



*Comprehensive Annual  
Financial Report  
FYE September 30, 2018*

*City of Safety Harbor, Florida*



**CITY OF SAFETY HARBOR, FLORIDA**  
**BASIC FINANCIAL STATEMENTS AND**  
**REGULATORY REPORTS**  
**SEPTEMBER 30, 2018**



**City of Safety Harbor, Florida**

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2018



Prepared by:  
Finance Department

June Solanes  
Finance Director

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**CITY OF SAFETY HARBOR, FLORIDA**

**September 30, 2018**

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**CITY COMMISSION**

**2018**

Joe Ayoub, Mayor  
Carlos Diaz, Vice Mayor  
Nancy Besore  
Andy Zodrow  
Cliff Merz

**CITY ADMINISTRATION**

**2018**

City Manager  
Matthew Spoor

City Clerk  
Karen Sammons

City Attorney  
Nikki Day

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CITY OF SAFETY HARBOR, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2018

**TABLE OF CONTENTS**

	Page
Table of Contents	i – iv
<b><u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal	v - viii
Certificate of Achievement	ix
Principal City Officials	x
Organizational Chart	xi
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	1–3
Management's Discussion and Analysis	4–17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19–20
Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27–28
Statement of Fiduciary Net Position	29
Statement of Changes in Fiduciary Net Position	30
Notes to the Basic Financial Statements	31-77

CITY OF SAFETY HARBOR, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 SEPTEMBER 30, 2018

Page

**Required Supplementary Information**

Budgetary Comparison Schedules -	
Major Governmental Funds -	
General Fund	78–79
Community Redevelopment Agency Fund	80
Schedule of the City’s Proportionate Share of the Net Pension Liability – Florida	
Retirement System Pension Plan	81
Schedule of the City’s Contributions – Florida Retirement System Pension Plan	82
Schedule of the City’s Proportionate Share of the Net Pension Liability – Health Insurance	
Subsidy Pension Plan	83
Schedule of City Contributions – Health Insurance Subsidy Pension Plan	84
Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters’ Retirement	
Fund	85
Schedule of Contributions – Firefighters’ Retirement Fund	86
Schedule of Investment Returns – Firefighters’ Retirement Fund	87
Notes to the Required Supplementary Information	88

**Combining and Individual Fund Statements and Schedules**

Combining Balance Sheet – Nonmajor Governmental Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Nonmajor Governmental Funds	90
Budgetary Comparison Schedules -	
Nonmajor Governmental Funds -	
Public Safety	91
Street Improvement	92
Street Assessment	93
Marina Boat Basin	94
City Tree Bank	95
Multimodal Impact Fee	96
Transportation Impact Fee	97
Library Impact Fee Fund	98
Street Light Assessment Fund	99
Parkland Fund	100
Debt Service	101
Major Governmental Fund -	
Capital Projects Fund	102

CITY OF SAFETY HARBOR, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 SEPTEMBER 30, 2018

Page

**Other Supplemental Schedules**

Schedule of Revenues and Expenditures – Actual and Budget – Fire District and Emergency Medical Services Sub-Funds	104
Schedule of Revenues and Expenditures – Actual and Budget – Library Sub-Funds	105
Schedule of Operations – Actual and Budget – Water and Sewer Fund	106
Schedule of Operations – Actual and Budget – Solid Waste Fund	107
Schedule of Operations – Actual and Budget – Stormwater Fund	108
Reconciliation of Total Fund Balance for the Governmental Funds to Total Net Position for Governmental Activities	109
Reconciliation of Net Change in Fund Balances for the Governmental Funds to Changes in Net Position for Governmental Activities	110

**STATISTICAL SECTION (UNAUDITED)**

Introduction to the Statistical Section	111-112
Schedule 1      Net Position by Component	113
Schedule 2      Changes in Net Position	114-115
Schedule 3      Program Revenues by Function/Program	116
Schedule 4      Fund Balances of Governmental Funds	117
Schedule 5      Changes in Fund Balances of Governmental Funds	118
Schedule 6      Assessed Value and Estimated Value of Taxable Property	119
Schedule 7      Direct and Overlapping Property Tax Rates	120
Schedule 8      Principal Taxpayers – Real Property	121
Schedule 9      Principal Taxpayers – Personal Property	122
Schedule 10     Property Tax Levies and Collections	123
Schedule 11     Ratios of Outstanding Debt by Type	124
Schedule 12     Legal Debt Margin Information	125
Schedule 13     Direct and Overlapping Governmental Activities Debt	126
Schedule 14     Pledged Revenue Coverage – Governmental Activities	127
Schedule 15     Pledged Revenue Coverage – Business-Type Activities	128
Schedule 16     Demographics and Economic Statistics	129
Schedule 17     Principal Employers	130
Schedule 18     Full-time Equivalent City Government Employees by Function	131
Schedule 19     Operating Indicators by Function	132
Schedule 20     Capital Asset Statistics by Function	133

CITY OF SAFETY HARBOR, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2018

Page

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**REGULATORY REPORTS**

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	134-135
Management Letter	136-139
Independent Accountants' Report	140

## **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 17, 2019

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, 2018, 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, 2018. 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 17,844. 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 6.9 percent increase in the City's property tax base and an unemployment rate for the local metropolitan area of 3.2 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 decline or are 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 and/or a dedicated funding source.

Relative to operations and economic conditions, in Fiscal Year 2018/2019, the City budgeted for a 7.2 percent increase in property taxable value and maintained the millage rate at 3.95 adding \$175,240 to General Fund reserves. Citywide revenues excluding transfers and debt proceeds were assumed to increase by \$1,884,420 or 5.7 percent over the prior years adopted budget with budgeted appropriations excluding transfers increasing by \$1,232,796 or 2.9 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 2018/2019 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 2018/19 to FY 2022/23 is \$41.3 million, of which \$13.3 million is appropriated in FY 2018/2019. Proprietary fund infrastructure projects make up 71.0 percent of the \$41.3 million 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 streets.

In fiscal 2019, 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; capital improvement projects and funding to include opportunities to purchase properties and budget development to include the third year of rate increases for long-term sustainability of the City's proprietary funds, which includes an 11.5 percent increase in water and wastewater rates and a 3.00 percent increase in the stormwater rate.

### ***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, 2017. 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.

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,



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Matthew Spoor  
City Manager



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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, 2017**

*Christopher P. Morill*

Executive Director/CEO

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CITY OF SAFETY HARBOR



**LIST OF PRINCIPAL OFFICIALS**

September 30, 2018

**CITY COMMISSION**

Joe Ayoub, Mayor  
Carlos Diaz, Vice Mayor  
Nancy Besore  
Andy Zodrow  
Cliff Merz

**City Manager**  
Matthew Spoor

**City Clerk**  
Karen Sammons

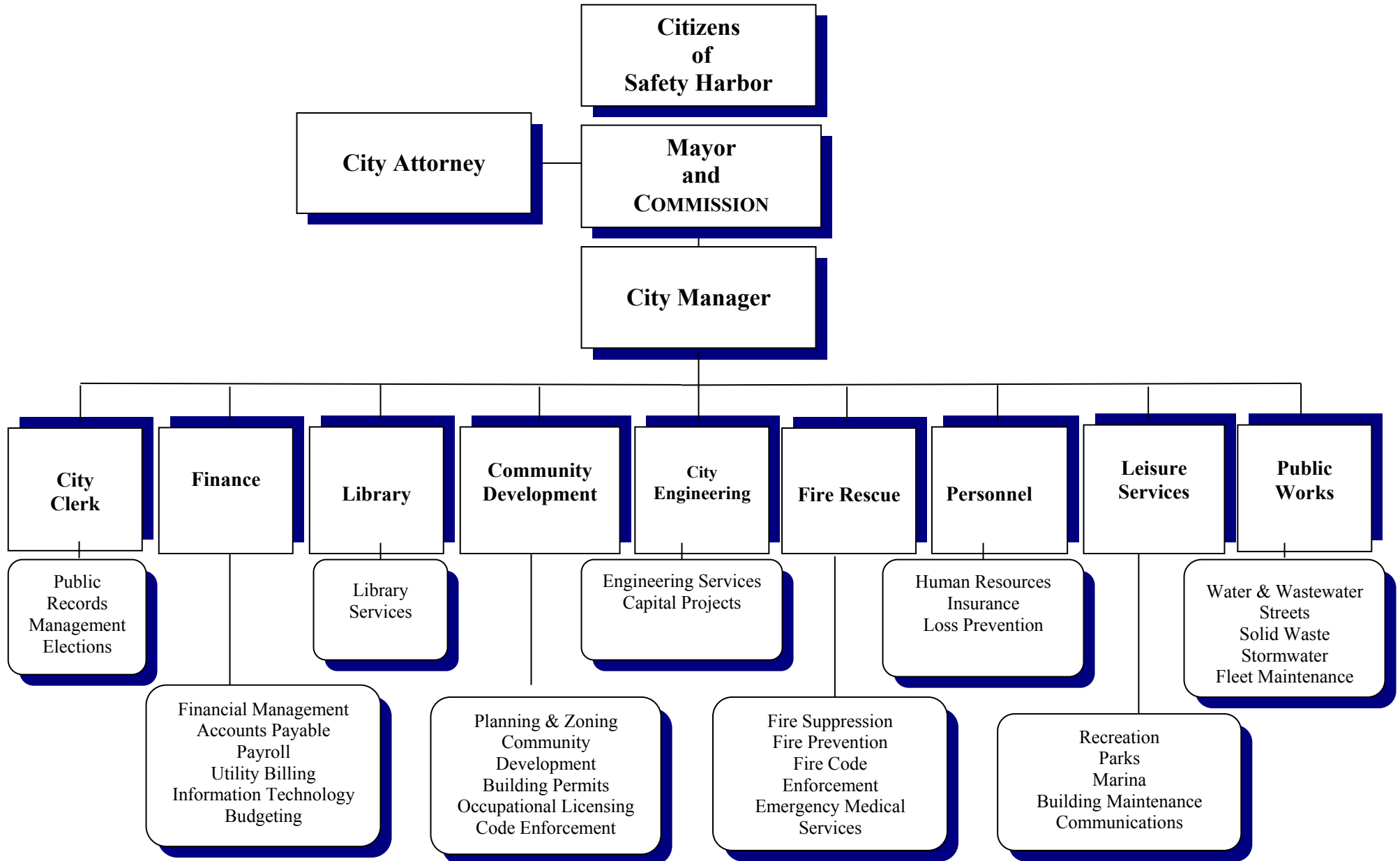
**City Attorney**  
Nikki Day

**EXECUTIVE MANAGEMENT STAFF**

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

John Powell  
Marcie Stenmark  
June Solanes  
Josh Stefancic  
Kim Nicholls  
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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***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, 2018, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

As described in Note 13, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Plans Other Than Pensions*. As a result of the implementation of GASBS No. 75, the City reported a restatement for the change in accounting principle. The auditors' opinion was not modified with respect to the restatement.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and budget and actual schedules and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial 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.

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

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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019, 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 17, 2019

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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, 2018. 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, 2018 by \$71,522,419 (net position). Of this amount, \$13,238,035 (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 \$2,564,692 or 3.7 percent. Governmental net position increased by \$836,590 or 2.5 percent while business type net position increased by \$1,728,102 or 4.8 percent as of September 30, 2018.
- As of September 30, 2018, the City of Safety Harbor's governmental funds reported combined ending fund balances of \$12,222,091, an increase of \$937,909 in comparison with the prior year. Of this total amount, committed, assigned and unassigned fund balances of \$9,625,399 or 78.8 percent are available for spending.
- The City's total debt for revenue bonds and notes decreased by \$868,023 or 8.8 percent during the fiscal year. This decrease is due to the repayment of principal on outstanding revenue notes and bonds. The City entered into a fifty-year lease agreement with the School Board of Pinellas County for the lease of property on Elm Street for creation of a neighborhood park. The lease of \$250,000 with annual principal payments of \$5,000 has a balance of \$220,000 at September 30<sup>th</sup>.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business. The government-wide financial statements are located on pages 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 89 and 90.



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 78 through 80 and 91 through 102, 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 77 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 78 through 88 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 \$71.5 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	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 15,987,397	\$ 14,500,893	\$ 17,781,406	\$ 18,687,737	\$ 33,768,803	\$ 33,188,630
Capital assets	25,780,914	26,033,038	29,086,354	26,813,468	54,867,268	52,846,506
Total assets	41,768,311	40,533,931	46,867,760	45,501,205	88,636,071	86,035,136
Deferred Outflows	1,782,519	2,107,514	372,879	414,135	2,155,398	2,521,649
<b>Liabilities</b>						
Current and other liabilities	2,715,024	1,839,827	2,032,085	2,163,372	4,747,109	4,003,199
Long-term liabilities	5,095,034	5,861,863	7,035,596	7,447,099	12,130,630	13,308,962
Total liabilities	7,810,058	7,701,690	9,067,681	9,610,471	16,877,739	17,312,161
Deferred Inflows	1,724,639	1,760,212	666,672	526,685	2,391,311	2,286,897
<b>Net Position</b>						
Invested in capital assets, net of related debt	22,559,405	22,503,388	22,904,068	19,839,464	45,463,473	42,342,852
Restricted	2,499,538	2,113,838	10,321,373	10,568,422	12,820,911	12,682,260
Unrestricted	8,957,190	8,562,317	4,280,845	5,370,298	13,238,035	13,932,615
<b>Total Net Position</b>	<b>\$ 34,016,133</b>	<b>\$ 33,179,543</b>	<b>\$ 37,506,286</b>	<b>\$ 35,778,184</b>	<b>\$ 71,522,419</b>	<b>\$ 68,957,727</b>

The largest portion of the City's net position, 63.6 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 \$12.8 million (17.9 percent) of net position. The remaining balance of unrestricted net position or \$13.2 million (18.5 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2018, 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.

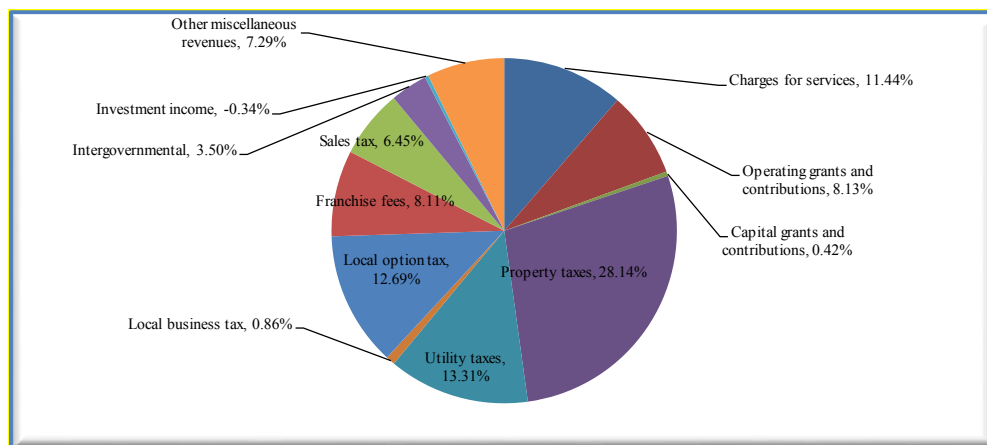
	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,998,503	\$ 1,928,904	\$ 13,686,232	\$ 12,689,858	\$ 15,684,735	\$ 14,618,762
Operating grants and contributions	1,419,324	1,296,499	5,884	-	1,425,208	1,296,499
Capital grants and contributions	73,297	335,104	56,908	-	130,205	335,104
General revenues:						
Property taxes	4,913,710	4,571,161	-	-	4,913,710	4,571,161
Utility taxes	2,324,144	2,288,535	-	-	2,324,144	2,288,535
Local business tax	149,597	140,393	-	-	149,597	140,393
Local option tax	2,215,907	2,113,583	-	-	2,215,907	2,113,583
Franchise fees	1,416,403	1,315,493	-	-	1,416,403	1,315,493
Sales tax	1,125,671	1,078,525	-	-	1,125,671	1,078,525
Intergovernmental	611,561	593,293	-	55,231	611,561	648,524
Investment income and net depreciation in fair value of investments	(58,532)	42,800	(107,028)	62,990	(165,560)	105,790
Other miscellaneous revenues	1,273,426	1,261,376	656,820	750,612	1,930,246	2,011,988
Gain on sale of capital assets	-	-	35,888	67,405	35,888	67,405
<b>Total Revenues</b>	<b>17,463,011</b>	<b>16,965,666</b>	<b>14,334,704</b>	<b>13,626,096</b>	<b>31,797,715</b>	<b>30,591,762</b>
<b>EXPENSES</b>						
Function/program activities						
Primary government:						
Governmental activities:						
General government	3,180,590	3,257,408	-	-	3,180,590	3,257,408
Law enforcement	1,313,651	1,277,859	-	-	1,313,651	1,277,859
Fire protection	3,881,364	4,000,144	-	-	3,881,364	4,000,144
Building department	542,380	484,448	-	-	542,380	484,448
Physical environment	500,711	491,636	-	-	500,711	491,636
Transportation	1,318,998	1,594,249	-	-	1,318,998	1,594,249
Library	1,577,190	1,542,784	-	-	1,577,190	1,542,784
Parks and recreation	3,740,028	3,545,138	-	-	3,740,028	3,545,138
Interest on long-term debt	54,488	146,190	-	-	54,488	146,190
Business-type activities:						
Water and sewer	-	-	8,423,410	8,287,692	8,423,410	8,287,692
Solid waste	-	-	2,807,743	2,861,263	2,807,743	2,861,263
Stormwater	-	-	1,166,631	1,043,174	1,166,631	1,043,174
<b>Total Expenses</b>	<b>16,109,400</b>	<b>16,339,856</b>	<b>12,397,784</b>	<b>12,192,129</b>	<b>28,507,184</b>	<b>28,531,985</b>
Excess before contributions	\$ 1,353,611	\$ 625,810	\$ 1,936,920	\$ 1,433,967	\$ 3,290,531	\$ 2,059,777
Change in net position	1,353,611	625,810	1,936,920	1,433,967	3,290,531	2,059,777
Net position, beginning of year	33,179,543	32,553,733	35,778,184	34,344,217	68,957,727	66,897,950
Restatement of beginning net position	(517,021)	-	(208,818)	-	(725,839)	-
Net position, beginning of year as restated	32,662,522	32,553,733	35,569,366	34,344,217	68,231,888	66,897,950
<b>Net position, end of year</b>	<b>\$ 34,016,133</b>	<b>\$ 33,179,543</b>	<b>\$ 37,506,286</b>	<b>\$ 35,778,184</b>	<b>\$ 71,522,419</b>	<b>\$ 68,957,727</b>

**Governmental activities.** The net position for the City’s governmental activities increased by \$1,353,611.

Total revenues for the City’s governmental activities increased by \$497,345 (2.9 percent) over prior year. Key elements are as follows:

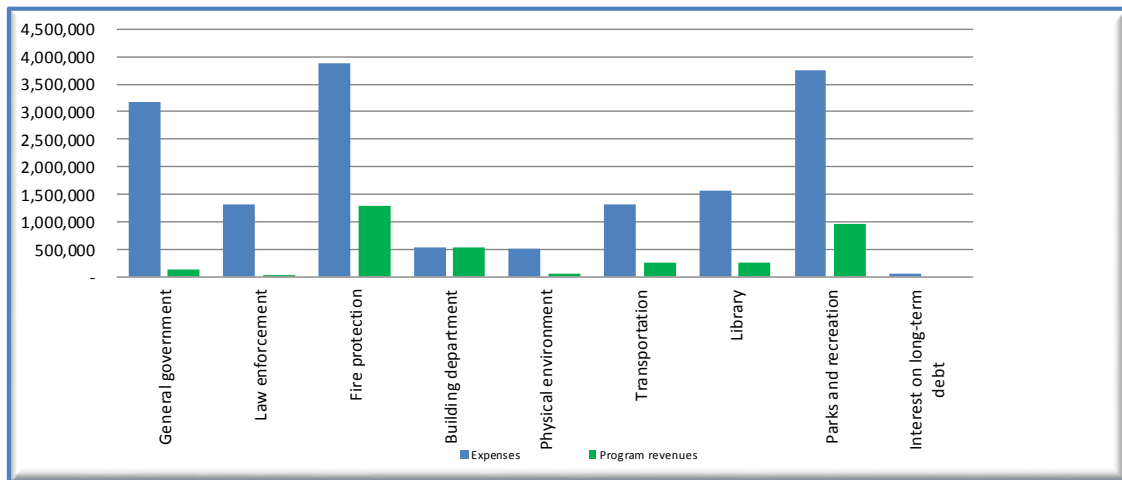
- Program revenues decreased by 1.95 percent or \$69,383.
  - Charges for services increased by \$69,599, which reflects a \$264,317 (74.6 percent) increase in the Building Department to include building permits, inspection fees plan checks, fire protection fees, and tree permits with an offset of a decrease in parkland impact fees of \$186,893 under the prior year.

