governmental activities expenses	<u>16,339,856</u>	<u>15,533,230</u>	<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>
Business-type activities:										
Water and wastewater	8,287,692	8,235,173	7,701,878	7,669,583	7,762,326	7,080,853	7,301,156	7,368,967	7,975,242	7,835,184
Solid waste	2,861,263	2,586,702	2,546,132	2,688,181	2,637,708	2,662,998	2,623,957	2,613,310	2,760,181	2,866,134
Stormwater	1,043,174	1,050,346	936,715	871,193	828,019	818,113	-	-	-	-
Total business-type activities expenses	<u>12,192,129</u>	<u>11,872,221</u>	<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>
Total primary government expenses	<u>\$ 28,531,985</u>	<u>\$ 27,405,451</u>	<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>
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 153,275	\$ 78,602	\$ 77,093	\$ 67,995	\$ 129,579	\$ 90,475	\$ 75,110	\$ 46,854	\$ 132,810	\$ 68,943
Law enforcement	17,262	13,442	11,412	10,381	45,377	77,056	90,658	68,287	94,095	122,118
Fire protection	31,425	31,567	9,450	16,794	23,376	6,845	6,890	1,083	-	-
Building department	322,968	250,257	222,337	215,144	311,272	169,407	150,485	121,847	113,716	109,987
Physical environment	252,343	39,435	46,166	46,550	42,964	49,913	51,235	508,932	591,432	546,650
Transportation	283,183	2,282,396	275,797	344,165	343,274	40,550	9,624	20,834	8,083	22,243
Library	55,144	51,460	42,663	49,311	49,077	47,223	55,745	45,613	31,888	47,977
Parks and recreation	813,304	798,929	895,477	854,196	859,165	743,694	736,353	692,506	566,799	535,831
Operating grants and contributions	1,296,499	1,287,503	1,255,345	1,481,182	1,452,065	1,234,112	1,294,887	1,269,902	1,508,338	256,837
Capital grants and contributions	335,104	868,643	693,263	62,633	42,210	166,567	31,067	194,540	11,000	400,126
Total governmental activities program revenues	<u>3,560,507</u>	<u>3,702,234</u>	<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>
Business-type activities:										
Charges for services:										
Water and wastewater	8,585,590	7,461,978	7,149,079	7,857,807	8,059,551	7,952,369	8,233,441	8,081,185	7,877,674	7,078,269
Solid waste	2,954,431	2,923,310	2,894,957	2,900,306	2,847,160	2,797,521	2,871,451	2,782,138	2,695,636	2,467,341
Stormwater	1,149,837	1,012,228	1,000,016	996,899	993,034	661,809	667,967	-	-	-
Operating grants and contributions	55,231	32,934	-	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>12,745,089</u>	<u>11,430,450</u>	<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>
Total primary government program revenues	<u>\$ 16,305,596</u>	<u>\$ 15,132,684</u>	<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>

SCHEDULE 2

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue										
Governmental activities	\$ (12,779,349)	\$ (11,830,996)	\$ (11,346,314)	\$ (11,690,757)	\$ (11,393,973)	\$ (12,676,926)	\$ (12,871,246)	\$ (13,692,959)	\$ (13,920,695)	\$ (14,565,167)
Business-type activities	552,960	(441,771)	(140,673)	543,882	1,097,940	1,920,429	1,287,069	894,485	(148,674)	(1,155,708)
Total primary government net expense	<u>\$ (12,226,389)</u>	<u>\$ (12,272,767)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 4,571,161	\$ 4,390,452	\$ 4,193,398	\$ 3,722,248	\$ 3,215,616	\$ 3,267,040	\$ 3,454,605	\$ 3,493,007	\$ 3,543,283	\$ 3,534,380
Utility taxes	2,288,535	2,322,071	2,423,913	2,459,059	2,386,797	2,473,714	2,427,378	2,624,901	2,591,091	2,402,197
Local business tax	140,393	141,389	162,446	135,802	150,074	154,396	146,230	144,522	143,032	142,447
Local option tax	2,113,583	2,082,591	2,039,692	1,884,907	1,798,283	1,721,958	1,632,711	1,506,577	1,587,588	1,787,124
Franchise fees	1,315,493	1,347,753	1,462,318	1,473,646	1,361,010	1,435,731	1,463,744	1,629,370	1,570,352	1,453,539
Sales tax	1,078,525	1,151,421	1,018,441	980,143	928,330	889,029	874,854	847,342	857,009	941,432
Intergovernmental	593,293	568,087	554,343	529,971	494,362	469,506	472,827	468,225	404,719	1,793,785
Interest income and net appreciation in fair value of investments	42,800	228,367	260,606	204,396	(44,637)	198,116	507,216	844,977	835,294	1,113,049
Other	1,261,376	1,059,184	968,183	898,056	916,748	1,018,166	1,202,034	1,122,522	1,907,942	1,354,046
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>13,405,159</u>	<u>13,291,315</u>	<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>
Business-type activities:										
Franchise fees	-	-	-	-	-	-	-	29,928	38,290	-
Interest income and net appreciation in fair value of investments	62,990	289,499	322,693	247,524	(48,331)	209,919	438,080	475,634	361,878	354,785
Other	750,612	656,365	706,309	698,586	722,038	696,670	680,091	657,841	673,263	1,139,362
Proceeds from sale of capital assets	67,405	38,059	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>881,007</u>	<u>983,923</u>	<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>
Total primary government	<u>\$ 14,286,166</u>	<u>\$ 14,275,238</u>	<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>
Change in Net Position										
Governmental activities	\$ 625,810	\$ 1,460,319	\$ 1,857,826	\$ 718,271	\$ (47,958)	\$ (1,855,790)	\$ (689,647)	\$ (1,004,524)	\$ (480,385)	\$ (43,168)
Business-type activities	1,433,967	542,152	791,323	1,383,497	1,649,056	3,651,673	2,417,395	2,067,343	924,757	338,439
Total primary government	<u>\$ 2,059,777</u>	<u>\$ 2,002,471</u>	<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>