- Operating grants and contributions increased by a net amount of \$122,825. Of this increase, public safety revenue for fire and EMS increased by 6.3 percent. Library revenue from the Pinellas Public Library Cooperative and other contributions increased by 31.2 percent.
- Capital grants and contributions decreased by \$261,807. Current year revenue of \$73,297 is funding Folly Farms, the Mease Area Park Playground and a citizen driven GoFundMe account for the Baranoff Oak contribution to the city in the amount of \$3,054.
- General revenues increased by 4.2 percent or \$566,728.
  - Property tax revenue increased by \$342,549 (7.5 percent). Gross taxable values in the City increased by 6.9 percent over prior year. City taxable values in the Community Redevelopment District increased by 8.38 percent over prior year. The millage rate remained at 3.95 consistent with prior year.
  - Investment income and market value decreased by \$101,332 under prior year, with interest earnings of \$265,950 and a market value decrease of \$324,471. The annual average yield on the city's agency and mortgage obligations increased to 2.64 percent from prior year 2.34 percent.
  - The local option tax increased by \$102,324 (4.8 percent) over prior year. The Penny tax for local government infrastructure improvements throughout the city reflected the largest increase with 6.0 percent over prior year.
  - Franchise fees increased by \$100,910 (7.7 percent) over prior year. The city collects franchise fees of 6.0 percent of gross receipts levied on businesses in exchange for the purpose of operating a franchise for an electric power plant (Duke Energy) or a gas system (Clearwater Gas).



Expenses for the City’s governmental activities decreased by \$230,456 or 1.4 percent. Key elements of the net decrease are as follows:

- General government expenses decreased by 2.4. The largest decreases for general government functions were reported in Planning (8.4 percent) due to turnover in the department and Building Maintenance (9.4 percent) due to a reorganization.
- Fire department expenses decreased overall by 3.0 percent. Expenses not requiring the use of current financial resources including pension, depreciation, compensated absences and other post-employment benefits, remained flat in the current year. Further, capital outlay, contracted and other services and expenses as well as materials and supplies all decreased current year. Salaries and fringes increased by 1.6 percent.
- Transportation expenses decreased by 17.3 percent due to staff vacancies and a realignment of staff resources resulting in a corresponding decrease in compensated absences, a decrease in street resurfacing maintenance and other contractual services.



**Business-type activities.** Business-type activities resulted in an increase in the City’s net position by \$1,936,920.

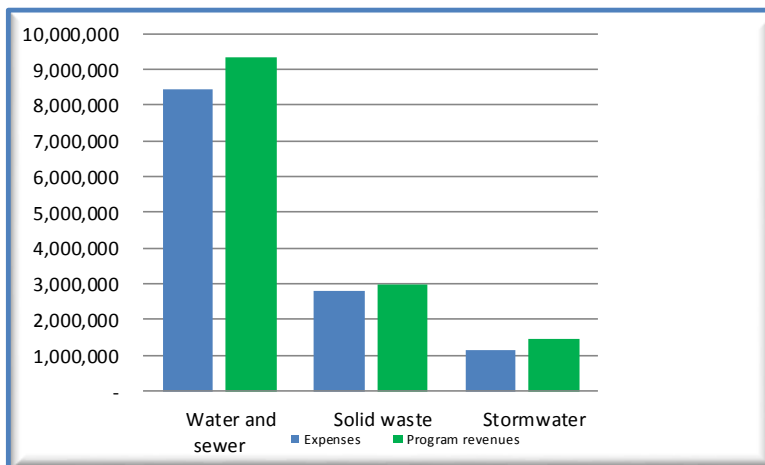
Total revenues for the City’s business-type activities increased by \$708,608 (5.2 percent) over prior year. Key elements are as follows:

- Program revenues increased by \$1,059,166 .

- Charges for services includes revenue for water, sewer, and stormwater.
  - The city implemented the first year of a five-year rate change on January 1<sup>st</sup> of 2017. The current year reflects the second year of the rate increase for water and sewer. Both water and sewer rate changes are an annual 11.5 percent rate increase. Water and sewer revenue increased by \$746,057 a combined increase of 8.7 percent over prior year. The current fiscal year saw a 9.8 percent drop in consumption under prior year, an increase in rainfall of 29.5 percent and no declaration of drought conditions such as occurred in the prior year with lower rainfall.
  - The city implemented the first year of a five-year rate change on January 1<sup>st</sup> of 2017. The increase in stormwater rates effective October 1<sup>st</sup> of the current fiscal year was 17.65 percent. Stormwater revenue in the second year of the rate change increased by \$249,183, which is a 21.7 percent increase.
  - Even though evaluated, no rate changes were implemented in solid waste. Solid waste realized a minimal increase of \$1,134 or 0.04 percent.
- General revenues decreased by \$350,558.
  - Investment income decreased by a net amount of \$170,018. Interest earnings increased by \$48,818 to \$355,707 with a decrease in market value of \$218,836 to \$462,735,
  - Other miscellaneous revenues decreased by \$93,792 (12.5 percent). Revenues decreased by 53.33 percent as a result of no current year claims for damages and minor decrease in scrap sales. Indirect allocation of engineering services for water and sewer infrastructure projects decreased by 5.2 percent due to programmed infrastructure projects.
  - The gain on sale of equipment of \$35,888 from the Enterprise funds decreased by \$31,517 for assets in the water, sewer, and stormwater funds.

Expenses for the City’s business-type activities increased by \$205,655. Key elements of the increase are as follows:

- Water and sewer expenses increased by \$135,718, which is 1.6 percent over prior year. Of the total, the largest increase is in the purchase of sewer for the city’s portion of the Northeast Treatment Plant at \$296,803 or 21.7 percent for a total of \$1,667,750. Purchases of water from Pinellas County decreased under prior year in the amount of \$86,195 or 3.8 percent for a total of \$2,159,978.
- Solid waste expenses decreased by \$53,520 or 1.9 percent under prior year. Of the net decrease, personal services decreased by \$64,746 due to a decrease in the FRS pension valuation and sick and vacation accruals for sanitation employees.
- Stormwater expenses increased by \$123,457 or 11.8 percent to \$1,166,631. Materials and supplies increased by just over \$66,000 for stormwater drainage maintenance activities. Contracted services increased by \$5,343 and \$12,879 for landfill fees and street sweeping services, respectively. Increases are also reflected in depreciation expense and compensated absences for employees of the division.



## 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, 2018, the City's governmental funds reported combined ending fund balances of \$12,222,091, an increase of \$937,909 in comparison with the prior year. Of this total amount, \$4,121,377 or 33.7 percent is unassigned and available for spending at the City's discretion. The remainder of fund balance, \$8,100,714 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, 2018, committed (emergency/stabilization) and unassigned fund balance was \$7,227,003. 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 0.4 percent of total general fund expenditures, while committed and unassigned fund balance is 48.3 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 (\$2,465,763). As of September 30, 2018, the City's unassigned fund balance meets this goal at 28.4 percent of prior year's operating expenditures.

General Fund balance decreased by \$411,492 in the current fiscal year. Key elements of the decrease are as follows:

- Revenues, including transfers in, total \$14,539,273, which is a net increase of \$715,094 over prior year.
  - Ad valorem revenue increased by \$281,405 with a millage rate of 3.95 consistent with prior year and an increase in property values of 7.23 percent.
  - Utility taxes are increased over prior year by a net amount of \$35,609 or 1.6 percent. The communications service tax decreased by 3.6 percent.
  - Franchise fees increased by \$100,910 (7.7 percent for electric and gas). Fees for electric are based on gross receipts for all retail electrical sales less governmental services not subject to franchise fees, the increase in electric is a result of a increase in gross retail sales for the City's local energy provider Duke Energy.
  - Sales tax increased by \$47,146 or 4.4 percent over prior year. This is based on economic conditions in the current fiscal year.
  - Charges for services increased by \$179,205 (16.8 percent). Building permit and inspections revenues increased overall by \$111,615 (35.6 percent) over prior year. Recreation programs revenue increased by \$71,853 (8.8 percent) over prior year.
  - Interest income and net depreciation in the fair value of investments decreased by \$77,535 due to decrease in market value at September 30, 2018.
  - Intergovernmental revenues from the Pinellas Public Library Consortium increased by 40.9 percent over prior year while revenues from Pinellas County EMS increased by \$72,897. Of note, EMS was overfunded in the current fiscal year and \$60,121 will be repaid to Pinellas County EMS in FY 2019.

- Expenditures of \$14,950,765, including transfers out of \$583,333, reflect a net increase of \$446,277 or 3.0 percent over prior year.
  - Personnel services of \$9,355,522 are increased over prior year by \$84,256 or 0.9 percent. Several factors impacting the current year increase includes:
    - 3 percent merit increases;
    - turnover and staff vacancies;
    - nominal increase of 4.67 percent in health insurance due to turnover and vacancies; and,
    - a decrease of one full-time position in the library and increases in on-call and seasonal positions of 5.21 full-time equivalents in recreation, library and building maintenance.
  - Materials and supplies of \$468,309 decreased by \$3,011 under prior year.
  - Contracted/other operating expenses, including interfund allocations and grants to non-profits, of \$4,432,544 increased by \$227,840 or 5.4 percent. The net increase includes disaster expenses for Hurricane Irma (\$49,517), law enforcement, damages at fire station 52, velocity pumper repairs, and building inspection services.
  - Capital outlay of \$111,057 increased by \$3,733 over prior year. The purchase of library books remains relatively consistent with a nominal drop of 5.7 percent in expenditures under prior year. The library installed new carpeting and new audio-visual equipment was installed at the Museum.
  - Transfers out of \$583,333 are \$133,457 higher than prior year with funds transferred from General Fund to the Street Improvement fund for street resurfacing, Capital Projects fund for deposit to escrow for land acquisitions to include the Baranoff Oak property and King property in fiscal 2019, and Parkland Fund for deposit to escrow for land acquisition in 2019 of additional property adjacent to the Folly Farms park.

The **Community Redevelopment Agency (CRA)** fund balance is \$351,975 as of September 30, 2018. Revenue of \$492,745 is \$58,201 over prior year. Municipal taxable values and County taxable values increased by 8.4 and 8.4 percent, respectively, in the tax increment financing district over prior year. With millage of 3.9500 remaining consistent with prior year, the increase in ad valorem revenue is \$61,144 over prior year. Expenditures of \$588,146, including a transfer of \$157,000 to the General Fund for Waterfront Park, are 0.5 percent lower than the prior year's expenditures. The details for all CRA activities are included in Note 10 on page 76 within this document.

The **Capital Projects** fund balance is \$2,061,773 at September 30, 2018. Revenue of \$1,882,870 from the Penny for Pinellas sales tax is \$105,894 (6.0 percent) over prior year. The "Penny" is eligible for capital infrastructure improvements as well as the servicing of debt. Revenue also includes a contribution of \$45,000 for the Mease Area Park Playground and donations of \$3,054 for the Baranoff Oak property. Current year capital improvements and acquisitions are \$406,815. The most significant capital outlay is for the Waterfront Park, tennis court light replacements at Marshall Street Park, replacement of two vehicles and one bobcat and trailer for the Parks department, improvements at Fire Station 53, the beginning of work for Community Center improvements and brick street restoration and reconstruction. 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, Sanitation and Stormwater funds at the end of the year were \$1,412,657, \$1,697,428 and \$1,170,760, respectively. Cumulatively, the unrestricted net position for the enterprise funds decreased by \$1,089,453 under prior year or by 41.7 percent and 9.1 percent in the Water/Sewer and Sanitation funds, respectively and increased by 8.3 percent in the Stormwater fund. Funds restricted for debt service increased by \$99,272 and capital projects decreased by \$346,321. The total increase in net position current year is \$1,728,102, of which investment in capital assets less related debt used to acquire the debt increased by \$3,064,604.

Total operating and non-operating revenue in the proprietary funds increased by \$708,609 with charges for services 7.9 percent or \$996,375 higher than prior year; total investment income is \$170,018 lower than prior year, of which interest income increased by \$48,818 for a total of \$355,707 and the September 30<sup>th</sup> market value adjustment prior year decreased an additional \$218,836 for a total depreciation of \$462,735; and, other revenues, including intergovernmental, and gain on the sale of capital assets, decreased by 13.5 percent or \$117,748 under prior year. Of the total increase in revenue, water and sewer increased by \$459,691, sanitation revenue decreased by \$27,993 and stormwater increased by \$276,910.

Total expenses in the City's proprietary funds increased by \$205,655 (1.7 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 \$260,341 while depreciation and amortization of assets decreased by \$59,801. The least significant increase was in salaries with an increase of \$30,335 or 0.9 percent. Materials and supplies increased by \$68,480 or 11.9 percent for citywide technology improvements that are allocated across governmental and enterprise funds. Water includes a decrease of \$86,195 (3.8 percent) for the purchase of water from Pinellas County. Wastewater includes an increase of \$296,803 (21.65 percent) for the treatment of wastewater at 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 increase between adopted and final budget was \$215,369, with a final adopted General Fund budget of \$22,752,419, including budgeted reserves. Supplemental budget amendments for budgeted revenue increased between adopted and final budget by \$79,148 with an increase to balance forward of \$136,221. The most significant differences between adopted and final budget were increases in projected revenues for building permits, proceeds from the sale of assets and insurance settlement recoveries. Supplemental budget amendments for budgeted appropriations increased between the adopted and final budget by \$482,252 with a decrease in budgeted fund reserve of \$266,883. 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 \$82,500 for inspection services provided by Pinellas County, \$40,000 for the Centennial Celebration, and a \$155,000 transfer from General fund to the Capital Project fund to meet the need of placing funds in escrow for the purchase of two properties in FY 2019.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City's investment in capital assets for governmental and business-type activities as of September 30, 2018 is \$54,867,267, net of accumulated depreciation. As reflected in the following schedule, the City's investment in capital assets increased in construction in progress and improvements other than buildings within governmental and business-type activities. The net increase in the City's investment in capital assets is \$2,020,761 over prior year.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 8,071,070	\$ 8,071,070	\$ 606,548	\$ 606,548	8,677,618	\$ 8,677,618
Construction in progress	2,931,309	2,479,871	3,755,358	1,099,917	6,686,667	3,579,788
Buildings	4,882,336	4,899,393	343,689	343,689	5,226,025	5,243,082
Improvements other than buildings	29,102,615	28,616,622	40,431,925	39,854,110	69,534,540	68,470,732
Equipment	6,904,376	7,280,520	9,211,934	8,903,663	16,116,310	16,184,183
Less:						
Accumulated Depreciation	26,110,792	25,314,438	25,263,101	23,994,459	51,373,893	49,308,897
<b>Total</b>	<b>\$ 25,780,914</b>	<b>\$ 26,033,038</b>	<b>\$ 29,086,353</b>	<b>\$ 26,813,468</b>	<b>\$ 54,867,267</b>	<b>\$ 52,846,506</b>

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

<u>Governmental Activities</u>	<u>Additions</u>	<u>Governmental Activities</u>	<u>Additions</u>
Fire Station 53/EOC Building Improvements	\$ 33,800	Parks Bobcat & Trailer	\$ 43,229
SHCP Restroom & Concession Stand Improvements	20,578	Audio/Visual Equipment - Museum	8,335
Library Youth Services Desk (Elmore & Diehl Trusts)	13,200	Library Books	63,957
Street Resurfacing Program	297,366	Library Audio	18,313
Sidewalk Repair and Replacement	25,921	<b>Business-type Activities</b>	<b>Additions</b>
Miscellaneous Street Repair	43,989	North Bayshore Water Quality and Drainage Improve.	\$ 297,883
Street Sign Improvement	8,759	Repave Public Works Complex - Allocated Stormwater	13,128
Citywide Brick Street Restoration	8,583	Zero-Turn Radius Commercial Grade Mower	10,370
Repave Public Works Complex - Allocated Streets	13,128	Replace 1991 Ford 12-yard dump truck (Vehicle #337)	132,437
Repave Public Works Complex - Allocated Fleet	7,658	Repave Public Works complex - Water	25,162
Library Partial Carpet Replacement	10,400	Repave Public Works Complex - Allocated	25,162
MSP Tennis Court Light Replacement	20,484	Sidewalks R/R	22,387
Parks Security & Lighting	20,178	Cypress Trace Water Main	38,234
Folly Farms Park Development (Weiss property)	55,271	McMullen-Booth & SR 590 Water Main Extension	122,789
Museum Improvements FY18	8,004	Highlands Lift Station Repair	45,559
Main Street Holiday Decorations	35,450	Replace 5-Yard Dump Truck (Vehicle #217)	83,052
Oak Tree Lightning Protection System - Gazebo	6,200	Replace Portable Pump #620	56,927
Baranoff Oak Tree Reinforcement	13,300	Plotter: Shared Use by Engineering/Leisure Services/Libr	9,604
17-foot Artificial Holiday Tree for Gazebo	9,621	Replace roll-off truck #331	148,015
Replace Vehicle #805	25,581	Replace Side Loader #316	287,915
Network Switches - CH(East) & Parks/BM Bldg	7,252	Extended Cab Pick Up #399	25,872
Law Enforcement John Deere Gator	16,397	Par-Kan Easy Dump Assembly	15,375
SCBA Station/Air Compressor	37,151	Equipment Storage Awning	83,186
Replace 1992 Ford Tractor & Tiller (ID #949 in Parks)	21,355	Repave Public Works Complex - Allocated	25,162
Parks Utility Vehicle	12,843	Recycling Containers	40,004

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Beginning Balance	\$ 26,033,038	\$ 26,813,468	\$ 52,846,506
Additions	1,531,024	4,740,524	6,271,548
Depreciation	(1,609,862)	(1,890,780)	(3,500,642)
Disposals (net of depreciation)	(173,286)	(576,859)	(750,145)
<b>Ending Balance</b>	<b>\$ 25,780,914</b>	<b>\$ 29,086,353</b>	<b>\$ 54,867,267</b>

**Long-term debt.** As of fiscal year end, the City's outstanding long-term debt from revenue bonds and notes decreased by \$868,023. Pages 56 through 59 of the notes to the financial statements provide details for the following summary.

		<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>Percent Change</b>
Governmental Activities					
2012	Purchase of land for Waterfront Park	\$ 1,210,000	\$ 1,495,000	\$ (285,000)	-19.1%
2008	Library expansion	1,559,000	1,559,000	-	0.0%
2006	General government improvements	232,509	250,650	(18,141)	-7.2%
Governmental activities total		<u>3,001,509</u>	<u>3,304,650</u>	<u>(303,141)</u>	<u>-9.2%</u>
Business-Type Activities					
2012	Refunding for utility system improvements	640,000	790,000	(150,000)	-19.0%
2006	Utility system improvements	5,324,265	5,739,147	(414,882)	-7.2%
Business-type activities total		<u>5,964,265</u>	<u>6,529,147</u>	<u>(564,882)</u>	<u>-8.7%</u>
<b>Total Outstanding Debt</b>		<b>\$ 8,965,774</b>	<b>\$ 9,833,797</b>	<b>\$ (868,023)</b>	<b>-8.8%</b>

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

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

- The unemployment rate for the Tampa-St. Petersburg-Clearwater Metropolitan area at September 30, 2018 was 3.2 percent compared to the prior year's 3.6 percent. This compares favorably to Florida's unemployment rate of 3.5 percent and the national unemployment rate of 3.7 percent.
- For the sixth fiscal year, property values have shown recovery with an increase of 7.2 percent in assessed values moving into the 2019 budget cycle. The millage rate was held at 3.9500 for the third consecutive year, budgeting for a General Fund ad valorem revenue increase of \$319,390.
- In FY 2019, \$175,240 was returned to General Fund reserves to balance the budget. Future years' Capital Improvements will require transfers from General Fund reserves to continue with programmed street improvements and other capital projects.
- A rate study for the Enterprise Funds was adopted by City Commission and implemented on January 1<sup>st</sup> of 2017. Effective October 1, 2018, water and wastewater increased by 11.5 percent, respectively, with a change in base charges and tiers. Stormwater increased by 3.0 percent with the equivalent residential unit (ERU) moving from \$10.00 in fiscal 2018 to \$10.30 in fiscal 2019. 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, 2018