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 Ten Fiscal Years
 (Accrual Basis of Accounting)

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government	\$ 153,275	\$ 83,602	\$ 87,093	\$ 77,995	\$ 129,579	\$ 240,475	\$ 75,110	\$ 61,854	\$ 197,786	\$ 68,943
Law enforcement	19,535	13,442	11,412	12,492	45,377	77,056	94,936	72,302	95,095	125,885
Fire protection	1,181,764	1,103,427	1,099,660	1,286,708	1,277,703	1,013,478	1,062,292	991,055	1,104,730	-
Building department	322,968	250,257	222,337	215,144	311,272	169,407	150,485	266,369	256,748	252,434
Physical environment	252,343	39,435	46,166	46,550	42,964	49,913	51,235	699,457	591,432	894,454
Transportation	337,114	290,095	281,295	349,283	348,022	46,986	9,624	20,834	8,083	73,390
Library	216,339	257,791	251,109	287,149	284,277	278,199	293,653	310,543	378,583	302,222
Parks and recreation	1,077,169	1,664,185	1,529,931	873,030	859,165	750,328	764,719	692,506	568,736	535,831
Total governmental activities program revenues	3,560,507	3,702,234	3,529,003	3,148,351	3,298,359	2,625,842	2,502,054	3,114,920	3,201,193	2,253,159
Business-type activities:										
Water and wastewater	8,623,997	7,464,998	7,149,079	7,857,807	8,059,551	7,952,369	8,233,441	8,081,185	7,877,674	7,078,269
Solid waste	2,972,346	2,952,133	2,894,957	2,913,294	2,860,119	2,810,588	2,884,908	2,795,577	2,709,075	2,467,341
Stormwater	1,148,746	1,013,319	1,000,016	1,001,738	1,406,323	1,719,436	908,642	-	-	-
Total business-type activities program revenues	12,745,089	11,430,450	11,044,052	11,772,839	12,325,993	12,482,393	12,026,991	10,876,762	10,586,749	9,545,610
Total primary government program revenues	\$ 16,305,596	\$ 15,132,684	\$ 14,573,055	\$ 14,921,190	\$ 15,624,352	\$ 15,108,235	\$ 14,529,045	\$ 13,991,682	\$ 13,787,942	\$ 11,798,769

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 Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,606,544	\$ 2,886,389	\$ 282,576	\$ 167,223	\$ 260,271
Unrestricted	-	-	-	-	-	5,829,922	6,081,005	8,515,866	9,051,391	8,498,484
Nonspendable	\$ 49,054	\$ 55,115	\$ 70,326	\$ 32,752	\$ 34,784	\$ 33,461	\$ 193,576	-	-	-
Restricted	-	-	-	-	-	-	22,755	-	-	-
Committed	2,959,770	3,277,514	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	4,686,532	5,043,036	4,835,512	4,539,230	5,637,597	5,432,242	5,247,275	-	-	-
Total general fund	<u>\$ 7,695,356</u>	<u>\$ 8,375,665</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,699,254	\$ 4,229,317	\$ 3,528,938	\$ 4,733,095	\$ 8,510,572
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	669,310	3,859,731	3,558,003	2,758,876
Restricted	\$ 793,526	\$ 2,219,447	\$ 2,247,003	\$ 2,638,130	\$ 2,536,772	\$ 2,700,566	\$ 4,229,317	-	-	-
Committed	136,495	1,101,979	1,865,060	278,536	267,150	265,067	231,984	-	-	-
Assigned	1,178,449	1,158,634	1,181,291	907,201	724,348	733,621	437,326	-	-	-
Unassigned	(351,469)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,757,001</u>	<u>\$ 4,480,060</u>	<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>