Assets	Governmental Activities	Business-Type Activities	Total
<b>Current assets:</b>			
Pooled cash and investments	\$ 9,789,077	\$ 5,302,155	\$ 15,091,232
Receivables, net:			
Accounts receivable	421,519	1,270,136	1,691,655
Due from other governments	833,611	12,726	846,337
Inventories	54,627	188,668	243,295
Prepaid items	2,234	-	2,234
<b>Restricted assets:</b>			
Pooled cash and investments:			
Other	2,499,538	-	2,499,538
Sinking fund	40,293	52,561	92,854
Customer deposits	22,560	630,401	652,961
Total current assets	<u>13,663,459</u>	<u>7,456,647</u>	<u>21,120,106</u>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Pooled cash and investments:			
Sinking fund	-	1,369,590	1,369,590
Capital projects	-	8,951,783	8,951,783
<b>Capital assets:</b>			
Non depreciable	11,002,379	4,361,906	15,364,285
Depreciable, net of accumulated depreciation	14,778,535	24,724,448	39,502,983
Unamortized prepaid insurance costs	-	3,386	3,386
Net pension asset	1,971,895	-	1,971,895
Total noncurrent assets	<u>27,752,809</u>	<u>39,411,113</u>	<u>67,163,922</u>
Total assets	<u>41,416,268</u>	<u>46,867,760</u>	<u>88,284,028</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	1,782,519	372,879	2,155,398
Total deferred outflows of resources	<u>1,782,519</u>	<u>372,879</u>	<u>2,155,398</u>
Total assets and deferred outflows of resources	43,198,787	47,240,639	90,439,426
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	647,516	489,486	1,137,002
Accrued liabilities	156,235	55,202	211,437
Unearned revenue	967,100	-	967,100
<b>Current liabilities, payable from restricted assets:</b>			
Accrued interest payable	40,293	52,561	92,854
Customer deposits	22,560	630,401	652,961
Construction contracts payable	-	191,915	191,915
Current portion of long-term obligations	881,320	612,520	1,493,840
Total current liabilities	<u>2,715,024</u>	<u>2,032,085</u>	<u>4,747,109</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	708,960	243,829	952,789
Other post employment benefits	896,985	380,592	1,277,577
Net pension liability	1,091,417	1,007,460	2,098,877
Capital lease	215,000	-	215,000
Bonds and notes payable	2,182,672	5,403,715	7,586,387
Total noncurrent liabilities	<u>5,095,034</u>	<u>7,035,596</u>	<u>12,130,630</u>
Total liabilities	<u>7,810,058</u>	<u>9,067,681</u>	<u>16,877,739</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pension	1,724,639	637,161	2,361,800
Deferred amount on debt refunding	-	29,511	29,511
Total deferred inflows of resources	<u>1,724,639</u>	<u>666,672</u>	<u>2,391,311</u>
<b>Net Position</b>			
Net investment in capital assets	22,559,405	22,904,068	45,463,473
<b>Restricted, net of payables from restricted assets:</b>			
Community redevelopment	285,697	-	285,697
Fire protection and public safety	79,944	-	79,944
Transportation programs	387,620	-	387,620
Culture and recreation	140,859	-	140,859
Debt service	143,030	1,369,590	1,512,620
Capital projects	1,462,388	8,951,783	10,414,171
Unrestricted	<u>8,957,190</u>	<u>4,280,845</u>	<u>13,238,035</u>
<b>Total net position</b>	<u>\$ 34,016,133</u>	<u>\$ 37,506,286</u>	<u>\$ 71,522,419</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 3,180,590	\$ 122,823	\$ -	\$ -
Law enforcement	1,313,651	15,384	-	-
Fire protection	3,881,364	85,787	1,194,497	-
Building department	542,380	532,923	3,316	-
Physical environment	500,711	53,485	-	-
Transportation	1,318,998	261,768	4,943	-
Library	1,577,190	41,169	211,568	-
Parks and recreation	3,740,028	885,164	5,000	73,297
Interest on long-term debt	54,488	-	-	-
Total governmental activities	<u>16,109,400</u>	<u>1,998,503</u>	<u>1,419,324</u>	<u>73,297</u>
Business-type activities:				
Water and sewer	8,423,410	9,331,647	(6,842)	-
Solid waste	2,807,743	2,955,565	12,726	-
Stormwater	1,166,631	1,399,020	-	56,908
Total business-type activities	<u>12,397,784</u>	<u>13,686,232</u>	<u>5,884</u>	<u>56,908</u>
Total primary government	<u>\$ 28,507,184</u>	<u>\$ 15,684,735</u>	<u>\$ 1,425,208</u>	<u>\$ 130,205</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				
Restatement of beginning net position due to implementation of GASB 75				
Net position, beginning as restated				
Net position, ending				

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



CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,057,767)	\$ -	\$ (3,057,767)
(1,298,267)	-	(1,298,267)
(2,601,080)	-	(2,601,080)
(6,141)	-	(6,141)
(447,226)	-	(447,226)
(1,052,287)	-	(1,052,287)
(1,324,453)	-	(1,324,453)
(2,776,567)	-	(2,776,567)
(54,488)	-	(54,488)
(12,618,276)	-	(12,618,276)
-	901,395	901,395
-	160,548	160,548
-	289,297	289,297
-	1,351,240	1,351,240
\$ (12,618,276)	\$ 1,351,240	\$ (11,267,036)
\$ 4,913,710	\$ -	\$ 4,913,710
2,324,144	-	2,324,144
149,597	-	149,597
2,215,907	-	2,215,907
1,416,403	-	1,416,403
1,125,671	-	1,125,671
611,561	-	611,561
(58,532)	(107,028)	(165,560)
1,273,426	656,820	1,930,246
-	35,888	35,888
13,971,887	585,680	14,557,567
1,353,611	1,936,920	3,290,531
33,179,543	35,778,184	68,957,727
(517,021)	(208,818)	(725,839)
32,662,522	35,569,366	68,231,888
\$ 34,016,133	\$ 37,506,286	\$ 71,522,419

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, 2018

	General	Community Redevelopment Agency	Capital Projects	Other Non- major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Pooled cash and investments	\$ 7,960,577	\$ 587,800	\$ 1,495,590	\$ 2,307,501	\$ 12,351,468
Receivables, net:					
Accounts receivable	391,437	1,334	2,327	26,421	421,519
Due from other governments	329,416	-	445,007	59,188	833,611
Inventories	54,627	-	-	-	54,627
Prepaid items	2,234	-	-	-	2,234
Other assets	-	-	135,000	217,043	352,043
<b>Total assets</b>	<b>\$ 8,738,291</b>	<b>\$ 589,134</b>	<b>\$ 2,077,924</b>	<b>\$ 2,610,153</b>	<b>\$ 14,015,502</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 316,080	\$ 236,406	\$ 16,151	\$ 78,879	\$ 647,516
Accrued liabilities	154,818	753	-	664	156,235
Customer deposits	16,582	-	-	5,978	22,560
Unearned revenue	966,947	-	-	153	967,100
<b>Total liabilities</b>	<b>1,454,427</b>	<b>237,159</b>	<b>16,151</b>	<b>85,674</b>	<b>1,793,411</b>
Fund Balances:					
<b>Nonspendable:</b>					
Inventories and prepaid items	56,861	-	-	-	56,861
<b>Restricted for:</b>					
General government	-	285,697	-	-	285,697
Fire protection	-	-	-	79,944	79,944
Transportation	-	-	-	387,620	387,620
Library	-	-	-	60,133	60,133
Parks and recreation	-	-	-	80,726	80,726
Debt service	-	-	-	183,323	183,323
Capital projects	-	-	1,462,388	-	1,462,388
<b>Committed to:</b>					
Emergency/disaster relief stabilization	3,105,626	-	-	-	3,105,626
Physical environment	-	-	-	134,384	134,384
Public safety	-	-	-	90,580	90,580
Capital project (Waterfront Park)	-	-	80,986	-	80,986
<b>Assigned to:</b>					
General government	-	66,278	-	-	66,278
Fire protection	-	-	-	2,318	2,318
Library	-	-	-	142	142
Public safety	-	-	-	2,067	2,067
Physical environment	-	-	-	17,288	17,288
Transportation	-	-	-	637,768	637,768
Parks and recreation	-	-	518,399	848,186	1,366,585
<b>Unassigned:</b>	<b>4,121,377</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,121,377</b>
<b>Total fund balances</b>	<b>7,283,864</b>	<b>351,975</b>	<b>2,061,773</b>	<b>2,524,479</b>	<b>12,222,091</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,738,291</b>	<b>\$ 589,134</b>	<b>\$ 2,077,924</b>	<b>\$ 2,610,153</b>	<b>\$ 14,015,502</b>

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

CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET –  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

Fund balances - total governmental funds		\$ 12,222,091
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	\$ 11,002,379	
Depreciable	40,889,327	
Less, accumulated depreciation	26,110,792	25,780,914
The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.		
		1,971,895
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.		
		1,782,519
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		
		(40,293)
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		
		(1,724,639)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	(1,091,417)	
Revenue notes and line of credit payable	(3,001,509)	
Capital lease payable	(220,000)	
Compensated absences	(766,443)	
Other post employment benefits	(896,985)	(5,976,354)
Net position of governmental activities		\$ 34,016,133

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, 2018**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property taxes	\$ 4,419,680	\$ 494,030	\$ -	\$ -	\$ 4,913,710
Utility taxes	2,324,144	-	-	-	2,324,144
Local business taxes	149,597	-	-	-	149,597
Local option taxes	92,010	-	1,882,870	241,027	2,215,907
Franchise fees	1,416,403	-	-	-	1,416,403
Licenses and permits	356,505	-	-	-	356,505
Impact fees	-	-	-	98,772	98,772
Special assessments	-	-	-	246,527	246,527
Sales tax	1,125,671	-	-	-	1,125,671
Intergovernmental	2,004,369	-	1,000	-	2,005,369
Charges for services	1,246,111	-	-	157,390	1,403,501
Fines and forfeitures	15,384	-	-	-	15,384
Interest income and net appreciation in fair value of investments	(45,606)	(1,348)	435	(12,008)	(58,527)
Contributions and donations	18,200	-	48,054	27,559	93,813
Other	1,156,172	63	-	-	1,156,235
<b>Total revenues</b>	<u>14,278,640</u>	<u>492,745</u>	<u>1,932,359</u>	<u>759,267</u>	<u>17,463,011</u>
<b>Expenditures:</b>					
<b>Current operating:</b>					
General government	2,792,716	144,361	-	-	2,937,077
<b>Public safety</b>					
Law enforcement	1,312,142	-	-	-	1,312,142
Fire protection	3,881,238	-	-	-	3,881,238
Building department	488,906	-	-	30,859	519,765
Physical environment	450,000	-	-	41,378	491,378
Transportation	671,075	-	14,460	287,875	973,410
<b>Culture and recreation</b>					
Library	1,330,932	-	-	-	1,330,932
Parks and recreation	3,329,366	-	1,488	17,136	3,347,990
Capital outlay	111,057	286,785	390,867	569,033	1,357,742
<b>Debt service:</b>					
Capital lease principal	-	-	-	5,000	5,000
Principal retirement	-	-	-	303,141	303,141
Interest and other charges	-	-	-	65,287	65,287
<b>Total expenditures</b>	<u>14,367,432</u>	<u>431,146</u>	<u>406,815</u>	<u>1,319,709</u>	<u>16,525,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,792)</u>	<u>61,599</u>	<u>1,525,544</u>	<u>(560,442)</u>	<u>937,909</u>
<b>Other financing sources (uses):</b>					
Transfers in	260,633	-	155,000	1,327,920	1,743,553
Transfers out	<u>(583,333)</u>	<u>(157,000)</u>	<u>(1,003,220)</u>	<u>-</u>	<u>(1,743,553)</u>
<b>Total other financing sources (uses)</b>	<u>(322,700)</u>	<u>(157,000)</u>	<u>(848,220)</u>	<u>1,327,920</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(411,492)</u>	<u>(95,401)</u>	<u>677,324</u>	<u>767,478</u>	<u>937,909</u>
Fund balances, beginning of year	<u>7,695,356</u>	<u>447,376</u>	<u>1,384,449</u>	<u>1,757,001</u>	<u>11,284,182</u>
<b>Fund balances, end of year</b>	<u>\$ 7,283,864</u>	<u>\$ 351,975</u>	<u>\$ 2,061,773</u>	<u>\$ 2,524,479</u>	<u>\$ 12,222,091</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION TO THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - total governmental funds \$ 937,909

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	\$ 1,357,742	
Less, current year depreciation	<u>1,609,862</u>	(252,120)

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	\$ 303,141	
Capital lease payment	<u>5,000</u>	308,141

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	338,332	
Accrued interest on long-term debt	10,799	
Compensated absences	45,439	
Other post employment benefits	<u>(34,889)</u>	<u>359,681</u>

Change in net position - governmental activities \$ 1,353,611

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, 2018

	Water and Sewer			
	Fund	Solid Waste Fund	Stormwater Fund	Total
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 1,462,819	\$ 2,334,942	\$ 1,504,394	\$ 5,302,155
Accounts receivable, net:				
Accounts receivable	945,912	224,256	99,968	1,270,136
Due from other governments	-	12,726	-	12,726
Inventories	188,668	-	-	188,668
Restricted assets:				
Pooled cash and investments:				
Sinking fund	40,569	4,278	7,714	52,561
Customer deposits	573,360	57,041	-	630,401
Total current assets	<u>3,211,328</u>	<u>2,633,243</u>	<u>1,612,076</u>	<u>7,456,647</u>
Noncurrent assets:				
Restricted pooled cash and investments:				
Sinking fund	1,021,276	153,804	194,510	1,369,590
Capital projects	8,951,783	-	-	8,951,783
Capital assets:				
Nondepreciable	4,138,362	-	223,544	4,361,906
Depreciable, net of accumulated depreciation	17,081,657	2,017,448	5,625,343	24,724,448
Unamortized bond costs - prepaid insurance	3,386	-	-	3,386
Total noncurrent assets	<u>31,196,464</u>	<u>2,171,252</u>	<u>6,043,397</u>	<u>39,411,113</u>
<b>Total assets</b>	<u>34,407,792</u>	<u>4,804,495</u>	<u>7,655,473</u>	<u>46,867,760</u>
<b>Deferred outflows of resources</b>				
Deferred outflows of resources related to pensions	<u>124,293</u>	<u>163,135</u>	<u>85,451</u>	<u>372,879</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	383,775	46,821	58,890	489,486
Accrued liabilities	31,333	17,396	6,473	55,202
Current liabilities, payable from restricted assets:				
Accrued interest payable	40,569	4,278	7,714	52,561
Customer deposits	573,360	57,041	-	630,401
Construction contracts payable	191,915	-	-	191,915
Current portion of long-term obligations:				
Compensated absences	15,460	24,872	11,657	51,989
Bonds and notes payable	455,603	37,459	67,469	560,531
Total current liabilities	<u>1,692,015</u>	<u>187,867</u>	<u>152,203</u>	<u>2,032,085</u>
Noncurrent liabilities:				
Compensated absences	139,100	75,456	29,273	243,829
Other post employment benefits	191,160	153,564	35,868	380,592
Net pension liability	335,820	440,764	230,876	1,007,460
Bonds and notes payable	4,130,218	454,319	819,178	5,403,715
Total noncurrent liabilities	<u>4,796,298</u>	<u>1,124,103</u>	<u>1,115,195</u>	<u>7,035,596</u>
<b>Total liabilities</b>	<u>6,488,313</u>	<u>1,311,970</u>	<u>1,267,398</u>	<u>9,067,681</u>
<b>Deferred inflows of resources</b>				
Deferred inflow of resources related to pensions	212,387	278,758	146,016	637,161
Deferred charges on debt refunding	29,511	-	-	29,511
<b>Total deferred inflows of resources</b>	<u>241,898</u>	<u>278,758</u>	<u>146,016</u>	<u>666,672</u>
<b>Net position</b>				
Net investment in capital assets	16,416,158	1,525,670	4,962,240	22,904,068
Restricted for:				
Debt service	1,021,276	153,804	194,510	1,369,590
Capital projects	8,951,783	-	-	8,951,783
Unrestricted	<u>1,412,657</u>	<u>1,697,428</u>	<u>1,170,760</u>	<u>4,280,845</u>
<b>Total net position</b>	<u>\$ 27,801,874</u>	<u>\$ 3,376,902</u>	<u>\$ 6,327,510</u>	<u>\$ 37,506,286</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, 2018

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Operating revenues</b>				
Charges for services	\$ 9,331,647	\$ 2,955,565	\$ 1,399,020	\$ 13,686,232
Intergovernmental	(6,842)	12,726	56,908	62,792
Other	644,087	12,636	97	656,820
Total operating revenues	<u>9,968,892</u>	<u>2,980,927</u>	<u>1,456,025</u>	<u>14,405,844</u>
<b>Operating expenses</b>				
Salaries, wages, and employee benefits	1,809,447	1,247,736	366,597	3,423,780
Materials and supplies	220,340	262,177	161,016	643,533
Contractual and other services	5,149,591	875,136	226,747	6,251,474
Depreciation and amortization	1,094,459	405,950	382,110	1,882,519
Total operating expenses	<u>8,273,837</u>	<u>2,790,999</u>	<u>1,136,470</u>	<u>12,201,306</u>
<b>Operating income (loss)</b>	<u>1,695,055</u>	<u>189,928</u>	<u>319,555</u>	<u>2,204,538</u>
<b>Nonoperating revenues (expenses)</b>				
Interest income and net appreciation in fair value of investments	(80,816)	(17,007)	(9,205)	(107,028)
Interest expense	(149,573)	(16,744)	(30,161)	(196,478)
Gain on the sale of capital assets	22,799	7,053	6,036	35,888
<b>Total nonoperating revenues (expenses)</b>	<u>(207,590)</u>	<u>(26,698)</u>	<u>(33,330)</u>	<u>(267,618)</u>
<b>Changes in net position</b>	1,487,465	163,230	286,225	1,936,920
<b>Net position - beginning, as previously stated</b>	<u>26,410,952</u>	<u>3,305,375</u>	<u>6,061,857</u>	<u>35,778,184</u>
<b>Restatement of beginning net position due to implementation of GASB 75</b>	<u>(96,543)</u>	<u>(91,703)</u>	<u>(20,572)</u>	<u>(208,818)</u>
<b>Net position - beginning, restated</b>	<u>26,314,409</u>	<u>3,213,672</u>	<u>6,041,285</u>	<u>35,569,366</u>
<b>Net position - end of year</b>	<u>\$ 27,801,874</u>	<u>\$ 3,376,902</u>	<u>\$ 6,327,510</u>	<u>\$ 37,506,286</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, 2018

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 9,245,363	\$ 2,960,177	\$ 1,389,258	\$ 13,594,798
Other operating and intergovernmental revenue	652,182	13,118	57,005	722,305
Cash paid to suppliers for goods and services	(5,316,710)	(1,168,494)	(335,223)	(6,820,427)
Cash payments to and for the benefit of employees	<u>(1,727,988)</u>	<u>(1,210,742)</u>	<u>(324,870)</u>	<u>(3,263,600)</u>
Cash provided by operating activities	<u>2,852,847</u>	<u>594,059</u>	<u>786,170</u>	<u>4,233,076</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal payments on long-term debt	(457,552)	(38,317)	(69,013)	(564,882)
Interest payments on long-term debt	(143,749)	(16,256)	(29,282)	(189,287)
Proceeds from the sale of capital assets	22,799	7,053	6,036	35,888
Acquisition and construction of capital assets	<u>(3,333,638)</u>	<u>(624,768)</u>	<u>(423,817)</u>	<u>(4,382,223)</u>
Cash used by capital and related financing activities	<u>(3,912,140)</u>	<u>(672,288)</u>	<u>(516,076)</u>	<u>(5,100,504)</u>
<b>Cash flows from investing activity:</b>				
Interest and dividends on investments	<u>(82,402)</u>	<u>(17,675)</u>	<u>(9,952)</u>	<u>(110,029)</u>
Cash used by investing activities	<u>(82,402)</u>	<u>(17,675)</u>	<u>(9,952)</u>	<u>(110,029)</u>
Net increase (decrease) in pooled cash and investments	(1,141,695)	(95,904)	260,142	(977,457)
Pooled cash and investments at beginning of year	<u>13,191,502</u>	<u>2,645,969</u>	<u>1,446,476</u>	<u>17,283,947</u>
Pooled cash and investments at end of year	<u>\$ 12,049,807</u>	<u>\$ 2,550,065</u>	<u>\$ 1,706,618</u>	<u>\$ 16,306,490</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, 2018

	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total
<b>Reconciliation of cash and investments to Statement of Net Position:</b>				
Total unrestricted pooled cash and investments	\$ 1,462,819	\$ 2,334,942	\$ 1,504,394	\$ 5,302,155
Total unrestricted pooled cash and investments	<u>10,586,988</u>	<u>215,123</u>	<u>202,224</u>	<u>11,004,335</u>
Total pooled cash and investments	<u>\$ 12,049,807</u>	<u>\$ 2,550,065</u>	<u>\$ 1,706,618</u>	<u>\$ 16,306,490</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 1,695,055	\$ 189,928	\$ 319,555	\$ 2,204,538
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,094,459	405,950	382,110	1,882,519
Change in operating assets and liabilities:				
Decrease (increase) in accounts receivable	(86,285)	4,611	(9,762)	(91,436)
Decrease (increase) in due from other governments	14,937	(12,244)	-	2,693
Increase in inventories	19,556	-	-	19,556
Decrease (increase) in deferred outflows	17,119	18,680	5,457	41,256
Increase (decrease) in accounts payable	29,282	(31,357)	52,540	50,465
Increase (decrease) in pension and other accrued liabilities	(31,743)	(34,232)	(5,181)	(71,156)
Increase in deferred inflows	45,802	64,578	38,926	149,306
Increase (decrease) in customer deposits	4,383	176	-	4,559
Increase in OPEB	8,291	5,527	1,036	14,854
Increase (decrease) in accumulated unused compensated absences	41,991	(17,558)	1,489	25,922
Net cash provided by operating activities	<u>\$ 2,852,847</u>	<u>\$ 594,059</u>	<u>\$ 786,170</u>	<u>\$ 4,233,076</u>
Non cash investing, capital, and financing activities:				
Amortization of bond premiums	\$ 9,319	\$ -	\$ -	\$ 9,319
Construction contracts payable at year end	191,915	-	-	191,915
Change in fair value of investments	(322,990)	(67,306)	(41,643)	(431,939)

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, 2018

	<b>Pension Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents:	
Money market	\$ 39,503
Investments, at fair value:	
Equity securities	6,705,548
U.S. Treasury Bonds, Notes and Bills	3,130,573
Total investments	9,836,121
<b>Total assets</b>	<b>9,875,624</b>
 <b>Net position</b>	
Restricted for pension benefits	8,718,511
Restricted for pension benefits - Share Plan	1,157,113
<b>Total net position</b>	<b>\$ 9,875,624</b>

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, 2018

	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions:	
State of Florida	\$ 4,498
City	428,693
Employees	15,357
Total contributions	448,548
Investment income:	
Interest earnings and net decrease in the fair value of investments	681,057
Total additions	1,129,605
<b>Deductions</b>	
Administrative expenses	38,673
Distributions	116,703
Total deductions	155,376
Change in net position	974,229
Net position - beginning of year	8,901,395
Net position - end of year	\$ 9,875,624

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, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018

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

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

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

	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 \$1,270,136 in the proprietary funds are shown net of the allowance of \$203,704.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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, 2018.