Notes: 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. 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 Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Property taxes	\$ 4,571,161	\$ 4,390,452	\$ 4,193,398	\$ 3,722,248	\$ 3,215,616	\$ 3,267,040	\$ 3,454,605	\$ 3,493,007	\$ 3,543,283	\$ 3,534,380
Utility taxes	2,288,535	2,322,071	2,423,913	2,459,059	2,386,797	2,473,714	2,427,378	2,624,901	2,591,091	2,402,197
Local business tax	140,393	141,389	162,446	135,802	150,074	154,396	146,230	144,522	143,032	142,447
Local option tax	2,113,583	2,082,591	2,039,692	1,884,907	1,798,283	1,721,958	1,632,711	1,506,577	1,587,588	1,787,124
Franchise fees	1,315,493	1,347,753	1,462,318	1,473,646	1,361,010	1,435,731	1,463,744	1,629,370	1,570,352	1,453,539
Licenses and permits	313,308	244,417	219,997	215,144	311,272	169,407	150,485	121,847	113,716	109,987
Impact fees	282,018	66,932	42,030	44,430	59,875	43,729	5,738	6,988	11,702	27,496
Special assessments	246,399	246,523	247,516	317,863	312,657	10,696	991	468,479	540,663	498,033
Sales tax	1,078,525	1,151,421	1,018,441	980,143	928,330	889,029	874,854	847,342	857,009	941,432
Intergovernmental	2,087,631	1,938,918	1,844,722	1,982,488	1,967,332	1,850,861	1,779,621	1,932,667	1,861,572	2,450,747
Charges for services	1,124,691	947,888	1,021,620	995,188	1,037,575	860,674	885,181	879,969	652,757	628,977
Fines and forfeitures	84,544	40,328	49,232	31,911	77,530	140,659	127,865	28,673	92,570	189,258
Interest income and net appreciation in fair value of investments	42,800	228,367	260,606	204,396	(44,637)	198,116	507,216	844,977	835,294	1,113,050
Contributions and donations	137,265	24,387	648,229	81,298	-	-	25,000	-	-	-
Other	1,139,320	1,064,184	978,183	908,056	961,860	1,037,488	1,202,034	1,122,522	2,097,842	1,354,046
Total revenues	16,965,666	16,237,621	16,612,343	15,436,579	14,523,574	14,253,498	14,683,653	15,651,841	16,498,471	16,632,713
Expenditures										
General government	3,019,755	2,683,451	2,505,098	2,591,242	2,584,760	2,798,564	2,969,719	3,223,596	3,307,998	3,102,319
Law enforcement	1,277,165	1,260,277	1,211,298	1,177,579	1,221,973	1,264,935	1,260,120	1,228,769	1,336,447	1,277,100
Fire protection	3,814,412	3,716,483	3,703,257	3,726,465	3,672,859	3,566,685	3,673,446	3,615,892	4,082,474	3,679,384
Building department	477,770	386,078	360,833	302,451	288,643	293,273	295,895	300,581	293,109	295,879
Physical environment	476,995	469,248	390,432	406,815	425,653	403,240	484,875	1,219,847	1,289,878	1,184,793
Transportation	1,093,147	1,096,530	1,324,730	972,351	1,051,453	1,466,218	1,327,636	1,652,066	2,283,184	1,732,432
Library	1,278,687	1,204,159	1,187,566	1,141,108	1,095,553	1,157,376	1,190,494	1,163,288	1,670,642	1,186,319
Parks and recreation	3,078,040	2,799,249	2,570,983	2,477,869	2,329,512	2,287,102	2,210,288	2,158,588	2,611,334	2,045,159
Capital outlay	2,605,597	2,025,945	2,058,101	1,098,447	1,422,734	4,096,731	1,183,334	1,716,128	4,182,276	5,213,631
Debt service										
Principal retirement	1,254,309	746,860	722,400	702,982	628,982	414,062	401,643	467,878	-	-
Principal repayment	5,000	5,000	5,000	5,000	-	-	-	-	(25,431)	-
Interest and other fiscal charges	156,332	129,645	167,784	189,032	208,644	179,572	174,431	234,801	103,790	96,730
Total expenditures	18,537,209	16,522,925	16,207,482	14,791,341	14,930,766	17,927,758	15,171,881	16,981,434	21,135,701	19,813,746
Excess (deficiency) of revenues over (under) expenditures	(1,571,543)	(285,304)	404,861	645,238	(407,192)	(3,674,260)	(488,228)	(1,329,593)	(4,637,230)	(3,181,033)
Other Financing Sources (Uses)										
Transfers in	1,610,096	1,158,780	2,662,020	1,018,770	1,104,830	921,720	889,080	924,684	2,141,239	2,685,436
Transfers out	(1,610,096)	(1,158,780)	(2,541,220)	(897,970)	(984,030)	(1,728,240)	(889,080)	(924,684)	(2,141,239)	(2,685,436)
Sale of capital assets	-	-	-	-	-	-	-	6,992	-	-
Bond Issuance Costs	-	-	-	-	-	(24,521)	-	-	-	-
Debt proceeds	-	-	-	-	-	2,775,000	-	-	304,007	6,908,287
Total other financing sources (uses)	-	-	120,800	120,800	120,800	1,943,959	-	6,992	304,007	6,908,287
Special item	-	-	-	-	-	-	-	-	(265,628)	(216,212)
Net change in fund balances	\$ (1,571,543)	\$ (285,304)	\$ 525,661	\$ 766,038	\$ (286,392)	\$ (1,730,301)	\$ (488,228)	\$ (1,322,601)	\$ (4,598,851)	\$ 3,727,254
Debt service as a percentage of noncapital expenditures	8.89%	6.08%	6.33%	6.55%	6.20%	4.29%	4.12%	4.60%	0.46%	0.66%