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, 2018 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, 2018

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

The following is the breakdown in governmental fund inventories at September 30, 2018:

	Amount
Equipment supplies	\$ 21,240
Office supplies	1,052
Fuel supplies	32,335
	\$ 54,627

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, 2018 totaled \$1,609,862 and \$1,890,780 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, 2018

**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, 2018

**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 30<sup>th</sup>, the amount remaining to be amortized for the sale of the cell tower lease is \$874,662. For the fiscal year ending September 30, 2018, \$20,540 was amortized as other revenue. Additionally, recreation, library, and street assessment revenues received but not yet earned total \$92,438 at September 30, 2018.

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, 2018

**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, 2018

**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, 2018

**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, 2018, the fund balance committed for stabilization is \$3,105,626.

- 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, 2018

**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, 2018, the carrying amount of the City’s deposits with financial institutions was \$5,355,777 and the bank account balance was \$5,740,281. 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>	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted average maturity (years)</u>	<u>Credit Rating</u>
<u>Cash and cash equivalents</u>				
Cash on hand	\$ 1,730	-	n/a	n/a
Cash in bank	<u>5,355,777</u>	-	n/a	n/a
Total cash and cash equivalents	5,357,507	18.69%		
<u>Investments</u>				
Certificates of Deposit	2,439,423	8.51%	2.35	AAA
Money Markets	251,049	0.88%	0.00	AAAm
SBA Florida Prime	301,533	1.05%	1.00	AAAm
Federal Home Loan Mortgage ARM FHLMC	436,895	1.52%	3.75	AAA
Federal Home Loan Mortgage CMO FHLMC	5,234,860	18.27%	3.03	AAA
Federal Home Loan Mortgage MBS FHLMC	1,399,847	4.88%	3.31	AAA
Government National Mortgage Association ARM GNMA	365,401	1.28%	4.15	AAA
Government National Mortgage Association CMO GNMA	3,261,637	11.38%	2.92	AAA
Government National Mortgage Association MBS GNMA	397,143	1.39%	3.24	AAA
Federal National Mortgage Association ARM FNMA	124,172	0.43%	3.58	AAA
Federal National Mortgage Association CMO FNMA	5,079,768	17.73%	3.80	AAA
Federal National Mortgage Association MBS FNMA	<u>4,008,721</u>	13.99%	2.86	AAA
Total investments	<u>23,300,449</u>			
Total pooled cash and investments	<u>\$ 28,657,956</u>	100.00%		

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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 \$9.5 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, 2018 of 33 days. The investment policy of Florida PRIME is to manage the dollar weighted average maturity to 60 days or less.

On September 30, 2018, the fair value of the City's investments in Florida PRIME was \$301,533 with no liquidity restrictions.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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, 2018, 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	\$ 2,439,423	10.47%	20.00%
Money Markets	251,049	1.08%	10.00%
SBA Florida Prime	301,533	1.29%	25.00%
<b>US/Government Agencies</b>			
Federal Home Loan Mortgage ARM FHLMC	436,895	1.88%	
Federal Home Loan Mortgage MBS FHLMC	1,399,847	6.01%	
Government National Mortgage Association ARM GNMA	365,401	1.57%	
Government National Mortgage Association MBS GNMA	397,143	1.70%	
Federal National Mortgage Association ARM FNMA	124,172	0.53%	
Federal National Mortgage Association MBS FNMA	4,008,721	17.20%	
Total US/Government Agencies	6,732,179	28.89%	75.00%
<b>Collateralized Mortgage Obligations (CMO's)</b>			
Federal Home Loan Mortgage CMO FHLMC	5,234,860	22.47%	
Government National Mortgage Association CMO GNMA	3,261,637	14.00%	
Federal National Mortgage Association CMO FNMA	5,079,768	21.80%	
Total Collateralized Mortgage Obligations (CMO's)	13,576,265	58.27%	75.00%
	\$ 23,300,449	100.00%	

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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	\$ 2,439,423	\$ 251,174	\$ 490,283	\$ 970,620	\$ 727,346	\$ -
Money Markets	251,049	251,049	-	-	-	-
SBA Florida Prime	301,533	301,533	-	-	-	-
Federal Home Loan Mortgage ARM FHLMC	436,895	-	-	-	360,099	76,796
Federal Home Loan Mortgage CMO FHLMC	5,234,860	10,982	513,817	933,308	3,229,647	547,106
Federal Home Loan Mortgage MBS FHLMC	1,399,847	66,221	51,451	513,355	543,628	225,192
Government National Mortgage Association ARM GNMA	365,401	-	-	38,605	-	326,796
Government National Mortgage Association CMO GNMA	3,261,637	122,135	266,386	254,265	1,356,011	1,262,840
Government National Mortgage Association MBS GNMA	397,143	442	-	-	-	396,701
Federal National Mortgage Association ARM FNMA	124,172	-	-	-	124,172	-
Federal National Mortgage Association CMO FNMA	5,079,768	4,328	132,150	706,643	2,904,914	1,331,733
Federal National Mortgage Association MBS FNMA	4,008,721	81,218	18,388	806,445	3,102,670	-
	<u>\$ 23,300,449</u>	<u>\$ 1,089,082</u>	<u>\$ 1,472,475</u>	<u>\$ 4,223,241</u>	<u>\$ 12,348,487</u>	<u>\$ 4,167,164</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, 2018

**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>	
	<u>Portfolio</u>	<u>Amount in</u>
	<u>Allocation</u>	<u>Trust as of</u>
		<u>September 30,</u>
		<u>2018</u>
Cash and cash equivalents:		
Money Market	0.40%	\$ 39,503
Investments, at fair value:		
Broad Market HQ Bond Fund	14.50%	1,431,966
Core Plus Fixed Income	17.20%	1,698,608
Diversified Large Cap	32.70%	3,229,329
Diversified Small to Mid Cap	12.00%	1,185,075
International Blend	14.20%	1,402,339
Core Real Estate	9.00%	888,806
Total		<u>\$ 9,875,626</u>

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2018

**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	Fire Pension Investment Pool (FMIvT)	
	Modified Duration in Years	Weighted Average Maturity (WAM) in Years
FMIvT Broad Market HQ Bond Fund	5.00	6.40
FMIvT Core Plus Fixed Income	2.13	7.00

***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, 2018

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

The City had the following recurring fair value measurements comprised of investments as of September 30, 2018:

	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)
<b>Investment by Fair Value Level</b>				
Certificates of Deposit - Negotiable	\$ 2,435,447	\$ -	\$ 2,435,447	\$ -
U.S. Government Agency Securities	926,468	-	926,468	-
Collateralized Mortgage Obligations	13,576,265	-	13,576,265	-
Mortgage-backed Securities	5,805,711	-	5,805,711	-
Total Investments Measured at Fair Value	<u>\$ 22,743,891</u>	<u>\$ -</u>	<u>\$ 22,743,891</u>	<u>\$ -</u>
<b>Investments Measured at Amortized Cost</b>				
Money Market Mutual Fund	251,409			
Certificates of Deposit - Non-negotiable	3,976			
Local Government Investment Pool (LGIP)	301,533			
Total Investments Measured at Cost	<u>\$ 556,918</u>			
Total Investments	<u>\$ 23,300,809</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, 2018:

	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)
<b>Investment by Fair Value Level</b>				
External Investment Pool:				
FMIvT funds:				
Broad Market HQ Bond Fund	\$ 1,431,966	\$ -	\$ 1,431,966	\$ -
Core Plus Fixed Income	1,698,608	-	-	1,698,608
International Equity	1,402,339	-	1,402,339	-
Diversified Large Cap	3,229,329	-	3,229,329	-
Diversified Small to Mid Cap	1,185,075	-	1,185,075	-
Core Real Estate	888,806	-	-	888,806
Total Investments Measured at Fair Value	<u>\$ 9,836,123</u>	<u>\$ -</u>	<u>\$ 7,248,709</u>	<u>\$ 2,587,414</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. 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 and litigation trusts for both U.S. and foreign companies and governments. The City reports shares of this fund as level 3, since the value is based on unobservable inputs.

**FMivT Diversified Large Cap Equity Portfolio**

This portfolio invests mainly in domestic stocks and in a single underlying fund, the Intech U.S. Broad Enhanced Plus Fund, LLC (Intech Fund), shares of which are not publicly quoted. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). The value of the portfolio's shares of the Intech Fund investment is determined based on the net asset value provided by the Intech Fund, which was calculated in accordance with generally accepted accounting principles. While most of 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 Diversified Small to Mid Cap Equity Portfolio**

This portfolio invests mainly in domestic stocks. The majority of the underlying securities have observable level 1 quoted pricing inputs. 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 International Equity Portfolio**

This portfolio invests in two underlying funds, the Investec International Dynamic Equity Fund, LLC (Investec Fund) and the Wells Capital Management 525 Market Street Fund, LLC (Wells Fund), shares of which are not publicly quoted. Both Funds invest in stocks sold on U.S. and international exchanges, all of which have observable level 1 quoted pricing inputs. The value of the shares of the Investec Fund and the Wells Fund investment is determined based on the net asset value provided by the Funds, 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 Core Real Estate Fund**

This portfolio invests in a single underlying fund, the Morgan Stanley Prime Property Fund (Morgan Stanley Fund), shares of which are not publicly quoted. The Morgan Stanley Fund invests in core real estate in the U.S. The value of the Morgan Stanley Fund investments was determined based on quarterly real estate appraisals, which were calculated in accordance with generally accepted accounting principles. The City reports these shares as level 3, since the value is based on unobservable inputs.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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 and Core Real Estate Fund, both classified as Level 3, include 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, 2018 for the City’s governmental and enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

	Utility		Special	Other	Total	Less:		Net Total
	Interest	Taxes & Franchise Fees				Liens	Assessments	
Governmental activities								
General fund	\$ 17,798	\$ 316,819	\$ 1,937,736	\$ -	\$ 22,391	\$ 2,294,744	\$ (1,903,307)	\$ 391,437
Community Redevelopment Agency	1,334	-	-	-	-	1,334	-	1,334
Capital Projects	2,327	-	-	-	-	2,327	-	2,327
Non-major governmental funds	4,594	-	-	22,511	2,995	30,100	(3,679)	26,421
Gross receivables	26,053	316,819	1,937,736	22,511	25,386	2,328,505	-	421,519
Less: allowance for uncollectibles	-	-	-	-	-	-	(1,906,986)	-
Net total receivables governmental activities	<u>\$ 26,053</u>	<u>\$ 316,819</u>	<u>\$ 1,937,736</u>	<u>\$ 22,511</u>	<u>\$ 25,386</u>	<u>\$ 2,328,505</u>	<u>\$ (1,906,986)</u>	<u>\$ 421,519</u>
Business-type activities								
Water and sewer utility	\$ 23,687	\$ -	\$ 116,077	\$ 21,786	\$ 923,479	\$ 1,085,029	\$ (139,117)	\$ 945,912
Solid waste utility	4,936	-	43,699	-	219,165	267,800	(43,544)	224,256
Stormwater utility	3,054	-	13,368	-	104,589	121,011	(21,043)	99,968
Gross receivables	31,677	-	173,144	21,786	1,247,233	1,473,840	-	1,270,136
Less: allowance for uncollectibles	-	-	-	-	-	-	(203,704)	-
Net total receivables business-type activities	<u>\$ 31,677</u>	<u>\$ -</u>	<u>\$ 173,144</u>	<u>\$ 21,786</u>	<u>\$ 1,247,233</u>	<u>\$ 1,473,840</u>	<u>\$ (203,704)</u>	<u>\$ 1,270,136</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**NOTE 3 – RECEIVABLES (continued):**

*Due from Other Governments*

The following amounts were due from other governments as of September 30, 2018.

Fund	Name of Government	Revenue Source	Amount
<b>Governmental Funds</b>			
General	State of Florida	Half-Cent Sales Tax	\$ 172,910
General	State of Florida	Alcoholic Beverage Tax	9,168
General	Pinellas County	Ad Valorem	848
General	Pinellas County	Court Fines and Fees	1,789
General	Pinellas County	Pinellas County EMS Reimbursement	9,006
General	State of Florida	Firefighters' Supplemental Compensation	3,030
General	State of Florida	Firefighters' Premium Tax	3,485
General	State of Florida	Communications Services Tax	126,879
General	State of Florida	Motor Fuel Tax Rebate	2,248
General	State of Florida	Mobile Home Licensing Fees	53
Total general fund			<u>329,416</u>
Capital Projects Fund	Pinellas County	Local Government Infrastructure Tax	445,007
Special Revenue Funds			
Street Improvement	State of Florida	Local Option Gas Tax	59,188
Total street improvement fund			<u>59,188</u>
Total governmental funds			<u>\$ 833,611</u>
<b>Proprietary Funds</b>			
Total solid waste fund			<u>12,726</u>
Total proprietary funds			<u>\$ 12,726</u>

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**NOTE 4 – CAPITAL ASSETS:**

The following is a summary of changes in capital assets at September 30, 2018:

	Balance Sept. 30, 2017	Additions	Disposals	Balance Sept. 30, 2018
Governmental activities:				
Nondepreciable assets:				
Land	\$ 8,071,070	\$ -	\$ -	\$ 8,071,070
Construction in progress	2,479,871	624,719	173,281	2,931,309
Depreciable assets:				
Buildings	4,899,393	54,378	71,435	4,882,336
Infrastructure	28,616,622	597,514	111,521	29,102,615
Equipment and Vehicles	7,280,520	254,413	630,557	6,904,376
Total at historical cost	<u>51,347,476</u>	<u>1,531,024</u>	<u>986,794</u>	<u>51,891,706</u>
Less, accumulated depreciation for:				
Buildings	3,362,618	113,524	71,432	3,404,710
Infrastructure	17,439,416	1,048,710	90,514	18,397,612
Equipment and Vehicles	4,512,404	447,628	651,562	4,308,470
Total accumulated depreciation	<u>25,314,438</u>	<u>1,609,862</u>	<u>813,508</u>	<u>26,110,792</u>
Governmental activities capital assets, net	<u>\$ 26,033,038</u>	<u>\$ (78,838)</u>	<u>\$ 173,286</u>	<u>\$ 25,780,914</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 606,548	\$ -	\$ -	\$ 606,548
Construction in progress	1,099,917	3,232,300	576,859	3,755,358
Depreciable assets:				
Buildings	343,689	-	-	343,689
Infrastructure	39,854,110	600,674	22,859	40,431,925
Equipment and Vehicles	8,903,663	907,550	599,279	9,211,934
Total at historical cost	<u>50,807,927</u>	<u>4,740,524</u>	<u>1,198,997</u>	<u>54,349,454</u>
Less, accumulated depreciation for:				
Buildings	261,615	12,937	-	274,552
Infrastructure	17,405,058	1,250,178	22,858	18,632,378
Equipment and Vehicles	6,327,786	627,665	599,280	6,356,171
Total accumulated depreciation	<u>23,994,459</u>	<u>1,890,780</u>	<u>622,138</u>	<u>25,263,101</u>
Business-type activities capital assets, net	<u>\$ 26,813,468</u>	<u>\$ 2,849,744</u>	<u>\$ 576,859</u>	<u>\$ 29,086,353</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

Depreciation expense was charged to governmental functions as follows:

	Amount
General government	\$ 233,170
Law enforcement	1,509
Fire protection	261,870
Building department	8,703
Physical environment	4,608
Transportation	398,287
Library	276,094
Parks and recreation	425,621
Total depreciation expense	\$ 1,609,862

Construction projects actively underway as of September 30, 2018 were as follows:

Project	Spent to Date	Remaining Commitment
<u>General Government</u>		
Main Street Intersections Brick Street Reconstruction	\$ 11,250	\$ 38,750
Community Center Improvements - Building	99,537	824,923
Community Center Improvements - Other than Building	25,572	159,428
Clearwater Capital Joint Use Agreement	50,000	-
King Property Survey	2,100	-
Baranoff Property Survey	2,200	-
Waterfront Park	2,307,025	-
Mease Park Playground Replacement	1,160	73,840
Waterfront Park Phase II	82,764	317,236
Folly Farms Improvements (Weiss property)	82,316	2,684
MLK Sidewalk at Folly Farms	2,613	53,387
Miscellaneous Bicycle/Pedestrian Projects	3,672	96,328
Main Street Electrical, Irrigation, & Landscaping	218,766	6,235
Veterans Memorial Improvements	42,336	39,664
Total General Government	\$ 2,931,310	\$ 1,612,476
<u>Proprietary</u>		
Philippe Parkway Sidewalk Flume	\$ 3,750	\$ -
2nd Street South at 6th Avenue Intersection Improvements	3,450	-
Coventry East Cul-e-sac Pavement Improvements	1,450	-
MLK Street at Powhatan Street Pavement Improvements	2,887	-
City-wide Phone System Replacement	90,093	-
City Hall Network Server Replacement	130,317	-
Green Springs Area Galvanized Water Line	1,413,355	-
Green Springs Subdivision Water Main	122,489	77,511
13th and 9th water main replacement carried from 2017	83,319	1,164,461
Huntington Office Park/North City Park Water Main	50,586	109,414
Espiritu Santo Springs/Washington Brennan Water Main	139,469	140,531
Northeast Regional Wastewater Treatment Plant	86,357	2,813,643
Water & Wastewater I & I Study	89,385	660,615
Cypress Trace Force Main Relocation	34,573	5,427
North Bayshore Sewer & Force Main Replacement	86,624	353,876
Briar Creek Mobile Home Community Reline Sewer Main	417,527	107,173
Sanitary Sewer pipe lining carried from 2017	792,442	142,311
Bay Woods (2017 project moved to 2018)	205,275	219,975
Total Proprietary	\$ 3,753,347	\$ 5,794,938

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2018

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

Interfund transfers for the year ended September 30, 2018, consisted of the following:

Transfers from governmental funds:	
General fund	\$ 579,700
Community Redevelopment Agency	157,000
Capital Projects fund	1,003,220
Parking Impact fund	3,633
Total transfers from	\$ 1,743,553
Transfers to governmental funds:	
General fund	\$ 260,633
Capital Projects fund	155,000
Parkland fund	217,050
Street Light fund	7,650
Street Improvement fund	200,000
Debt Service fund	903,220
Total transfers to	\$ 1,743,553

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.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**NOTE 6 – LONG TERM LIABILITIES:**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2018:

	<u>Balance</u> <u>Sept. 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Sept. 30, 2018</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>	<u>Long</u> <u>Term Portion</u>
<b>Governmental Activities</b>						
2012 Capital Improvement Revenue Note	\$ 1,495,000	\$ -	\$ 285,000	\$ 1,210,000	\$ 290,000	\$ 920,000
2008 Capital Improvement Revenue Note	1,559,000	-	-	1,559,000	503,000	1,056,000
2006 Capital Improvement Line of Credit	250,650	-	18,141	232,509	25,837	206,672
Capital lease of real property	225,000	-	5,000	220,000	5,000	215,000
Compensated absences	811,881	565,662	611,100	766,443	57,483	708,960
<b>Governmental activities total</b>	<u>4,341,531</u>	<u>565,662</u>	<u>919,241</u>	<u>3,987,952</u>	<u>881,320</u>	<u>3,106,632</u>
<b>Business-Type Activities</b>						
2012 Refunding Revenue Bond	790,000	-	150,000	640,000	155,000	485,000
2006 Capital Improvement Revenue Note	5,739,147	-	414,882	5,324,265	405,531	4,918,734
<b>Total bonds payable</b>	<u>6,529,147</u>	<u>-</u>	<u>564,882</u>	<u>5,964,265</u>	<u>560,531</u>	<u>5,403,734</u>
Compensated absences	269,896	215,268	189,346	295,818	51,989	243,829
<b>Business-type activities totals</b>	<u>6,799,043</u>	<u>215,268</u>	<u>754,228</u>	<u>6,260,083</u>	<u>612,520</u>	<u>5,647,563</u>
<b>Total all activities</b>	<u>\$ 11,140,574</u>	<u>\$ 780,930</u>	<u>\$ 1,673,469</u>	<u>\$ 10,248,035</u>	<u>\$ 1,493,840</u>	<u>\$ 8,754,195</u>

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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	\$ 1,210,000	\$ 1,559,000	\$ 232,509	\$ 3,001,509	\$ 640,000	\$ 886,647	\$ 3,945,821	\$ 491,778	\$ 5,964,246
Interest Rate	2.340%	3.3396%	2.8600%		2.3400%	3.480%	3.480%	3.480%	
<b>Annual Debt Service</b>									
2019	\$ 314,921	\$ 546,665	\$ 25,837	\$ 887,423	\$ 168,163	\$ 98,293	\$ 437,940	\$ 54,573	\$ 758,969
2020	318,018	545,600	25,837	889,455	169,477	98,293	437,940	54,573	760,283
2021	315,940	545,964	25,838	887,742	165,733	98,293	437,940	54,573	756,539
2022	318,686	-	25,838	344,524	166,930	98,293	437,940	54,573	757,736
2023	-	-	25,837	25,837	-	98,293	437,940	54,573	590,806
Thereafter	-	-	154,705	154,705	-	589,757	2,627,641	327,437	3,544,835
	<u>\$ 1,267,565</u>	<u>\$ 1,638,229</u>	<u>\$ 283,892</u>	<u>\$ 3,189,686</u>	<u>\$ 670,303</u>	<u>\$ 1,081,222</u>	<u>\$ 4,817,341</u>	<u>\$ 600,302</u>	<u>\$ 7,169,168</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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, 2018 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2019	\$ 17,735	\$ 8,102	\$ 25,837
2020	18,352	7,485	25,837
2021	18,991	6,847	25,838
2022	19,652	6,186	25,838
2023	20,335	5,502	25,837
2024 - 2028	112,478	16,389	128,867
2029	24,966	872	25,838
Total debt service	<u>\$ 232,509</u>	<u>\$ 51,383</u>	<u>\$ 283,892</u>

Year Ending September 30,	2008 Capital Improvement Revenue Note		
	Principal	Interest	Total
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>\$ 79,229</u>	<u>\$ 1,638,229</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2019	\$ 290,000	24,921	\$ 314,921
2020	300,000	18,018	318,018
2021	305,000	10,940	315,940
2022	315,000	3,686	318,686
Total debt service	<u>\$ 1,210,000</u>	<u>\$ 57,565</u>	<u>\$ 1,267,565</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

The annual debt service requirements for the business-type activities long-term debt as of September 30, 2018 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2019	\$ 405,531	\$ 185,275	\$ 590,806
2020	419,644	171,162	590,806
2021	434,247	156,559	590,806
2022	449,359	141,447	590,806
2023	464,997	125,809	590,806
2024 - 2028	2,579,594	374,436	2,954,030
2029	570,874	19,932	590,806
Total debt service	<u>\$ 5,324,246</u>	<u>\$ 1,174,620</u>	<u>\$ 6,498,866</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
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>\$ 640,000</u>	<u>\$ 30,303</u>	<u>\$ 670,303</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, 2018 is \$220,000.