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 ^a			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		
2017	2016	3.9500	\$ 1,617,262,554	\$ 80,152,457	\$ 718,032	\$ 453,337,192	\$ 35,535,741	\$ 90,822	\$ 1,163,925,362	\$ 44,616,716	\$ 627,210	\$ 1,209,169,288	3.9500
2016	2015	4.0479	\$ 1,470,927,244	\$ 77,370,817	\$ 677,057	\$ 445,683,442	\$ 35,182,791	\$ 82,188	\$ 1,025,243,802	\$ 42,188,026	\$ 594,869	\$ 1,068,026,697	4.0479
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

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

^a 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 Year	Taxable Year	Direct Rate	Overlapping Rates					Total
		City of Safety Harbor Operating	Pinellas County	School District	Emergency Medical Services ^a	Transit District ^a	Other ^b	
2017	2016	3.9500	5.2755	7.3180	0.9158	0.7500	1.3070	19.5163
2016	2015	4.0479	5.2755	7.7700	0.9158	0.7305	1.3251	20.0648
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

Source: Pinellas County Tax Collector's Office

^a Emergency Medical Services and Transit District assessed on Real Property only

^b 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 Ten Years Ago

Taxpayer	2017		2008	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Safety Harbor Spa & Resort, LLC	\$ 17,400,184	1.49%	\$ 18,898,100	1.65%
Preedom Land Trust	15,715,000	1.35%	19,171,000	1.67%
Baycare Properties, LLC	13,200,000	1.13%	-	0.00%
Safety Harbor Multifamily Partners LLC	10,120,000	0.87%	-	0.00%
E C A Elle Northwood Partners LLC	9,400,000	0.81%	-	0.00%
Leisure Associates Ltd Partnership	7,369,614	0.63%	6,300,000	0.55%
Northwood Pinellas, LLC	7,125,000	0.61%	-	0.00%
Health Care Property Investment, Inc.	5,966,346	0.51%	6,385,000	0.56%
Safety Harbor Investment Properties	5,200,000	0.45%	8,300,000	0.72%
ARHC CSCLWFL01 LLC	4,900,000	0.42%	-	0.00%
Mease Hospitals, Inc.	-	0.00%	23,920,500	2.09%
Northwood Oaks, LLC	-	0.00%	10,000,000	0.87%
Northwood Commons LLC	-	0.00%	8,225,000	0.72%
Bayshore Palms Apartments Inc.	-	0.00%	8,200,000	0.72%
Capstone Capital Corp	-	0.00%	5,500,000	0.48%
	<u>\$ 96,396,144</u>	<u>8.28%</u>	<u>\$ 114,899,600</u>	<u>10.03%</u>
Total Taxable Assessed Value	<u>\$ 1,163,925,362</u>		<u>\$ 1,145,574,226</u>	