**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, 2018

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

The City's pension expense totaled \$465,339 for the FRS Pension Plan, HIS Plan and Firefighters Pension Plan for the year ended September 30, 2018.

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](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

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

**Deferred Retirement Option Program (DROP)**

The FRS pension plan allows eligible members to participate in the Deferred Retirement Option Program (DROP). This program allows members to retire and continue working, drawing both salary and retirement benefits during participation in this program, up to 60 months. There were 5 employees participating in DROP as of September 30, 2018.

***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, 2018

**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, 2018 thru June 30, 2019 are: regular employees, 8.26%; special risk, 24.50%; and senior management, 24.06%. 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 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, 2018 was \$147,506 equal to the required contribution for this year.

*Pension Costs*

At September 30, 2018, the City reported a liability of \$1,646,676 for its proportionate share of the FRS pension plan's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, the City's proportion was .005466957%, which was a decrease of .00147% from the proportion measured as of June 30, 2017.

The City recognized pension expense of \$57,923 for its proportionate share at September 30, 2018. 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	\$ 139,498	\$ 5,063
Changes in Actuarial Assumptions	538,054	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	127,226
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	800,487
City Contributions Subsequent to the Measurement Date	36,486	-
<b>Total</b>	<b>\$ 714,038</b>	<b>\$ 932,776</b>

Amounts presented were determined as of June 30

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

A total of \$36,486 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, 2019. 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
2019	\$ (13,223)
2020	(66,167)
2021	(128,182)
2022	(32,778)
2023	(8,022)
Thereafter	(6,852)

*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, 2018 was as follows:

Investment Category	Target Allocations	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Assumed Inflation - mean			2.6%	1.9%

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2018

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

*Actuarial Methods & Assumptions:* Total pension liability was determined by actuarial valuation as of July 1, 2018, using the following actuarial assumptions:

Inflation	2.6% Per year
Salary Increases	Varies by membership class, length of service and sex; details in actuarial valuation report for funding purposes
Investment Rate of Return	7.40%
Mortality	Generational RP-2000 with Projection Scale BB, details in actuarial valuation report for plan funding purposes

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 7.00%, 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).

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
FRS Net Pension Liability	\$ 54,971,209,391	\$ 30,120,518,391	\$ 9,480,550,391
City's proportion of net pension liability	3,005,252	1,646,676	518,298

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, 2018, 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, 2018

**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, 2018, the contribution rate was 1.66 percent of gross compensation. The City's contribution to the HIS plan for fiscal year ending September 30, 2018 was approximately \$21,810, equal to the required contribution for this year.

*Pension Costs*

At September 30, 2018, the City reported a liability of \$452,206 for its proportionate share of the HIS pension plan's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, the City's proportion was .004272498%, which was a decrease of .00108% from the same as the proportion measured as of June 30, 2017.

The City recognized a pension contra-expense in the amount of \$43,442 for its proportionate share at September 30, 2018. 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	\$ 6,923	\$ 768
Changes in Actuarial Assumptions	50,291	47,811
Net Difference Between Projected and Actual Earnings on HIS Program Investments	273	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	346,065
City Contributions Subsequent to the Measurement Date	5,306	-
Total	<u>\$ 62,793</u>	<u>\$ 394,644</u>

Amounts presented were determined as of June 30



CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

A total of \$5,306 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, 2019. 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>
2019	\$ (70,868)
2020	(70,891)
2021	(63,694)
2022	(64,803)
2023	(47,274)
Thereafter	(19,626)

*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	7/1/2018
Measurement date	6/30/2018
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*	3.87%

\*The municipal rate used to determine total pension liability increased from 3.58% to 3.87%

The discount rate used to measure the total pension liability was 3.87% 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, 2018

**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 3.87 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (2.87 percent) and 1-percentage-point higher (4.87 percent).

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
HIS Net Pension Liability	\$ 12,054,683,680	\$ 10,584,112,254	\$ 9,358,305,758
City's proportion of net pension liability (asset)	515,036	452,206	399,833

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 \$397,240 for the year ended September 30, 2018. 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 2018 for the City Manager was \$18,040.

**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, 2018

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

*Plan Membership.* At September 30, 2018, 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	3
Active plan members	23
	26

*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 \$419,768 (24.52 percent of covered payroll) for 2018 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 \$92,010 for 2018 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, 2018, the City reported a net pension asset of \$1,971,895. The net pension asset was measured as of September 30, 2018. The City recognized pension expense of \$450,858 at September 30, 2018. 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, 2018

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 432,195
Changes in Actuarial Assumptions	1,378,566	402,334
Net Difference Between Projected and Actual Earnings on Firefighter Pension Plan Investments	-	199,844
Total	<u>\$ 1,378,566</u>	<u>\$ 1,034,373</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
2019	\$ 65,169
2020	(50,875)
2021	(38,019)
2022	47,197
2023	55,829
Thereafter	264,888

**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, 2018 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, 2018, 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 8.20% for the year ended September 30, 2018.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

**Net Pension Liability (Asset)**

The components of the net pension liability (asset) at September 30, 2018, were as follows:

Total pension liability	\$	6,846,153
Plan fiduciary net position		(8,818,048)
City's net pension liability (asset)		<u><u>\$ (1,971,895)</u></u>
 Plan fiduciary net position as a percentage of total pension liability		 128.80%

*Actuarial Methods & Assumptions:* Total pension liability was determined by actuarial valuation as of September 30, 2018, using the following actuarial assumptions:

	<u>Firefighters Pension Plan</u>
Actuarial valuation date	10/1/2017
Measurement date	9/30/2018
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, 2018

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

*Rate of Return:* The long-term expected real rate of return on plan asset classes as of September 30, 2018 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, 2017	\$ 5,930,428	\$ (7,731,192)	\$ (1,800,764)
Changes due to:			
Service Cost	490,136	-	490,136
Expected Interest Growth	449,280	(557,899)	(108,619)
Unexpected Investment Income	-	(43,156)	(43,156)
Demographic Experience	(20,193)	-	(20,193)
Employer Contributions	-	(512,791)	(512,791)
Employee Contributions	-	(15,181)	(15,181)
Benefit Payments & Refunds	(3,498)	3,498	-
Administrative Expenses	-	38,673	38,673
Changes in Benefit Terms	-	-	-
Assumption Changes	-	-	-
Balance as of September 30, 2018	<u>\$ 6,846,153</u>	<u>\$ (8,818,048)</u>	<u>\$ (1,971,895)</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	\$ 8,200,819	\$ 6,846,153	\$ 5,774,053
Fiduciary net position	(8,818,048)	(8,818,048)	(8,818,048)
Net pension liability (asset)	<u>\$ (617,229)</u>	<u>\$ (1,971,895)</u>	<u>\$ (3,043,995)</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

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, 2018 is \$1,157,113.

**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, 2018.

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

Plan description

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.

Benefits provided

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.

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2018

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

Plan Membership. At September 30, 2018, pension plan membership consists of the following:

Membership Classification	Number of Plan Members
Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	143
	156

Contributions

The required contribution by the City is based on pay-as-you-go financing requirements. Retirees must contribute an amount equal to 100% of the applicable health insurance premium as determined by the carrier. The City has no legal or contractual obligation to make contributions to a qualified trust to fund OPEB.

Net OPEB Liability

The City's net OPEB Liability was measured as of September 30, 2018, and the total OPEB Liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of that date.

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

Actuarial Assumptions

Total pension liability was determined by actuarial valuation as of September 30, 2018, using the following actuarial assumptions:

Actuarial valuation date	10/1/2017
Measurement date	9/30/2018
Discount rate*	3.64% per annum
Salary increases	3.00% per annum
Cost-of-living Increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 8.00% for the 2017/18 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.
Mortality	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table (general employees) or RP-2000 Blue Collar Mortality Table (firefighters), both with full generational improvements in mortality using Scale BB.
Retirement	For general employees, retirement is assumed to occur at age 62 with five years of service; for firefighters, retirement is assumed to occur at age 55 with 10 years of service.  No assumptions were changed since the prior measurement date

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.

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 in the valuation are subject to constant revision as actual experience are compared with past expectations and new estimates are made about the future. The schedule of changes in the City's net OPEB liability, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information and shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

Discount Rate

The discount rate used to measure total OPEB Liability was 3.64%. This rate is based on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Changes on Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of September 30, 2017	\$ 1,227,834	\$ -	\$ 1,227,834
Changes due to:			
Service Cost	77,955	-	77,955
Expected Interest Growth	46,189	-	46,189
Unexpected Investment Income	-	-	-
Demographic Experience	-	-	-
Employer Contributions	-	-	-
Employee Contributions	-	-	-
Benefit Payments & Refunds	(74,401)	-	(74,401)
Administrative Expenses	-	-	-
Changes in Benefit Terms	-	-	-
Assumption Changes	-	-	-
Balance as of September 30, 2018	<u>\$ 1,277,577</u>	<u>\$ -</u>	<u>\$ 1,277,577</u>

No assumptions or benefits terms were changed since the prior measurement date.

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability calculated using the current discount rate of 3.64%, along with what the net OPEB liability would be if the discount rate used was 1-percentage-point lower (6.10 percent) and 1-percentage-point higher (8.10 percent).

	<u>1% Decrease 2.64%</u>	<u>Current Rate 3.64%</u>	<u>1% Increase 4.64%</u>
Total OPEB liability	\$ 1,383,955	\$ 1,277,577	\$ 1,181,700
Fiduciary net position	-	-	-
Net pension liability (asset)	<u>\$ 1,383,955</u>	<u>\$ 1,277,577</u>	<u>\$ 1,181,700</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability calculated using the current healthcare cost trend rate of 8.00 percent graded down to 5.00 percent, along with what the net OPEB liability would be if the healthcare cost trend rate used was 1-percentage-point lower (7.00 percent graded down to 4.00 percent) and 1-percentage-point higher (9.00 percent graded down to 6.00 percent).

	1% Decrease (7.00% graded down to 4.00%)	Trend Rate 8.00% graded down to 5.00%	1% Increase (9.00% graded down to 6.00%)
Total OPEB liability	\$ 1,146,037	\$ 1,277,577	\$ 1,433,189
Fiduciary net position	-	-	-
Net OPEB liability (asset)	\$ 1,146,037	\$ 1,277,577	\$ 1,433,189

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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, 2018.

	<b>Deposits</b>	<b>Withdrawals</b>
Sources of deposits:		
Ad valorem taxes	\$ 209,031	\$ -
Ad valorem taxes from Pinellas County	284,999	-
Miscellaneous revenue	63	-
Interest and investment income	(1,348)	-
Purpose of withdrawals:		
Personal services	-	43,782
Banners	-	389
Decorative lighting	-	3,119
District fees	-	920
Downtown parking lease	-	13,813
Façade and partnership incentives	-	35,011
Land lease - CSX	-	461
Public art	-	8,508
Signage	-	12,445
Streetscaping - benches, trash cans, planter, ballasts	-	4,916
Sidewalks	-	20,997
Main Street Electrical, Irrigation, Landscaping	-	207,834
Veterans Memorial Park Improvements	-	42,336
Holiday tree (artificial) and decorations	-	10,861
Oak Tree Lightning Protection System	-	4,600
Baranoff oak tree support system	-	14,900
Museum improvements	-	6,254
Transfer to General fund for Waterfront Park repayment	-	157,000
Totals	\$ 492,745	\$ 588,146

**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, 2018. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2018. In addition, there have been no settlements that exceeded the City's insurance coverage in any of the past three fiscal years.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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

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

**NOTE 12 – STATE AND FEDERAL GRANT 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.

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE:**

During the year ended September 30, 2018, the City adopted GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. These pronouncements require the restatement of the September 30, 2017 net position of the governmental activities and proprietary funds as follows:

	Governmental Activities	Business-Type Activities			Total Business-Type Activities
		Water and Wastewater	Solid Waste	Stormwater	
Net Position, September 30, 2017, as previously reported	\$ 33,179,543	\$ 26,410,952	\$ 3,305,375	\$ 6,061,857	\$ 35,778,184
Cumulative Affect of Application of GASB 75:	<u>(517,021)</u>	<u>(96,543)</u>	<u>(91,703)</u>	<u>(20,572)</u>	<u>(208,818)</u>
September 30, 2017, as restated	<u>\$ 32,662,522</u>	<u>\$ 26,314,409</u>	<u>\$ 3,213,672</u>	<u>\$ 6,041,285</u>	<u>\$ 35,569,366</u>

**NOTE 14 – SUBSEQUENT EVENTS**

In November 2018, the City adopted Resolution No. 2018-31 authorizing issuance of Revenue Note, Series 2018 in the amount of \$1,395,000, with an interest rate of 3.43% with a 10-year term. The obligation will be paid from budgeted and appropriated non-ad valorem revenue. This Note is issued to finance the acquisition of two real properties that are situated within the City Limits. The Commission entered into Purchase and Sale agreement for the property known as the Baranoff Oak to be used for park land and the King property to be used for public works and building maintenance purposes. The Baranoff property closed in March 2019 and the King property closed in December 2018. The Baranoff Oak tree property was \$1M; \$350k for the King property; and the balance of \$45.5k was for closing costs. The first principal and interest is scheduled for March 2019 and is in Budget Resolution 2018-27.

In December 2018, the City adopted of Resolution No. 2018-36 authorizing the issuance of the Water and Sewer Revenue Note, Series 2018 in the principal amount of \$8,663,200 for the purpose of financing and/or reimbursing the costs associated with improvements to the City's Water and Sewer Utility System; fixing certain terms and details of such note; authorizing the private negotiated sale of such note to Centerstate Bank N.A. This would be a 10-month non-revolving line of credit, with a fixed interest rate of 3.36% for the term of the loan (15 years, with principal amortization providing a level annual debt service payment). Should interest rate lower, this could be pre-payable without penalties.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – GENERAL FUND  
 YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Property taxes	\$ 4,546,090	\$ 4,546,090	\$ 4,419,680	\$ (126,410)
Utility taxes	2,303,800	2,303,800	2,324,144	20,344
Local business tax	156,000	156,000	149,597	(6,403)
Local option tax	125,000	125,000	92,010	(32,990)
Franchise fees	1,380,200	1,380,200	1,416,403	36,203
Licenses and permits	272,500	353,570	356,505	2,935
Sales tax	1,257,400	1,257,400	1,125,671	(131,729)
Intergovernmental	1,994,680	1,994,680	2,004,369	9,689
Charges for services	1,123,170	1,244,910	1,246,111	1,201
Fines and forfeitures	24,200	24,200	15,384	(8,816)
Interest income and net appreciation in fair value of investments	151,980	151,980	(45,606)	(197,586)
Contributions and donations	22,000	25,200	18,200	(7,000)
Other	1,095,250	1,164,755	1,156,172	(8,583)
Amounts available for appropriation	<u>14,452,270</u>	<u>14,727,785</u>	<u>14,278,640</u>	<u>(449,145)</u>
<b>Charges to appropriations (outflows):</b>				
<b>General Government:</b>				
City Commission	169,960	157,840	150,174	7,666
City Manager	210,040	210,040	200,622	9,418
City Clerk	149,610	149,610	141,447	8,163
Elections	25,780	25,780	22,106	3,674
Finance	275,540	274,796	273,755	1,041
Personnel	216,060	232,565	229,856	2,709
Planning	361,265	299,495	256,701	42,794
City Attorney	147,950	159,950	140,266	19,684
Nondepartmental	328,196	400,056	397,533	2,523
Maintenance	686,670	677,342	651,666	25,676
Nonoperating	328,590	328,590	328,590	-
Total general government	<u>2,899,661</u>	<u>2,916,064</u>	<u>2,792,716</u>	<u>123,348</u>
<b>Public Safety:</b>				
Law enforcement	1,315,610	1,315,610	1,312,142	3,468
Fire protection	4,006,015	4,018,471	3,881,238	137,233
Building department	404,840	506,040	488,906	17,134
Total public safety	<u>5,726,465</u>	<u>5,840,121</u>	<u>5,682,286</u>	<u>157,835</u>
Physical environment	<u>460,390</u>	<u>450,325</u>	<u>450,000</u>	<u>325</u>
Transportation	<u>836,593</u>	<u>703,294</u>	<u>671,075</u>	<u>32,219</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – GENERAL FUND (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and recreation:				
Library	\$ 1,385,614	\$ 1,369,568	\$ 1,330,932	\$ 38,636
Parks and recreation	<u>3,483,304</u>	<u>3,534,186</u>	<u>3,329,366</u>	<u>204,820</u>
Total culture and recreation	<u>4,868,918</u>	<u>4,903,754</u>	<u>4,660,298</u>	<u>243,456</u>
Capital outlay	<u>130,924</u>	<u>134,874</u>	<u>111,057</u>	<u>23,817</u>
Other Financing Sources (Uses)				
Transfers in from other funds	457,000	260,633	260,633	-
Transfers out to other funds	<u>(207,650)</u>	<u>(579,700)</u>	<u>(583,333)</u>	<u>3,633</u>
Total Other Financing Sources	<u>249,350</u>	<u>(319,067)</u>	<u>(322,700)</u>	<u>3,633</u>
Total charges to appropriations	<u>15,172,301</u>	<u>14,629,365</u>	<u>14,044,732</u>	<u>584,633</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(221,331)</u>	<u>(539,714)</u>	<u>(411,492)</u>	<u>135,488</u>
Appropriated fund balance	<u>221,331</u>	<u>539,714</u>	<u>-</u>	<u>(539,714)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (411,492)</u>	<u>\$ (404,226)</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Property taxes	\$ 493,790	\$ 494,030	\$ 494,030	\$ -
Miscellaneous revenue	-	63	63	-
Interest income and net appreciation in fair value of investments	9,570	-	(1,348)	(1,348)
Amounts available for appropriation	<u>503,360</u>	<u>494,093</u>	<u>492,745</u>	<u>(1,348)</u>
Charges to appropriations (outflows):				
General government	389,011	144,360	144,361	(1)
Capital outlay	113,212	268,189	286,785	(18,596)
Transfers out to other funds	157,000	157,000	157,000	-
Total charges to appropriations	<u>659,223</u>	<u>569,549</u>	<u>588,146</u>	<u>(18,597)</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(155,863)</u>	<u>(75,456)</u>	<u>(95,401)</u>	<u>(19,945)</u>
Appropriated fund balance	<u>155,863</u>	<u>75,456</u>	<u>-</u>	<u>(75,456)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,401)</u>	<u>\$ (95,401)</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

\$ 588,146

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

\$ 431,146

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 PLAN<sup>1</sup>  
 LAST TEN MEASUREMENT PERIODS