Source: Pinellas County Property Appraiser

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

SCHEDULE 9

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

Taxpayer	2017		2008	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Duke Energy Florida	\$ 9,865,517	23.38%	\$ -	0.00%
Mastercut Tool Corp	4,488,797	10.64%	4,345,310	7.91%
Florida Gas Transmission	3,525,354	8.36%	-	0.00%
Bright House Networks LLC	3,076,138	7.29%	2,116,242	3.85%
Frontier Communications	1,891,399	4.48%	-	0.00%
Angelica Textile Services	1,096,992	2.60%	-	0.00%
Countryside Surgi-Center	944,903	2.24%	-	0.00%
Nice Services, Inc.	929,364	2.20%	-	0.00%
Nicholas Financial, Inc.	883,097	2.09%	-	0.00%
Wow! Internet, Cable & Phone	853,345	2.02%	-	0.00%
Florida Power Corp	-	0.00%	7,191,101	13.09%
Verizon Florida LLC	-	0.00%	4,018,622	7.32%
National Linen Service #495	-	0.00%	3,029,130	5.51%
Safety Harbor Resort and Spa	-	0.00%	2,820,050	5.13%
US Bancorp Equipment Fin	-	0.00%	2,554,259	4.65%
Countryside Cancer Center	-	0.00%	1,550,350	2.82%
H I P Paving, LLC	-	0.00%	1,202,190	2.19%
Center Capital Corporation	-	0.00%	1,058,170	1.93%
	<u>\$ 27,554,906</u>	<u>65.31%</u>	<u>\$ 29,885,424</u>	<u>54.40%</u>
Total Taxable Assessed Value	<u>\$ 42,188,026</u>		<u>\$ 54,935,224</u>	

Source: Pinellas County Property Appraiser

Note: The current year amounts are based on the Final/Post-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 ^a		Delinquent Tax Collections ^b	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2016	\$ 4,467,829	\$ 4,138,275	92.62%	\$ 13,386	\$ 4,151,661	92.92%
2016	2015	4,323,266	4,012,278	92.81%	8,072	4,020,350	92.99%
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%

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

^a 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.

^b 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 ^a
	Public Improvement Revenue Bonds	Capital Improvement Revenue Bonds	Capital Leases	Water and Wastewater Refunding Bond	Capital Improvement Revenue Bond	Capital Leases		
2017	\$ 1,495,000	\$ 1,809,650	\$ 225,000	\$ 790,000	\$ 5,739,147	\$ -	10,058,797	1.49%
2016	1,775,000	2,783,958	230,000	935,000	6,135,453	-	11,859,411	1.88%
2015	2,050,000	3,255,818	235,000	1,075,000	6,520,665	-	13,136,483	2.07%
2014	2,315,000	3,713,218	240,000	1,215,000	6,895,187	-	14,378,405	2.93%
2013	2,575,000	4,156,290	245,000	1,355,000	7,259,260	-	15,590,550	2.51%
2012	2,775,000	4,585,182 ^b	-	1,500,000 ^b	7,612,848	-	16,473,030	2.94%
2011	-	4,999,244	-	1,649,748	7,957,023	37,935	14,643,950	2.64%
2010	-	6,780,150	29,132	1,764,064	6,912,338	104,864	15,590,548	2.67%
2009	-	7,222,494	54,792	2,073,384	7,183,506	163,950	16,698,126	2.76%
2008	-	6,918,487 ^c	-	2,367,704	4,953,047	-	14,239,238	2.39%

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

^a See Schedule 16 for personal income and population data

^b Issued \$4,275,000 in Capital Improvement Refunding Revenue Bonds, Series 2012

^c Issued \$5,412,000 in Capital Improvement Revenue Bonds, Series 2008

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, 2017

Government Unit	Debt Outstanding	Applicable to City of Safety Harbor	
		Percent ^a	Amount
Bonded Debt:			
Pinellas County School Board ^b	\$ 6,748,440	1.87%	\$ 126,433
Pinellas County ^b	9,018,561	1.70%	153,526
Capital Leases:			
Pinellas County School Board ^b	6,451,652	1.87%	120,873
Pinellas County ^b	<u>438,052</u>	1.70%	<u>7,457</u>
Total Overlapping Debt	\$ 22,656,705		\$ 408,289
Total Direct Debt ^c			<u>3,529,650</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 3,937,939</u>
Total Direct and Overlapping Governmental Activities Debt Per Capita ^d			<u>\$ 225.62</u>

Source: Pinellas County, Florida

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

^b The City of Safety Harbor is not responsible for the debt of the County or the School Board.