	2018	2017	2016	2015
City's proportion of the net pension liability	0.005466957%	0.006937320%	0.010163558%	0.011264343%
City's proportionate share of the net pension liability (asset)	\$ 1,646,675	\$ 2,052,013	\$ 2,566,306	\$ 1,454,941
Plan fiduciary net position as a percentage of the total pension liability (asset)	84%	84%	85%	92%
City's covered payroll	\$ 1,321,018	\$ 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	125%	120%	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 PLAN<sup>1</sup>  
LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Statutorily required contribution	\$ 147,506	\$ 170,230	\$ 247,855	\$ 274,634
Contributions in relation to the statutorily required contribution	(147,506)	(170,230)	(247,855)	(274,634)
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,321,018	\$ 1,704,511	\$ 2,319,170	\$ 2,451,390
City's contributions as a percentage of covered payroll	11%	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 PLAN<sup>1</sup>  
 LAST TEN MEASUREMENT PERIODS

	2018	2017	2016	2015
City's proportion of the net pension liability	0.004272498%	0.005347533%	0.007417542%	0.008084719%
City's proportionate share of the net pension liability (asset)	\$ 452,206	\$ 571,783	\$ 864,484	\$ 824,514
Plan fiduciary net position as a percentage of the total pension liability (asset)	2.15%	1.64%	0.97%	0.50%
City's covered payroll	\$ 1,321,018	\$ 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%	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 PLAN<sup>1</sup>  
 LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Statutorily required contribution	\$ 21,810	\$ 26,348	\$ 38,020	\$ 30,905
Contributions in relation to the statutorily required contribution	<u>(21,810)</u>	<u>(26,348)</u>	<u>(38,020)</u>	<u>(30,905)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,321,018	\$ 1,704,511	\$ 2,319,170	\$ 2,451,390
City's contributions as a percentage of covered payroll	2%	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,	2018	2017	2016	2015	2014
Total Pension Liability:					
Changes due to:					
Service Cost	\$ 490,136	\$ 436,960	\$ 338,895	\$ 190,271	\$ 256,386
Expected Interest Growth	449,280	390,035	239,563	320,285	249,194
Unexpected Investment Income	-	-	-	-	-
Demographic Experience	(20,193)	(307,493)	(5,117)	(201,410)	-
Employer Contributions	-	-	-	-	-
Employee Contributions	-	-	-	-	-
Benefit Payments & Refunds	(3,498)	-	(5,142)	-	-
Administrative Expenses	-	-	-	-	-
Changes in Benefit Terms	-	-	-	-	-
Assumption Changes	-	273,806	1,484,984	(562,306)	-
Net Change in Total Pension Liability	915,725	793,308	2,053,183	(253,160)	505,580
Total Pension Liability/(Asset)-Beginning	\$ 5,930,428	\$ 5,137,120	\$ 3,083,937	\$ 3,337,097	\$ 2,831,517
Total Pension Liability/(Asset)-Ending (a)	\$ 6,846,153	\$ 5,930,428	\$ 5,137,120	\$ 3,083,937	\$ 3,337,097
Fiduciary Net Position:					
Changes due to:					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Expected Interest Growth	(557,899)	(461,895)	(399,621)	(491,498)	(362,994)
Unexpected Investment Income	(43,156)	(426,077)	(64,282)	580,202	(96,582)
Demographic Experience	-	-	-	-	-
Employer Contributions	(512,791)	(497,252)	(389,600)	(403,688)	(395,359)
Employee Contributions	(15,181)	(14,270)	(12,244)	(10,861)	(10,486)
Benefit Payments & Refunds	3,498	-	5,142	-	-
Administrative Expenses	38,673	30,224	24,690	19,650	28,190
Changes in Benefit Terms	-	-	-	-	-
Assumption Changes	-	-	-	-	-
Net Change in Fiduciary Net Position	(1,086,856)	(1,369,270)	(835,915)	(306,195)	(837,231)
Plan Fiduciary Net Position-Beginning	\$ (7,731,192)	\$ (6,361,922)	\$ (5,526,007)	\$ (5,219,812)	\$ (4,382,581)
Plan Fiduciary Net Position-Ending (b)	\$ (8,818,048)	\$ (7,731,192)	\$ (6,361,922)	\$ (5,526,007)	\$ (5,219,812)
Net Pension Liability/(Asset) (a) + (b)	(1,971,895)	(1,800,764)	(1,224,802)	(2,442,070)	(1,882,715)
Plan Fiduciary Net Position as a percentage of Total Pension	-129%	-130%	-124%	-179%	-156%
Covered Employee Payroll	\$ 1,541,067	\$ 1,367,798	\$ 1,133,154	\$ 1,062,547	\$ 1,076,940
Net Pension Liability/(Asset) as a percentage of Covered Employee Payroll	128%	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

Year Ended September 30,	Actuarially Determined Contribution (a)	Contributions Recognized By the Plan (b)	Contribution Excess (Deficiency) (b-a)	Covered Payroll (d)	Contributions Recognized as a % of Covered Payroll (b/d)
2018	\$ 510,920	\$ 512,791	\$ 1,871	\$ 1,541,067	33.28%
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

See Independent Auditors’ Report.

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

<u>Year Ended September 30,</u>	<u>Money-Weighted Rate of Return</u>
2018	8.20%
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.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SAFETY HARBOR FLORIDA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2018

Firefighters' Pension Plan

*Actuarial assumptions and methods.* The amounts reported for the year ended September 30, 2018 are based on the October 1, 2017 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.

See Independent Auditor's Report.

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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, 2018

Special Revenue Funds

Assets	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
Cash and cash equivalents	\$ 82,094	\$ 305,992	\$ 35,616	\$ 155,387	\$ 95,259	\$ 86,862	\$ 512,064	\$ 60,154	\$ 2,065	\$ 64,240	\$ 724,445	\$ 2,124,178	\$ 183,323	\$ 2,307,501
Receivables, net:														
Accounts receivable	168	856	1,132	3,302	173	179	1,044	121	-	17,859	1,587	26,421	-	26,421
Due from other governments	-	59,188	-	-	-	-	-	-	-	-	-	59,188	-	59,188
Other assets	-	-	-	-	-	-	-	-	-	-	217,043	217,043	-	217,043
<b>Total assets</b>	<b>\$ 82,262</b>	<b>\$ 366,036</b>	<b>\$ 36,748</b>	<b>\$ 158,689</b>	<b>\$ 95,432</b>	<b>\$ 87,041</b>	<b>\$ 513,108</b>	<b>\$ 60,275</b>	<b>\$ 2,065</b>	<b>\$ 82,099</b>	<b>\$ 943,075</b>	<b>\$ 2,426,830</b>	<b>\$ 183,323</b>	<b>\$ 2,610,153</b>
<b>Liabilities and Fund Balances</b>														
Liabilities:														
Accounts payable	\$ -	\$ 25,088	\$ -	\$ 375	\$ 4,850	\$ 14,346	\$ -	\$ -	\$ -	\$ 20,057	\$ 14,163	\$ 78,879	\$ -	\$ 78,879
Accrued liabilities	-	-	-	664	-	-	-	-	-	-	-	664	-	664
Customer deposits	-	-	-	5,978	-	-	-	-	-	-	-	5,978	-	5,978
Unearned revenue	-	-	153	-	-	-	-	-	-	-	-	153	-	153
<b>Total liabilities</b>	<b>-</b>	<b>25,088</b>	<b>153</b>	<b>7,017</b>	<b>4,850</b>	<b>14,346</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,057</b>	<b>14,163</b>	<b>85,674</b>	<b>-</b>	<b>85,674</b>
<b>Fund Balances</b>														
Restricted for:														
Fire protection	79,944	-	-	-	-	-	-	-	-	-	-	79,944	-	79,944
Transportation	-	-	36,595	-	-	72,695	250,333	-	-	27,997	-	387,620	-	387,620
Library	-	-	-	-	-	-	-	60,133	-	-	-	60,133	-	60,133
Parks and recreation	-	-	-	-	-	-	-	-	-	-	80,726	80,726	-	80,726
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	183,323	183,323
Committed to:														
Physical environment	-	-	-	134,384	-	-	-	-	-	-	-	134,384	-	134,384
Public safety	-	-	-	-	90,580	-	-	-	-	-	-	90,580	-	90,580
Assigned to:														
Fire protection	2,318	-	-	-	-	-	-	-	-	-	-	2,318	-	2,318
Library	-	-	-	-	-	-	-	142	-	-	-	142	-	142
Public safety	-	-	-	-	2	-	-	-	2,065	-	-	2,067	-	2,067
Physical environment	-	-	-	17,288	-	-	-	-	-	-	-	17,288	-	17,288
Transportation	-	340,948	-	-	-	-	262,775	-	-	34,045	-	637,768	-	637,768
Parks and recreation	-	-	-	-	-	-	-	-	-	-	848,186	848,186	-	848,186
<b>Total fund balances</b>	<b>82,262</b>	<b>340,948</b>	<b>36,595</b>	<b>151,672</b>	<b>90,582</b>	<b>72,695</b>	<b>513,108</b>	<b>60,275</b>	<b>2,065</b>	<b>62,042</b>	<b>928,912</b>	<b>2,341,156</b>	<b>183,323</b>	<b>2,524,479</b>
<b>Total liabilities and fund balances</b>	<b>\$ 82,262</b>	<b>\$ 366,036</b>	<b>\$ 36,748</b>	<b>\$ 158,689</b>	<b>\$ 95,432</b>	<b>\$ 87,041</b>	<b>\$ 513,108</b>	<b>\$ 60,275</b>	<b>\$ 2,065</b>	<b>\$ 82,099</b>	<b>\$ 943,075</b>	<b>\$ 2,426,830</b>	<b>\$ 183,323</b>	<b>\$ 2,610,153</b>

CITY OF SAFETY HARBOR, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2018

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	\$ -	\$ 241,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,027	\$ -	\$ 241,027
Impact fees	74,074	-	-	-	-	15,241	-	5,362	-	-	4,095	98,772	-	98,772
Special assessments	-	-	1,257	-	-	-	-	-	-	245,270	-	246,527	-	246,527
Charges for services	-	-	-	49,390	108,000	-	-	-	-	-	-	157,390	-	157,390
Interest income and net appreciation in fair value of investments	(220)	(1,823)	-	(868)	(102)	(721)	(3,355)	(364)	-	(395)	(4,160)	(12,008)	-	(12,008)
Contributions and donations	-	-	-	-	3,316	-	-	-	-	-	24,243	27,559	-	27,559
<b>Total revenues</b>	<b>73,854</b>	<b>239,204</b>	<b>1,257</b>	<b>48,522</b>	<b>111,214</b>	<b>14,520</b>	<b>(3,355)</b>	<b>4,998</b>	<b>-</b>	<b>244,875</b>	<b>24,178</b>	<b>759,267</b>	<b>-</b>	<b>759,267</b>
Expenditures:														
Current operating:														
Building department	-	-	-	-	30,859	-	-	-	-	-	-	30,859	-	30,859
Physical environment	-	-	-	41,378	-	-	-	-	-	-	-	41,378	-	41,378
Transportation	-	31,246	-	-	-	-	-	-	-	256,629	-	287,875	-	287,875
Parks and recreation	-	-	-	-	-	-	-	-	-	-	17,136	17,136	-	17,136
Capital outlay	37,151	376,036	-	-	-	-	6,284	-	-	-	149,562	569,033	-	569,033
Debt service:														
Capital lease principal	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-	5,000
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	303,141	303,141
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-	65,287	65,287
<b>Total expenditures</b>	<b>37,151</b>	<b>407,282</b>	<b>-</b>	<b>41,378</b>	<b>30,859</b>	<b>-</b>	<b>6,284</b>	<b>-</b>	<b>-</b>	<b>256,629</b>	<b>171,698</b>	<b>951,281</b>	<b>368,428</b>	<b>1,319,709</b>
Excess (deficiency) of revenues over (under) expenditures	36,703	(168,078)	1,257	7,144	80,355	14,520	(9,639)	4,998	-	(11,754)	(147,520)	(192,014)	(368,428)	(560,442)
Other financing sources (uses):														
Transfers in	-	200,000	-	-	-	-	-	-	-	7,650	217,050	424,700	903,220	1,327,920
Total other financing sources (uses)	-	200,000	-	-	-	-	-	-	-	7,650	217,050	424,700	903,220	1,327,920
Net change in fund balances	36,703	31,922	1,257	7,144	80,355	14,520	(9,639)	4,998	-	(4,104)	69,530	232,686	534,792	767,478
Fund balances, beginning 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
<b>Fund balances, end of year</b>	<b>\$ 82,262</b>	<b>\$ 340,948</b>	<b>\$ 36,595</b>	<b>\$ 151,672</b>	<b>\$ 90,582</b>	<b>\$ 72,695</b>	<b>\$ 513,108</b>	<b>\$ 60,275</b>	<b>\$ 2,065</b>	<b>\$ 62,042</b>	<b>\$ 928,912</b>	<b>\$ 2,341,156</b>	<b>\$ 183,323</b>	<b>\$ 2,524,479</b>

See Independent Auditors' Report

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – PUBLIC SAFETY  
 YEAR ENDED SEPTEMBER 30, 2018

	<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):				
Impact fees	\$ 21,950	\$ 21,950	\$ 74,074	\$ 52,124
Interest income and net appreciation in fair value of investments	390	390	(220)	(610)
Amounts available for appropriation	<u>22,340</u>	<u>22,340</u>	<u>73,854</u>	<u>51,514</u>
Charges to appropriations (outflows):				
Public Safety	<u>36,151</u>	<u>36,151</u>	<u>37,151</u>	<u>(1,000)</u>
Total charges to appropriations	<u>36,151</u>	<u>36,151</u>	<u>37,151</u>	<u>(1,000)</u>
Excess (deficiency) of resources over (under) charges to appropriations	(13,811)	(13,811)	36,703	50,514
Appropriated fund balance	<u>13,811</u>	<u>13,811</u>	<u>-</u>	<u>(13,811)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,703</u>	<u>\$ 36,703</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, 2018

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Local option taxes	\$ 254,300	\$ 254,300	\$ 241,027	\$ (13,273)
Interest income and net appreciation in fair value of investments	7,030	7,030	(1,823)	(8,853)
Transfer In	20,000	200,000	200,000	-
	<u>281,330</u>	<u>461,330</u>	<u>439,204</u>	<u>(22,126)</u>
Charges to appropriations (outflows):				
Transportation	35,330	35,330	31,246	4,084
Capital outlay	501,500	613,185	376,036	237,149
	<u>536,830</u>	<u>648,515</u>	<u>407,282</u>	<u>241,233</u>
Excess (deficiency) of resources over (under) charges to appropriations	(255,500)	(187,185)	31,922	219,107
Appropriated fund balance	<u>255,500</u>	<u>187,185</u>	<u>-</u>	<u>(187,185)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,922</u>	<u>\$ 31,922</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, 2018

	Budget Amounts		Actual Amount	Variance with Final Budget
	Original	Final	(Budgetary Basis)	
	Resources (inflows):			
Special assessments	\$ 100	\$ 100	\$ 1,257	\$ 1,157
Amounts available for appropriation	100	100	1,257	1,157
Charges to appropriations (outflows):				
Capital outlay	-	-	-	-
Total charges to appropriations	-	-	-	-
Excess of resources over charges to appropriations	100	100	1,257	1,157
Appropriated fund balance	(100)	(100)	-	100
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,257</u>	<u>\$ 1,257</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – MARINA BOAT BASIN  
 YEAR ENDED SEPTEMBER 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Revenues:				
Charges for services	\$ 56,000	\$ 56,000	\$ 49,390	\$ (6,610)
Interest income and net appreciation in fair value of investments	<u>4,080</u>	<u>4,080</u>	<u>(868)</u>	<u>(4,948)</u>
Amounts available for appropriations	<u>60,080</u>	<u>60,080</u>	<u>48,522</u>	<u>(11,558)</u>
Charges to appropriations (outflows):				
Physical environment	<u>44,930</u>	<u>44,930</u>	<u>41,378</u>	<u>3,552</u>
Total charges to appropriations	<u>44,930</u>	<u>44,930</u>	<u>41,378</u>	<u>3,552</u>
Excess (deficiency) of resources over (under) charges to appropriations	15,150	15,150	7,144	(8,006)
Appropriated fund balance	<u>(15,150)</u>	<u>(15,150)</u>	<u>-</u>	<u>(15,150)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,144</u>	<u>\$ 7,144</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Charges for services	\$ 7,000	\$ 53,000	\$ 108,000	\$ 55,000
Contributions and donations	-	-	3,316	3,316
Interest income and net appreciation in fair value of investments	90	90	(102)	(192)
	<u>7,090</u>	<u>53,090</u>	<u>111,214</u>	<u>58,124</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Public safety	12,500	52,500	30,859	21,641
Total charges to appropriations	12,500	52,500	30,859	21,641
Excess (deficiency) of resources over (under) charges to appropriations	(5,410)	590	80,355	79,765
Appropriated fund balance	<u>5,410</u>	<u>(590)</u>	<u>-</u>	<u>590</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,355</u>	<u>\$ 80,355</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, 2018

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Impact fees	\$ 79,000	\$ 79,000	\$ 15,241	\$ (63,759)
Interest income and net appreciation in fair value of investments	<u>320</u>	<u>320</u>	<u>(721)</u>	<u>(1,041)</u>
Amounts available for appropriation	<u>79,320</u>	<u>79,320</u>	<u>14,520</u>	<u>(64,800)</u>
Excess (deficiency) of resources over (under) charges to appropriations	79,320	79,320	14,520	(64,800)
Appropriated fund balance	<u>(79,320)</u>	<u>(79,320)</u>	<u>-</u>	<u>79,320</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,520</u>	<u>\$ 14,520</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, 2018

	<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>9,130</u>	<u>9,130</u>	<u>(3,355)</u>	<u>(12,485)</u>
Amounts available for appropriation	<u>9,130</u>	<u>9,130</u>	<u>(3,355)</u>	<u>(12,485)</u>
Charges to appropriations (outflows):				
Capital outlay	<u>306,000</u>	<u>286,736</u>	<u>6,284</u>	<u>280,452</u>
Total charges to appropriations	<u>306,000</u>	<u>286,736</u>	<u>6,284</u>	<u>280,452</u>
Excess (deficiency) of resources over (under) charges to appropriations	(296,870)	(277,606)	(9,639)	267,967
Appropriated fund balance	<u>296,870</u>	<u>277,606</u>	<u>-</u>	<u>(277,606)</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,639)</u>	<u>\$ (9,639)</u>

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

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amount (Budgetary Basis)</b>	
	Resources (inflows):			
Impact fees	\$ 23,100	\$ 23,100	\$ 5,362	\$ (17,738)
Interest income and net appreciation in fair value of investments	520	520	(364)	(884)
Amounts available for appropriation	23,620	23,620	4,998	(18,622)
Excess of resources over charges to appropriations	23,620	23,620	4,998	(18,622)
Appropriated fund balance	(23,620)	(23,620)	-	23,620
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 4,998	\$ 4,998

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – STREET LIGHT ASSESSMENT FUND  
 YEAR ENDED SEPTEMBER 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Special assessment	\$ 245,770	\$ 245,770	\$ 245,270	\$ (500)
Interest income and net appreciation in fair value of investments	1,320	1,320	(395)	(1,715)
Transfers in from other funds	<u>7,650</u>	<u>7,650</u>	<u>7,650</u>	<u>-</u>
Amounts available for appropriations	<u>254,740</u>	<u>254,740</u>	<u>252,525</u>	<u>(2,215)</u>
Charges to appropriations (outflows):				
Transportation	<u>270,000</u>	<u>270,000</u>	<u>256,629</u>	<u>13,371</u>
Total charges to appropriations	<u>270,000</u>	<u>270,000</u>	<u>256,629</u>	<u>13,371</u>
Excess (deficiency) of resources over (under) charges to appropriations	(15,260)	(15,260)	(4,104)	11,156
Appropriated fund balance	<u>15,260</u>	<u>15,260</u>	<u>-</u>	<u>(15,260)</u>
(Deficiency) excess of resources (under) over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,104)</u>	<u>\$ (4,104)</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule			\$ 252,525	
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>\$ 244,875</u>	

See Independent Auditors' Report

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – PARKLAND FUND  
 YEAR ENDED SEPTEMBER 30, 2018

	<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	\$ 12,600	\$ 12,600	\$ 4,095	\$ (8,505)
Interest income and net appreciation in fair value of investments	10,970	10,970	(4,160)	(15,130)
Donations and contributions	-	23,000	24,243	1,243
Transfers in	-	217,050	217,050	-
	<u>23,570</u>	<u>263,620</u>	<u>241,228</u>	<u>(22,392)</u>
Amounts available for appropriations				
Charges to appropriations (outflows) -				
Parks and recreation	47,500	40,148	17,136	23,012
Capital outlay	485,684	149,570	149,562	8
Capital lease principal	5,000	5,000	5,000	-
Transfers out	200,000	-	-	-
	<u>738,184</u>	<u>194,718</u>	<u>171,698</u>	<u>23,020</u>
Total charges to appropriations				
Excess of resources over charges to appropriations	(714,614)	68,902	69,530	628
Appropriated fund balance	<u>714,614</u>	<u>(68,902)</u>	<u>-</u>	<u>68,902</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,530</u>	<u>\$ 69,530</u>

Explanation of differences between budgetary inflows and GAAP revenues:

Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule	\$ 241,228
Differences - budget to GAAP	
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes	<u>217,050</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds	<u>\$ 24,178</u>