^c The City of Safety Harbor currently does not have any general obligation bonded debt.

^d 2017 permanent Safety Harbor population is estimated at 17,606.

SCHEDULE 14

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

Governmental Activities							
Fiscal Year	Gross Revenues ^a	Operating Expenses ^b	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2017	\$ 11,378,861	\$ 7,950,654	\$ 3,428,207	\$ 1,254,309	\$ 156,332	\$ 1,410,641	2.43
2016	\$ 11,190,207	\$ 7,521,407	\$ 3,668,800	\$ 746,860	\$ 129,645	\$ 876,505	4.19
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

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

^a Gross revenues include general fund and capital project revenues, less ad valorem

^b Operating expenses include general government, law enforcement and fire protection

SCHEDULE 15

City of Safety Harbor, Florida
PLEDGED REVENUE COVERAGE - BUSINESS-TYPE ACTIVITIES
 Last Ten Fiscal Years

Fiscal Year	Business-type Activities						
	Gross Revenues ^a	Operating Expenses Less Depreciation ^b	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2017	\$ 13,503,460	\$ 10,058,446	\$ 3,445,014	\$ 541,326	\$ 194,822	\$ 736,148	4.68
2016	\$ 12,343,380	\$ 9,798,220	\$ 2,545,160	\$ 525,211	\$ 209,229	\$ 734,440	3.47
2015	\$ 11,750,361	\$ 9,205,579	\$ 2,544,782	\$ 514,522	\$ 223,980	\$ 738,502	3.45
2014	\$ 12,453,598	\$ 9,127,514	\$ 3,326,084	\$ 504,072	\$ 237,716	\$ 741,788	4.48
2013	\$ 12,621,783	\$ 9,373,205	\$ 3,248,578	\$ 495,588	\$ 251,525	\$ 747,113	4.35
2012	\$ 12,108,369	\$ 8,971,037	\$ 3,137,332	\$ 454,175	\$ 299,044	\$ 753,219	4.17
2011	\$ 12,452,950	\$ 9,172,140	\$ 3,280,810	\$ 439,578	\$ 321,884	\$ 761,462	4.31
2010 ^c	\$ 12,331,500	\$ 9,266,213	\$ 3,065,287	\$ 596,702	\$ 303,880	\$ 900,582	3.40
2009 ^c	\$ 11,214,173	\$ 10,033,366	\$ 1,180,807	\$ 285,000	\$ 241,160	\$ 526,160	2.24
2008 ^c	\$ 10,311,716	\$ 10,195,059	\$ 116,657	\$ 276,000	\$ 123,659	\$ 399,659	0.29

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

^a Gross revenues include charges for services, interest income and other revenue

^b Operating expenses include personnel services, material and supplies and other operating expenses

^c FY 2008 - FY 2010 restated to reflect Stormwater as Enterprise fund.

SCHEDULE 16

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

<u>Fiscal Year</u>	<u>Population ^a</u>	<u>Estimated Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Median Age ^c</u>	<u>Public School Enrollment ^d</u>	<u>Unemployment Rate ^e</u>
2017	17,606	\$ 674,521,072	\$ 38,312	51.4	2,073	3.4%
2016	17,454	\$ 632,498,052	\$ 36,238	50.8	2,073	4.7%
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%

Sources:

^a Office of Economic and Demographic Research (edr.state.fl.us) (2008-2009, 2011); 2010 U.S. Census (2010); U.S. Census Bureau (2012-2017)

^b Estimated personal income is calculated by multiplying population by per capita personal income

^c Claritas (Nielsen) Profile Reports provided by Pinellas County Economic Development Department (2008-2011; 2012-2013); U.S. Census Bureau (2014-2017)

^d 2000 U.S. Census (2008-2010); Pinellas County Schools (www.pcsb.org) (2011); Public Schools K12 (2012-2017)

^e U.S. Census Bureau (2012-2014); Bureau of Labor Statistics (www.bls.gov) Local Area Unemployment Statistics (2008-2011, 2015-2017). 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 ^a

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Mease Countryside Hospital	1,000	11.43%
Angelica Corporation	273	3.12%
Safety Harbor Resort and Spa	218	2.49%
Safety Harbor Middle School	143	1.63%
Consulate Health Care	131	1.50%
Boat Steering Rebuilders LLC	129	1.47%
Master Cut Tool Corp	110	1.26%
Safety Harbor Elementary School	94	1.07%
Citrus County Investments Inc.	82	0.94%
Espiritu Santo Catholic School	74	0.85%
Total Employed Population	8,749	

Source: A-Z Databases

^a Current year only, 2017.