Explanation of differences between budgetary outflows and GAAP expenditures:

Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule	\$ 171,698
Differences - budget to GAAP	
Capital lease payments are outflows of budgetary resources but are not expenditures for financial reporting purposed	<u>5,000</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds	<u>\$ 166,698</u>

See Independent Auditors' Report

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE  
 YEAR ENDED SEPTEMBER 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</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	788,310	789,210	303,141	486,069
Interest and other fiscal charges	<u>104,840</u>	<u>104,840</u>	<u>65,287</u>	<u>39,553</u>
Total charges to appropriations	<u>893,150</u>	<u>894,050</u>	<u>368,428</u>	<u>525,622</u>
Deficiency of resources under charges to appropriations	10,070	9,170	534,792	(525,622)
Appropriated fund balance	<u>(10,070)</u>	<u>(9,170)</u>	<u>-</u>	<u>(9,170)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,792</u>	<u>\$ 534,792</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>	

See Independent Auditors' Report

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – CAPITAL PROJECTS FUND  
 YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Local option taxes	\$ 1,861,000	\$ 1,861,000	\$ 1,882,870	\$ 21,870
Intergovernmental	-	-	1,000	1,000
Interest income and net appreciation in fair value of investments	27,690	27,690	435	(27,255)
Contributions and donations	-	45,000	48,054	3,054
Transfers in from other funds	-	155,000	155,000	-
Amounts available for appropriation	<u>1,888,690</u>	<u>2,088,690</u>	<u>2,087,359</u>	<u>(1,331)</u>
Charges to appropriations (outflows):				
Other Non-Capitalized	28,605	31,735	15,948	15,787
Capital outlay	2,019,186	1,063,729	390,867	672,862
Transfers to other funds	1,003,220	1,003,220	1,003,220	-
Total charges to appropriations	<u>3,051,011</u>	<u>2,098,684</u>	<u>1,410,035</u>	<u>688,649</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(1,162,321)</u>	<u>(9,994)</u>	<u>677,324</u>	<u>(689,980)</u>
Appropriated fund balance	<u>1,162,321</u>	<u>9,994</u>	<u>-</u>	<u>689,980</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677,324</u>	<u>\$ (677,324)</u>

Explanation of differences between budgetary inflows and GAAP revenues:

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

\$ 2,087,359

Differences - budget to GAAP

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes

155,000

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

\$ 1,932,359

Explanation of differences between budgetary outflows and GAAP expenditures:

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

\$ 1,410,035

Differences - budget to GAAP

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

1,003,220

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

\$ 406,815

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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, 2018

	Actual Amounts				Total Amounts	Variance Favorable (Unfavorable)
	Fire Budget	City Amounts	Fire District Amounts	EMS Amounts		
Revenue:						
Municipality - City of Safety Harbor	\$ 2,775,421	\$ 2,677,659	\$ -	\$ -	\$ 2,677,659	\$ (97,762)
Intergovernmental	67,710	66,151	-	-	66,151	(1,559)
EMS District funds	991,020	-	-	991,015	991,015	(5)
EMS District funds <sup>a</sup>	-	(9,006)	-	9,006	-	-
Pinellas County EMS Water Rescue Grant Program	-	(10,000)	-	10,000	-	-
Safety Harbor Fire District	189,000	-	173,012	-	173,012	(15,988)
Total revenues	<u>4,023,151</u>	<u>2,724,804</u>	<u>173,012</u>	<u>1,010,021</u>	<u>3,907,837</u>	<u>(115,314)</u>
Expenditures:						
Personnel services	3,595,530	2,432,190	173,012	833,228	3,438,430	157,100
Contractual/other services	227,772	181,893	-	39,802	221,695	6,077
Contractual/other services	-	60,121	-	-	60,121	(60,121)
Station/Overhead allowable costs <sup>a</sup>	-	(9,006)	-	9,006	-	-
EMS Water Rescue	-	(10,000)	-	10,000	-	-
Materials and supplies	132,139	63,576	-	57,864	121,440	10,699
Capital outlay	67,710	66,151	-	-	66,151	1,559
Total expenditures	<u>4,023,151</u>	<u>2,784,925</u>	<u>173,012</u>	<u>949,900</u>	<u>3,907,837</u>	<u>115,314</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ (60,121)</u>	<u>\$ -</u>	<u>\$ 60,121</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, 2018

	<u>Actual Amounts</u>			Total Amounts	Variance Favorable (Unfavorable)
	Library Budget	City Amounts	Library Amounts		
Revenue:					
Municipality - City of Safety Harbor	\$ 1,201,428	\$ 1,184,429	\$ -	\$ 1,184,429	\$ (16,999)
Library impact fees	23,100	5,362	-	5,362	(17,738)
Intergovernmental	193,370	-	193,368	193,368	(2)
Other revenues	39,570	37,843	-	37,843	(1,727)
Chrissie Shull Elmore Trust	22,800	15,800	-	15,800	(7,000)
<b>Total revenues</b>	<b>1,480,268</b>	<b>1,243,434</b>	<b>193,368</b>	<b>1,436,802</b>	<b>(43,466)</b>
Expenditures:					
Personnel services	920,310	761,069	136,099	897,168	23,142
Contractual/other services	425,646	416,310	-	416,310	9,336
Materials and supplies	23,612	17,455	-	17,455	6,157
Capital outlay	110,700	48,600	57,269	105,869	4,831
<b>Total expenditures</b>	<b>1,480,268</b>	<b>1,243,434</b>	<b>193,368</b>	<b>1,436,802</b>	<b>43,466</b>
 Excess of revenues over expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</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, 2018

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 10,360,680	\$ 9,331,647	\$ (1,029,033)
Intergovernmental	-	(6,842)	(6,842)
Other	705,090	644,087	(61,003)
Total operating revenue	<u>11,065,770</u>	<u>9,968,892</u>	<u>(1,096,878)</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages, and employee benefits	1,828,900	1,809,447	19,453
Materials and supplies	354,089	220,340	133,749
Contractual and other services	5,477,298	5,149,591	327,707
Capital outlay	3,564,993	2,708,166	856,827
Total operating expenses	<u>11,225,280</u>	<u>9,887,544</u>	<u>1,337,736</u>
Operating income (loss)	<u>(159,510)</u>	<u>81,348</u>	<u>240,858</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income and net appreciation in fair value of investments	237,640	(80,816)	(318,456)
Interest expense	(147,470)	(149,573)	2,103
Gain on the sale of capital assets	10,000	22,799	12,799
Debt service principal retirement	<u>(452,900)</u>	<u>(466,871)</u>	<u>(13,971)</u>
Total nonoperating revenues (expenses)	<u>(352,730)</u>	<u>(674,461)</u>	<u>(317,525)</u>
Income (loss) before appropriated net assets	(512,240)	(593,113)	(1,105,353)
Appropriated net assets	<u>512,240</u>	<u>-</u>	<u>(512,240)</u>
Changes in net assets	<u>\$ -</u>	(593,113)	<u>\$ 593,113</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net assets - proprietary funds			
Depreciation and amortization		(1,094,459)	
Capital outlay		2,708,166	
Debt service principal repayment		<u>466,871</u>	
Change in net assets GAAP basis		<u>\$ 1,487,465</u>	

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
SOLID WASTE FUND  
YEAR ENDED SEPTEMBER 30, 2018

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,978,800	\$ 2,955,565	\$ (23,235)
Other	10,000	12,636	2,636
Total operating revenues	<u>2,988,800</u>	<u>2,968,201</u>	<u>(20,599)</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages, and employee benefits	1,228,260	1,247,736	(19,476)
Materials and supplies	253,439	262,177	(8,738)
Contractual and other services	880,328	875,136	5,192
Capital outlay	652,588	624,770	27,818
Total operating expenses	<u>3,014,615</u>	<u>3,009,819</u>	<u>4,796</u>
Operating income (loss)	<u>(25,815)</u>	<u>(41,618)</u>	<u>(25,395)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income and net appreciation in fair value of investments	36,260	(17,007)	(53,267)
Interest expense	(16,210)	(16,744)	534
Intergovernmental	13,470	12,726	(744)
Gain on the sale of capital assets	15,000	7,053	(7,947)
Debt service principal retirement	<u>(38,410)</u>	<u>(38,317)</u>	<u>(93)</u>
Total nonoperating revenues (expenses)	<u>10,110</u>	<u>(52,289)</u>	<u>(61,517)</u>
Income (loss) before appropriated net assets	(35,925)	(93,907)	(86,912)
Appropriated net assets	<u>35,925</u>	<u>-</u>	<u>(35,925)</u>
Changes in net position	<u>\$ -</u>	<u>(93,907)</u>	<u>\$ (122,837)</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(405,950)	
Capital outlay		624,770	
Debt service principal repayment		<u>38,317</u>	
Change in net position GAAP basis		<u>\$ 163,230</u>	

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
STORMWATER FUND  
YEAR ENDED SEPTEMBER 30, 2018

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,370,000	\$ 1,399,020	\$ 29,020
Intergovernmental grant	-	56,908	56,908
Other	-	97	97
Total operating revenue	<u>1,370,000</u>	<u>1,456,025</u>	<u>86,025</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages, and employee benefits	346,220	366,597	(20,377)
Materials and supplies	247,290	161,016	86,274
Contractual and other services	297,321	226,747	70,574
Capital outlay	964,643	423,817	540,826
Total operating expenses	<u>1,855,474</u>	<u>1,178,177</u>	<u>677,297</u>
Operating income (loss)	<u>(485,474)</u>	<u>277,848</u>	<u>763,322</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income and net appreciation in fair value of investments	24,930	(9,205)	(34,135)
Interest expense	(29,220)	(30,161)	941
Intergovernmental	-	-	-
Gain on the sale of capital assets	-	6,036	6,036
Debt service principal retirement	(69,090)	(69,013)	(77)
Total nonoperating revenues (expenses)	<u>(73,380)</u>	<u>(102,343)</u>	<u>(28,963)</u>
Income (loss) before appropriated net assets	(558,854)	175,505	734,359
Appropriated net assets	<u>558,854</u>	<u>-</u>	<u>(558,854)</u>
Changes in net position	<u>\$ -</u>	175,505	<u>\$ 175,505</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(382,110)	
Capital outlay		423,817	
Debt service principal repayment		<u>69,013</u>	
Change in net position GAAP basis		<u>\$ 286,225</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, 2018

	<u>Total Governmental Funds</u>	<u>Assets, deferred inflows, long-term liabilities and deferred inflows</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Equity in pooled cash and investments	\$ 12,351,468	\$ -	\$ 12,351,468
Receivables, net:			
Accounts receivable	421,519	-	421,519
Due from other governments	833,611	-	833,611
Inventories	54,627	-	54,627
Prepaid items	2,234	-	2,234
Capital assets:			
Nondepreciable	-	11,002,379	11,002,379
Depreciable, net of accumulated depreciation	-	14,778,535	14,778,535
Pension asset	-	1,971,895	1,971,895
Total assets	<u>13,663,459</u>	<u>27,752,809</u>	<u>41,416,268</u>
<b>Deferred outflows</b>	<u>-</u>	<u>1,782,519</u>	<u>1,782,519</u>
<b>Total assets and deferred outflows</b>	<u>\$ 13,663,459</u>	<u>\$ 29,535,328</u>	<u>\$ 43,198,787</u>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 647,516	\$ -	\$ 647,516
Interest payable	-	40,293	40,293
Accrued liabilities	156,235	-	156,235
Customer deposits	22,560	-	22,560
Unearned revenue	967,100	-	967,100
Long-term obligations:			
Compensated absences	-	766,443	766,443
Other post employment benefits	-	896,985	896,985
Net pension liability	-	1,091,417	1,091,417
Capital lease	-	220,000	220,000
Bonds and notes payable	-	3,001,509	3,001,509
Total liabilities	<u>1,793,411</u>	<u>6,016,647</u>	<u>7,810,058</u>
<b>Deferred inflows</b>	<u>-</u>	<u>1,724,639</u>	<u>1,724,639</u>
<b>Fund Balances</b>			
Invested in capital assets, net of related debt	-	22,559,405	22,559,405
Nonspendable:			
Inventories and prepaid amounts	56,861	(56,861)	-
Restricted for:			
General government	285,697	-	285,697
Fire protection	79,944	-	79,944
Transportation	387,620	-	387,620
Library	60,133	-	60,133
Parks and recreation	80,726	-	80,726
Debt service	183,323	-	183,323
Capital projects	1,462,388	-	1,462,388
Committed to:			
Emergency/disaster relief stabilization	3,105,626	-	3,105,626
Physical environment	134,384	-	134,384
Public safety	90,580	-	90,580
Capital project (Waterfront Park)	80,986	-	80,986
Assigned to:			
General government	66,278	-	66,278
Fire protection	2,318	-	2,318
Library	142	-	142
Public safety	2,067	-	2,067
Physical environment	17,288	-	17,288
Transportation	637,768	-	637,768
Parks and recreation	1,366,585	-	1,366,585
Other	-	-	-
Unassigned:	<u>4,121,377</u>	<u>(708,502)</u>	<u>3,412,875</u>
Total fund balances	<u>12,222,091</u>	<u>21,794,042</u>	<u>34,016,133</u>
Total liabilities, deferred inflow, and fund balances	<u>\$ 14,015,502</u>	<u>\$ 29,535,328</u>	<u>\$ 43,550,830</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, 2018

	<u>Total Governmental Funds</u>	<u>Depreciation</u>	<u>Capital Outlay</u>	<u>Change in Pension Asset</u>	<u>Compensated Absences</u>	<u>Other Post Employment Benefits (OPEB)</u>	<u>Long-term Debt</u>	<u>Reclasses and Eliminations</u>	<u>Statement of Activities Total</u>
<b>REVENUES</b>									
Property taxes	\$ 4,913,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,913,710
Utility taxes	2,324,144	-	-	-	-	-	-	-	2,324,144
Local business taxes	149,597	-	-	-	-	-	-	-	149,597
Local option taxes	2,215,907	-	-	-	-	-	-	-	2,215,907
Franchise fees	1,416,403	-	-	-	-	-	-	-	1,416,403
Licenses and permits	356,505	-	-	-	-	-	-	-	356,505
Impact fees	98,772	-	-	-	-	-	-	-	98,772
Special assessments	246,527	-	-	-	-	-	-	-	246,527
Sales tax	1,125,671	-	-	-	-	-	-	-	1,125,671
Intergovernmental	2,005,369	-	-	-	-	-	-	-	2,005,369
Charges for services	1,403,501	-	-	-	-	-	-	-	1,403,501
Fines and forfeitures	15,384	-	-	-	-	-	-	-	15,384
Interest income and net appreciation in fair value of investments	(58,527)	-	-	-	-	-	-	-	(58,527)
Contributions and donations	93,813	-	-	-	-	-	-	-	93,813
Other	1,156,235	-	-	-	-	-	-	-	1,156,235
Total revenues	<u>17,463,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,463,011</u>
<b>EXPENDITURES</b>									
Current operating:									
General government	2,937,077	233,170	-	(27,640)	30,383	7,600	-	-	3,180,590
Law enforcement	1,312,142	1,509	-	-	-	-	-	-	1,313,651
Fire protection	3,881,238	261,870	-	(200,133)	(71,283)	9,672	-	-	3,881,364
Building department	519,765	8,703	-	-	11,839	2,073	-	-	542,380
Physical environment	491,378	4,608	-	-	2,998	1,727	-	-	500,711
Transportation	973,410	398,287	-	(27,640)	(28,513)	3,454	-	-	1,318,998
Library	1,330,932	276,094	-	(27,640)	(5,650)	3,454	-	-	1,577,190
Parks and recreation	3,347,990	425,621	-	(55,279)	14,787	6,909	-	-	3,740,028
Capital outlay	1,357,742	-	(1,357,742)	-	-	-	-	-	-
Debt service:									
Capital lease retirement	5,000	-	-	-	-	-	(5,000)	-	-
Principal retirement	303,141	-	-	-	-	-	(303,141)	-	-
Interest and other fiscal charges	65,287	-	-	-	-	-	(10,799)	-	54,488
Total expenditures	<u>16,525,102</u>	<u>1,609,862</u>	<u>(1,357,742)</u>	<u>(338,332)</u>	<u>(45,439)</u>	<u>34,889</u>	<u>(318,940)</u>	<u>-</u>	<u>16,109,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>937,909</u>	<u>(1,609,862)</u>	<u>1,357,742</u>	<u>338,332</u>	<u>45,439</u>	<u>(34,889)</u>	<u>318,940</u>	<u>-</u>	<u>1,353,611</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	1,743,553	-	-	-	-	-	-	-	1,743,553
Transfers out	(1,743,553)	-	-	-	-	-	-	-	(1,743,553)
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>\$ 937,909</u>	<u>\$ (1,609,862)</u>	<u>\$ 1,357,742</u>	<u>\$ 338,332</u>	<u>\$ 45,439</u>	<u>\$ (34,889)</u>	<u>\$ 318,940</u>	<u>\$ -</u>	<u>\$ 1,353,611</u>

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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)

	2018*	2017	2016	2015	2014*	2013	2012	2011	2010*	2009
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 22,559,405	\$ 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
Restricted	2,499,538	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
Unrestricted	8,957,190	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
Total governmental activities net position	<u>\$ 34,016,133</u>	<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>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$ 22,904,068	\$ 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
Restricted	10,321,373	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
Unrestricted	4,280,845	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
Total business-type activities net position	<u>\$ 37,506,286</u>	<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>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ 45,463,473	\$ 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
Restricted	12,820,911	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
Unrestricted	13,238,035	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
Total primary government net position	<u>\$ 71,522,419</u>	<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>

\*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.

The City implemented GASB 85 in 2018. Financial data restated in 2018 for comparative purposes.

**SCHEDULE 2**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 3,180,590	\$ 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
Law enforcement	1,313,651	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
Fire protection	3,881,364	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
Building department	542,380	484,448	390,407	334,862	307,766	290,904	296,574	300,126	305,251	293,109
Physical environment	500,711	491,636	467,017	374,898	423,295	405,422	414,406	483,956	1,347,914	1,289,878
Transportation	1,318,998	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
Library	1,577,190	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
Parks and recreation	3,740,028	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
Interest and other fiscal charges on long-term debt	54,488	146,190	119,243	239,418	189,032	208,644	183,650	176,977	237,267	103,790
<b>Total governmental activities expenses</b>	<b>16,109,400</b>	<b>16,339,856</b>	<b>15,533,230</b>	<b>14,875,317</b>	<b>14,839,108</b>	<b>14,692,332</b>	<b>15,302,768</b>	<b>15,373,300</b>	<b>16,663,357</b>	<b>16,978,856</b>
<b>Business-type activities:</b>										
Water and wastewater	8,423,410	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
Solid waste	2,807,743	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
Stormwater	1,166,631	1,043,174	1,050,346	936,715	871,193	828,019	818,113	814,809	-	-
<b>Total business-type activities expenses</b>	<b>12,397,784</b>	<b>12,192,129</b>	<b>11,872,221</b>	<b>11,184,725</b>	<b>11,228,957</b>	<b>11,228,053</b>	<b>10,561,964</b>	<b>10,739,922</b>	<b>9,982,277</b>	<b>10,735,423</b>
<b>Total primary government expenses</b>	<b>\$ 28,507,184</b>	<b>\$ 28,531,985</b>	<b>\$ 27,405,451</b>	<b>\$ 26,060,042</b>	<b>\$ 26,068,065</b>	<b>\$ 25,920,385</b>	<b>\$ 25,864,732</b>	<b>\$ 26,113,222</b>	<b>\$ 26,645,634</b>	<b>\$ 27,714,279</b>
<b>Program Revenues (see Schedule 3)</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 122,823	\$ 153,275	\$ 78,602	\$ 77,093	\$ 67,995	\$ 129,579	\$ 90,475	\$ 75,110	\$ 46,854	\$ 132,810
Law enforcement	15,384	17,262	13,442	11,412	10,381	45,377	77,056	90,658	68,287	94,095
Fire protection	85,787	31,425	31,567	9,450	16,794	23,376	6,845	6,890	1,083	-
Building department	532,923	322,968	250,257	222,337	215,144	311,272	169,407	150,485	121,847	113,716
Physical environment	53,485	252,343	39,435	46,166	46,550	42,964	49,913	51,235	508,932	591,432
Transportation	261,768	283,183	282,396	275,797	344,165	343,274	40,550	9,624	20,834	8,083
Library	41,169	55,144	51,460	42,663	49,311	49,077	47,223	55,745	45,613	31,888
Parks and recreation	885,164	813,304	798,929	895,477	854,196	859,165	743,694	736,353	692,506	566,799
Operating grants and contributions	1,419,324	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
Capital grants and contributions	73,297	335,104	868,643	693,263	62,633	42,210	166,567	31,067	194,540	11,000
<b>Total governmental activities program revenues</b>	<b>3,491,124</b>	<b>3,560,507</b>	<b>3,702,234</b>	<b>3,529,003</b>	<b>3,148,351</b>	<b>3,298,359</b>	<b>2,625,842</b>	<b>2,502,054</b>	<b>2,970,398</b>	<b>3,058,161</b>
<b>Business-type activities:</b>										
Charges for services:										
Water and wastewater	9,331,647	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
Solid waste	2,955,565	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
Stormwater	1,399,020	1,149,837	1,012,228	1,000,016	996,899	993,034	661,809	667,967	-	-
Operating grants and contributions	5,884	55,231	32,934	-	12,988	12,959	13,067	13,457	13,439	13,439
Capital grants and contributions	56,908	-	-	-	4,839	413,289	1,057,627	240,675	-	-
<b>Total business-type activities program revenues</b>	<b>13,749,024</b>	<b>12,745,089</b>	<b>11,430,450</b>	<b>11,044,052</b>	<b>11,772,839</b>	<b>12,325,993</b>	<b>12,482,393</b>	<b>12,026,991</b>	<b>10,876,762</b>	<b>10,586,749</b>
<b>Total primary government program revenues</b>	<b>\$ 17,240,148</b>	<b>\$ 16,305,596</b>	<b>\$ 15,132,684</b>	<b>\$ 14,573,055</b>	<b>\$ 14,921,190</b>	<b>\$ 15,624,352</b>	<b>\$ 15,108,235</b>	<b>\$ 14,529,045</b>	<b>\$ 13,847,160</b>	<b>\$ 13,644,910</b>