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
City Manager	1.30	1.30	1.30	1.30	3.18	1.95	1.95	1.95	2.20	2.20
City Clerk	1.35	1.35	1.35	1.35	1.38	1.30	2.00	2.00	2.00	2.00
Human Resources	2.00	2.00	2.00	1.88	2.00	3.50	3.50	3.50	3.50	3.50
Finance	3.00	3.00	3.00	3.00	3.50	3.50	4.00	5.50	5.50	5.50
Water & Wastewater Finance	9.00	9.00	10.00	9.70	9.20	9.35	9.85	8.25	8.25	8.25
Economic Dev. Director	-	-	-	-	-	-	-	-	-	-
Planning	3.30	3.30	3.70	3.45	3.30	3.15	3.65	3.40	4.00	4.00
Fleet Maintenance	3.10	3.10	3.05	3.15	3.15	3.15	4.05	4.05	4.05	4.05
Building Maintenance	6.45	5.95	5.70	5.70	5.80	5.80	5.80	5.80	5.55	5.55
CRA	0.30	0.30	0.30	0.30	0.30	0.60	0.60	0.60	1.00	1.00
Total General Government	29.80	29.30	30.40	29.83	31.81	32.30	35.40	35.05	36.05	36.05
Public Safety										
Building Department	5.50	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fire Control and EMS	30.00	30.00	29.00	32.00	32.00	29.50	31.20	32.00	34.50	34.50
Total Public Safety	35.50	35.00	34.00	36.00	36.00	33.50	35.20	36.00	38.50	38.50
Physical Environment										
Engineering	4.50	4.50	4.30	4.30	4.30	4.30	5.80	6.55	6.50	6.50
Information Systems	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50	4.50	4.00
Water	6.40	7.40	7.20	7.60	7.60	8.60	8.20	8.20	8.20	8.20
Stormwater	5.40	5.40	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20
Wastewater	8.40	8.40	8.20	8.60	8.60	8.60	8.20	8.20	10.20	10.20
Sanitation	19.25	19.30	19.15	18.15	19.35	19.35	19.15	19.15	20.15	20.15
Total Physical Environment	47.95	49.00	48.05	47.85	49.05	50.05	50.05	50.80	54.75	54.25
Transportation										
Streets	10.40	10.40	10.20	10.30	10.30	10.30	12.20	13.20	13.20	13.20
Culture and Recreation										
Library	17.12	18.09	17.66	17.44	17.45	17.90	17.40	16.70	16.70	16.45
Parks	13.90	13.90	13.93	13.93	10.55	10.55	10.55	8.30	8.30	8.30
Recreation	26.04	24.91	22.07	21.63	19.93	18.75	19.05	16.00	17.00	17.00
Total Culture and Recreation	57.06	56.90	53.66	53.00	47.93	47.20	47.00	41.00	42.00	41.75
Total City	180.71	180.60	176.31	176.98	175.09	173.35	179.85	176.05	184.50	183.75

Source: City of Safety Harbor Annual Budget, Fiscal Years 2008 -2017

SCHEDULE 19

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety										
Fire Control and EMS										
Inspections	715	715	715	715	715	715	715	715	715	715
Investigations	22	22	20	20	12	10	10	10	10	10
Fire responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EMS responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Building Department										
Building permits issued	3,000	1,903	1,924	1,935	1,700	1,823	1,658	1,508	1,304	1,627
Occupational licenses issued	1,175	1,296	1,246	1,110	1,267	1,375	1,325	1,225	1,155	1,106
Stormwater										
Storm drain/pipe cleaned (miles)	0.38	0.34	0.36	0.39	0.15	1.14	1.07	0.06	0.30	5.50
Ditches/creeks cleaned (miles)	16.00	13.00	13.81	18.03	13.88	25.76	25.76	25.76	38.64	38.64
Water										
Customer accounts	7,702	7,560	7,477	7,456	7,586	7,506	7,488	7,493	7,470	7,447
Average daily water consumption in millions of gallons	1.55	1.39	1.38	1.43	1.40	1.37	1.70	1.37	1.57	1.80
Wastewater										
Customer accounts	8,942	8,943	8,918	8,903	8,946	8,871	8,856	8,897	8,745	8,796
Average daily sewage flow in millions of gallons	1.61	1.53	1.52	1.11	1.40	1.44	1.20	1.49	1.51	1.55
Sanitation (solid waste)										
Refuse collected (tons)	10,887	12,544	11,309	10,923	12,016	12,618	12,604	13,000	13,769	15,501
Recyclables collected (tons)	3,503	3,484	3,396	3,299	2,600	2,141	1,741	2,266	1,955	1,801
Streets										
Streets swept (curb miles)	920	920	918	918	918	938	938	918	918	918
Curb/gutter/sidewalks replaced (cubic yds)	175	163	270	260	320	325	350	318	300	275
Pothole repairs (asphalt tons)	35	1299*	32	23	16	32	25	18	36	25
Culture and Recreation										
Recreation - Persons listed in programs										
Trips	2,400	2,324	2,400	2,666	2,355	2,445	1,588	1,965	1,079	516
Classes	31,880	30,362	34,100	29,680	33,630	26,377	21,254	22,474	14,197	11,702
Camps/After-school	27,400	25,989	27,397	28,452	35,257	19,617	20,503	16,092	25,436	19,641
Special events	3,361	3,201	3,558	6,252	3,761	843	786	723	373	1,089
Parks - Acres maintained	123.89	123.89	123.89	103.89	93.99	88.99	73.88	72.47	72.47	72.04
Library circulation	250,000	248,686	273,568	262,455	287,052	296,348	272,761	287,003	206,030	224,808
Library registered borrowers	14,500	14,140	14,844	10,082	10,043	10,056	9,700	9,641	14,303	15,650

* 1,285 tons of asphalt was used to repair Streets Department roadways resulting from damage caused by Hurricane Hermine

Source: City of Safety Harbor Annual Budget, Fiscal Years 2008-2017

N/A - Information not available

SCHEDULE 20

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	18	18	17	17	17	17	13	12	12	11
Public Safety										
Fire stations	2	2	2	2	2	2	2	2	2	2
Vehicles	12	12	11	11	11	11	13	12	12	11
Physical Environment										
Vehicles	35	35	35	35	35	36	51	49	50	46
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	76.5	76.5	76.3	76.3	76.0	75.8	75.7	75.7	75.7
Fire hydrants maintained	554	554	554	552	552	548	542	540	540	539
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	66.3
Sanitation (solid waste)										
Collection vehicles	21	21	21	19	21	20	14	14	13	13
Streets										
Curb miles of street	100	100	100	100	100	100	100	100	153	153
Vehicles	17	17	17	17	17	16	17	16	15	12
Culture and Recreation										
Parks	17	16	16	12	12	11	11	11	11	11
Dog park	2	2	2	1	1	1	1	1	1	0
Skate park	1	1	1	1	1	1	1	1	1	1
Playgrounds	8	7	7	6	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	12	12	10	10	10	10	9
Baseball fields	3	4	4	4	4	4	4	4	4	4
Softball fields	2	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	16	16	14	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	17	17	14	12	12	13	12	12	9	9
Museum/Cultural Center	1	1	1	1	1	-	-	-	-	-

Sources: City of Safety Harbor Annual Budget, Fiscal Years 2007-2017; 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 (City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 2, 2018.

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 first 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Tampa, Florida
May 2, 2018

MANAGEMENT LETTER

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, 2017, and have issued our report thereon dated May 2, 2018.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 2, 2018, 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 financial audit report. There were no findings and recommendations made in the preceding financial audit report.

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 and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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.

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. See Appendix A.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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.

Additional Matters

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

Purpose of this letter

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



CliftonLarsonAllen LLP

Tampa, Florida
May 2, 2018

Appendix A – Current Year Findings and Recommendations

2017-001 – Timing of Bank Reconciliations

Criteria:

Bank reconciliations must be adequately prepared, reviewed, and approved soon after the end of each month.

Condition:

During our internal control walkthrough procedures, we noted that the completion of the monthly bank reconciliation process did not occur timely during the fiscal year.

Cause:

There were resource constraints within the Finance Department during fiscal year 2017 as a result of certain special projects that required significant time and attention from Finance.

Effect:

Delays in completing monthly bank reconciliation procedures can cause inefficiency due to potential additional time needed to research and resolve differences and correctly identify valid reconciling items.

Recommendation:

Management should ensure bank reconciliations are performed in a timely manner each month, to be completed no later than the end of the following month.

Management Response:

Management concurs. Staff is being cross-trained in bank reconciliations and will perform bank reconciliations no later than end of the following month.

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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 (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

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



CliftonLarsonAllen LLP

Tampa, Florida
May 2, 2018



TRAIL