**SCHEDULE 2**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (12,618,276)	\$ (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)
Business-type activities	1,351,240	552,960	(441,771)	(140,673)	543,882	1,097,940	1,920,429	1,287,069	894,485	(148,674)
Total primary government net expense	\$ (11,267,036)	\$ (12,226,389)	\$ (12,272,767)	\$ (11,486,987)	\$ (11,146,875)	\$ (10,296,033)	\$ (10,756,497)	\$ (11,584,177)	\$ (12,798,474)	\$ (14,069,369)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 4,913,710	\$ 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
Utility taxes	2,324,144	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
Local business tax	149,597	140,393	141,389	162,446	135,802	150,074	154,396	146,230	144,522	143,032
Local option tax	2,215,907	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
Franchise fees	1,416,403	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
Sales tax	1,125,671	1,078,525	1,151,421	1,018,441	980,143	928,330	889,029	874,854	847,342	857,009
Intergovernmental	611,561	593,293	568,087	554,343	529,971	494,362	469,506	472,827	468,225	404,719
Interest income and net appreciation/(depreciation) in fair value of investments	(58,532)	42,800	228,367	260,606	204,396	(44,637)	198,116	507,216	844,977	835,294
Other	1,273,426	1,261,376	1,059,184	968,183	898,056	916,748	1,018,166	1,202,034	1,122,522	1,907,942
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	13,971,887	13,405,159	13,291,315	13,204,140	12,409,028	11,346,015	10,821,136	12,181,599	12,688,435	13,440,310
Business-type activities:										
Franchise fees	-	-	-	-	-	-	-	-	29,928	38,290
Interest income and net appreciation/(depreciation) in fair value of investments	(107,028)	62,990	289,499	322,693	247,524	(48,331)	209,919	438,080	475,634	361,878
Other	656,820	750,612	656,365	706,309	698,586	722,038	696,670	680,091	657,841	673,263
Proceeds from sale of capital assets	35,888	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	585,680	881,007	983,923	931,996	839,615	551,116	1,731,244	1,130,326	1,172,858	1,073,431
Total primary government	\$ 14,557,567	\$ 14,286,166	\$ 14,275,238	\$ 14,136,136	\$ 13,248,643	\$ 11,897,131	\$ 12,552,380	\$ 13,311,925	\$ 13,861,293	\$ 14,513,741
<b>Change in Net Position</b>										
Governmental activities	\$ 1,353,611	\$ 625,810	\$ 1,460,319	\$ 1,857,826	\$ 718,271	\$ (47,958)	\$ (1,855,790)	\$ (689,647)	\$ (1,004,524)	\$ (480,385)
Business-type activities	1,936,920	1,433,967	542,152	791,323	1,383,497	1,649,056	3,651,673	2,417,395	2,067,343	924,757
Total primary government	\$ 3,290,531	\$ 2,059,777	\$ 2,002,471	\$ 2,649,149	\$ 2,101,768	\$ 1,601,098	\$ 1,795,883	\$ 1,727,748	\$ 1,062,819	\$ 444,372

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Function/Program</b>										
<b>Governmental activities:</b>										
General government	\$ 122,823	\$ 153,275	\$ 83,602	\$ 87,093	\$ 77,995	\$ 129,579	\$ 240,475	\$ 75,110	\$ 61,854	\$ 197,786
Law enforcement	15,384	19,535	13,442	11,412	12,492	45,377	77,056	94,936	72,302	95,095
Fire protection	1,280,284	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	536,239	322,968	250,257	222,337	215,144	311,272	169,407	150,485	266,369	256,748
Physical environment	53,485	252,343	39,435	46,166	46,550	42,964	49,913	51,235	699,457	591,432
Transportation	266,711	337,114	290,095	281,295	349,283	348,022	46,986	9,624	20,834	8,083
Library	252,737	216,339	257,791	251,109	287,149	284,277	278,199	293,653	310,543	378,583
Parks and recreation	963,461	1,077,169	1,664,185	1,529,931	873,030	859,165	750,328	764,719	692,506	568,736
<b>Total governmental activities program revenues</b>	<b>3,491,124</b>	<b>3,560,507</b>	<b>3,702,234</b>	<b>3,529,003</b>	<b>3,148,351</b>	<b>3,298,359</b>	<b>2,625,842</b>	<b>2,502,054</b>	<b>3,114,920</b>	<b>3,201,193</b>
<b>Business-type activities:</b>										
Water and wastewater	9,324,805	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
Solid waste	2,968,291	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
Stormwater	1,455,928	1,148,746	1,013,319	1,000,016	1,001,738	1,406,323	1,719,436	908,642	-	-
<b>Total business-type activities program revenues</b>	<b>13,749,024</b>	<b>12,745,089</b>	<b>11,430,450</b>	<b>11,044,052</b>	<b>11,772,839</b>	<b>12,325,993</b>	<b>12,482,393</b>	<b>12,026,991</b>	<b>10,876,762</b>	<b>10,586,749</b>
<b>Total primary government program revenues</b>	<b>\$ 17,240,148</b>	<b>\$ 16,305,596</b>	<b>\$ 15,132,684</b>	<b>\$ 14,573,055</b>	<b>\$ 14,921,190</b>	<b>\$ 15,624,352</b>	<b>\$ 15,108,235</b>	<b>\$ 14,529,045</b>	<b>\$ 13,991,682</b>	<b>\$ 13,787,942</b>

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Fund</b>										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,606,544	\$ 2,886,389	\$ 282,576	\$ 167,223
Unrestricted	-	-	-	-	-	-	5,829,922	6,081,005	8,515,866	9,051,391
Nonspendable	\$ 56,861	\$ 49,054	\$ 55,115	\$ 70,326	\$ 32,752	\$ 34,784	\$ 33,461	\$ 193,576	-	-
Restricted	-	-	-	-	-	-	-	22,755	-	-
Committed	3,105,626	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	4,121,377	4,686,532	5,043,036	4,835,512	4,539,230	5,637,597	5,432,242	5,247,275	-	-
<b>Total general fund</b>	<u>\$ 7,283,864</u>	<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>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,699,254	\$ 4,229,317	\$ 3,528,938	\$ 4,733,095
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	669,310	3,859,731	3,558,003
Restricted	\$ 2,539,831	\$ 793,526	\$ 2,219,447	\$ 2,247,003	\$ 2,638,130	\$ 2,536,772	\$ 2,700,566	\$ 4,229,317	-	-
Committed	305,950	136,495	1,101,979	1,865,060	278,536	267,150	265,067	231,984	-	-
Assigned	2,092,446	1,178,449	1,158,634	1,181,291	907,201	724,348	733,621	437,326	-	-
Unassigned	-	(351,469)	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 4,938,227</u>	<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>

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Property taxes	\$ 4,913,710	\$ 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
Utility taxes	2,324,144	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
Local business tax	149,597	140,393	141,389	162,446	135,802	150,074	154,396	146,230	144,522	143,032
Local option tax	2,215,907	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
Franchise fees	1,416,403	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
Licenses and permits	356,505	313,308	244,417	219,997	215,144	311,272	169,407	150,485	121,847	113,716
Impact fees	98,772	282,018	66,932	42,030	44,430	59,875	43,729	5,738	6,988	11,702
Special assessments	246,527	246,399	246,523	247,516	317,863	312,657	10,696	991	468,479	540,663
Sales tax	1,125,671	1,078,525	1,151,421	1,018,441	980,143	928,330	889,029	874,854	847,342	857,009
Intergovernmental	2,005,369	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
Charges for services	1,403,501	1,124,691	947,888	1,021,620	995,188	1,037,575	860,674	885,181	879,969	652,757
Fines and forfeitures	15,384	84,544	40,328	49,232	31,911	77,530	140,659	127,865	28,673	92,570
Interest income and net appreciation/ (depreciation) in fair value of investments	(58,527)	42,800	228,367	260,606	204,396	(44,637)	198,116	507,216	844,977	835,294
Contributions and donations	93,813	137,265	24,387	648,229	81,298	-	-	25,000	-	-
Other	1,156,235	1,139,320	1,064,184	978,183	908,056	961,860	1,037,488	1,202,034	1,122,522	2,097,842
<b>Total revenues</b>	<b>17,463,011</b>	<b>16,965,666</b>	<b>16,237,621</b>	<b>16,612,343</b>	<b>15,436,579</b>	<b>14,523,574</b>	<b>14,253,498</b>	<b>14,683,653</b>	<b>15,651,841</b>	<b>16,498,471</b>
<b>Expenditures</b>										
General government	2,937,077	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
Law enforcement	1,312,142	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
Fire protection	3,881,238	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
Building department	519,765	477,770	386,078	360,833	360,451	288,643	293,273	295,895	300,581	293,109
Physical environment	491,378	476,995	469,248	390,432	406,815	425,653	403,240	484,875	1,219,847	1,289,878
Transportation	973,410	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
Library	1,330,932	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
Parks and recreation	3,347,990	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
Capital outlay	1,357,742	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
Debt service										
Capital lease principal	5,000	5,000	5,000	5,000	5,000	-	-	-	-	(25,431)
Principal retirement	303,141	1,254,309	746,860	722,400	702,982	628,982	414,062	401,643	467,878	-
Interest and other fiscal charges	65,287	156,332	129,645	167,784	189,032	208,644	179,572	174,431	234,801	103,790
<b>Total expenditures</b>	<b>16,525,102</b>	<b>18,537,209</b>	<b>16,522,925</b>	<b>16,207,482</b>	<b>14,791,341</b>	<b>14,930,766</b>	<b>17,927,758</b>	<b>15,171,881</b>	<b>16,981,434</b>	<b>21,135,701</b>
Excess (deficiency) of revenues over (under) expenditures	<b>937,909</b>	<b>(1,571,543)</b>	<b>(285,304)</b>	<b>404,861</b>	<b>645,238</b>	<b>(407,192)</b>	<b>(3,674,260)</b>	<b>(488,228)</b>	<b>(1,329,593)</b>	<b>(4,637,230)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,743,553	1,610,096	1,158,780	2,662,020	1,018,770	1,104,830	921,720	889,080	924,684	2,141,239
Transfers out	(1,743,553)	(1,610,096)	(1,158,780)	(2,541,220)	(897,970)	(984,030)	(1,728,240)	(889,080)	(924,684)	(2,141,239)
Sale of capital assets	-	-	-	-	-	-	-	-	6,992	-
Bond Issuance Costs	-	-	-	-	-	-	(24,521)	-	-	-
Debt proceeds	-	-	-	-	-	-	2,775,000	-	-	304,007
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,800</b>	<b>120,800</b>	<b>120,800</b>	<b>1,943,959</b>	<b>-</b>	<b>6,992</b>	<b>304,007</b>
Special item	-	-	-	-	-	-	-	-	-	(265,628)
<b>Net change in fund balances</b>	<b>\$ 937,909</b>	<b>\$ (1,571,543)</b>	<b>\$ (285,304)</b>	<b>\$ 525,661</b>	<b>\$ 766,038</b>	<b>\$ (286,392)</b>	<b>\$ (1,730,301)</b>	<b>\$ (488,228)</b>	<b>\$ (1,322,601)</b>	<b>\$ (4,598,851)</b>
Debt service as a percentage of noncapital expenditures	2.46%	8.89%	6.08%	6.33%	6.55%	6.20%	4.29%	4.12%	4.60%	0.46%

**SCHEDULE 6**

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

Fiscal Year	Tax Year	Direct Rate	Estimated Actual Value			Exemptions <sup>a</sup>			Taxable Assessed Value			Total	Total Direct Tax Rate
			Real Property	Personal Property	Centrally Assessed Property	Real Property	Personal Property	Centrally Assessed Property	Real Property	Personal Property	Centrally Assessed Property		
2018	2017	3.9500	\$ 1,717,274,331	\$ 89,681,666	\$ 745,210	\$ 465,654,538	\$ 45,625,521	\$ 95,548	\$ 1,251,619,793	\$ 44,056,145	\$ 649,662	\$ 1,296,325,600	3.9500
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

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

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

**SCHEDULE 7**

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

Fiscal Year	Taxable Year	Direct Rate	Overlapping Rates					Total
		City of Safety Harbor Operating	Pinellas County	School District	Emergency Medical Services <sup>a</sup>	Transit District <sup>a</sup>	Other <sup>b</sup>	
2018	2017	3.9500	5.2755	7.0090	0.9158	0.7500	1.3097	19.2100
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

Source: Pinellas County Tax Collector's Office

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

<sup>b</sup> Other includes:

- Juvenile Welfare Board
- Southwest Florida Water Management District
- Health Department
- Pinellas County Planning Council

**SCHEDULE 8**

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

Taxpayer	2018		2009	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Safety Harbor Property Holdings, LLC	\$ 17,500,000	1.40%	\$ -	0.00%
Preedom Land Trust	16,291,500	1.30%	14,432,028	1.39%
Safety Harbor Spa & Resort, LLC	16,225,223	1.30%	18,239,219	1.76%
Baycare Properties, LLC	15,000,000	1.20%	-	0.00%
E C A Elle Northwood Partners LLC	9,630,000	0.77%	-	0.00%
Leisure Associates Ltd Partnership	7,950,000	0.64%	6,000,000	0.58%
Northwood Pinellas, LLC	7,435,000	0.59%	-	0.00%
Health Care Property Investment, Inc.	6,250,000	0.50%	5,500,000	0.53%
Safety Harbor Investment Properties	5,550,000	0.44%	7,100,000	0.68%
ARHC CSCLWFL01 LLC	5,200,000	0.42%	-	0.00%
Mease Hospitals, Inc.	-	0.00%	20,479,474	1.98%
Northwood Oaks, LLC	-	0.00%	8,800,000	0.85%
Northwood Commons LLC	-	0.00%	7,500,000	0.72%
Bayshore Palms Apartments Inc.	-	0.00%	7,000,000	0.68%
Capstone Capital Corp	-	0.00%	4,900,000	0.47%
	<u>\$ 107,031,723</u>	<u>8.55%</u>	<u>\$ 99,950,721</u>	<u>9.64%</u>
Total Taxable Assessed Value	<u>\$ 1,251,619,793</u>		<u>\$ 1,036,687,282</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	2018		2009	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Duke Energy Florida	\$ 10,174,500	23.09%	\$ -	0.00%
Mastercut Tool Corp	3,905,076	8.86%	2,347,558	4.47%
Florida Gas Transmission	3,492,379	7.93%		0.00%
Bright House Networks LLC	2,673,293	6.07%	3,210,247	6.11%
Frontier Communications	1,796,449	4.08%		0.00%
Nice Services, Inc.	1,304,813	2.96%		0.00%
Angelica Textile Services	1,292,633	2.93%		0.00%
Countryside Surgi-Center	930,027	2.11%	992,942	1.89%
Wow! Internet, Cable & Phone	807,877	1.83%		0.00%
Sawyer Products, Inc.	791,251	1.80%		0.00%
Florida Power Corp	-	0.00%	7,060,929	13.44%
Verizon Florida LLC	-	0.00%	4,833,348	9.20%
Florida Gas Transmission	-	0.00%	2,772,264	5.28%
National Linen Service #495	-	0.00%	2,733,821	5.20%
US Bancorp Equipment Fin	-	0.00%	2,605,204	4.96%
Safety Harbor Resort and Spa	-	0.00%	2,574,251	4.90%
Diagnostic Clinic	-	0.00%	1,265,488	2.41%
	<u>\$ 27,168,298</u>	<u>61.67%</u>	<u>\$ 30,396,052</u>	<u>57.87%</u>
Total Taxable Assessed Value	<u>\$ 44,056,145</u>		<u>\$ 52,525,242</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 <sup>a</sup>		Delinquent Tax Collections <sup>b</sup>	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2018	2017	\$ 4,776,219	\$ 4,419,680	92.54%	\$ 21,524	\$ 4,441,204	92.99%
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%

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

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

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

**SCHEDULE 11**

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Debt as a Ratio to Personal Income <sup>a</sup>	Debt per Capita <sup>a</sup>
	Public Improvement Revenue Bonds	Capital Improvement Revenue Bonds	Capital Leases	Water and Wastewater Refunding Bond	Capital Improvement Revenue Bond	Capital Leases			
2018	\$ 1,210,000	\$ 1,791,509	\$ 220,000	\$ 640,000	\$ 5,324,265	\$ -	\$ 9,185,774	1.31%	515
2017	1,495,000	1,809,650	225,000	790,000	5,739,147	-	10,058,797	1.49%	571
2016	1,775,000	2,783,958	230,000	935,000	6,135,453	-	11,859,411	1.88%	679
2015	2,050,000	3,255,818	235,000	1,075,000	6,520,665	-	13,136,483	2.07%	753
2014	2,315,000	3,713,218	240,000	1,215,000	6,895,187	-	14,378,405	2.93%	839
2013	2,575,000	4,156,290	245,000	1,355,000	7,259,260	-	15,590,550	2.51%	891
2012	2,775,000	4,585,182 <sup>b</sup>	-	1,500,000 <sup>b</sup>	7,612,848	-	16,473,030	2.94%	976
2011	-	4,999,244	-	1,649,748	7,957,023	37,935	14,643,950	2.64%	867
2010	-	6,780,150	29,132	1,764,064	6,912,338	104,864	15,590,548	2.67%	880
2009	-	7,222,494	54,792	2,073,384	7,183,506	163,950	16,698,126	2.76%	937
2008	-	6,918,487 <sup>c</sup>	-	2,367,704	4,953,047	-	14,239,238	2.39%	798

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

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

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

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



**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, 2018

Government Unit	Debt Outstanding	Applicable to City of Safety Harbor	
		Percent <sup>a</sup>	Amount
<b>Bonded Debt:</b>			
Pinellas County School Board <sup>b</sup>	\$ 1,665,960	1.50%	\$ 24,989
Pinellas County <sup>b</sup>	9,578,209	1.65%	158,040
<b>Capital Leases:</b>			
Pinellas County School Board <sup>b</sup>	5,611,628	1.50%	84,174
Pinellas County <sup>b</sup>	<u>499,386</u>	1.65%	<u>8,240</u>
<b>Total Overlapping Debt</b>	<b>\$ 17,355,183</b>		<b>\$ 275,444</b>
<b>Total Direct Debt <sup>c</sup></b>			<b><u>3,221,509</u></b>
<b>Total Direct and Overlapping Governmental Activities Debt</b>			<b><u>\$ 3,496,953</u></b>
<b>Total Direct and Overlapping Governmental Activities Debt Per Capita <sup>d</sup></b>			<b><u>\$ 195.97</u></b>

Source: Pinellas County, Florida

<sup>a</sup> Applicable net debt percentage is based on ratio of City to County-wide taxable values for tax year 2017.

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

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

<sup>d</sup> 2018 permanent Safety Harbor population is estimated at 17,844.

**SCHEDULE 14**

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

Fiscal Year	Governmental Activities							Coverage
	Gross Revenues <sup>a</sup>	Operating Expenses <sup>b</sup>	Net Revenue Available for Debt Service	Debt Service Requirements				
				Principal	Interest	Total		
2018	\$ 11,791,319	\$ 7,925,975	\$ 3,865,344	\$ 810,735	\$ 76,688	\$ 887,423	4.36	
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%.

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

<sup>b</sup> Operating expenses include general government, law enforcement and fire protection, less amounts owed to Pinellas County EMS

**SCHEDULE 15**

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

Fiscal Year	Gross Revenues <sup>a</sup>	Operating Expenses Less Depreciation <sup>b</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2018	\$ 14,236,024	\$ 10,318,787	\$ 3,917,237	\$ 560,531	\$ 198,438	\$ 758,969	5.16
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 <sup>c</sup>	\$ 12,331,500	\$ 9,266,213	\$ 3,065,287	\$ 596,702	\$ 303,880	\$ 900,582	3.40
2009 <sup>c</sup>	\$ 11,214,173	\$ 10,033,366	\$ 1,180,807	\$ 285,000	\$ 241,160	\$ 526,160	2.24

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

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

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

<sup>c</sup> FY 2009 - 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 <sup>a</sup></u>	<u>Estimated Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Median Age <sup>c</sup></u>	<u>Public School Enrollment <sup>d</sup></u>	<u>Unemployment Rate <sup>e</sup></u>
2018	17,844	\$ 702,429,060	\$ 39,365	49.3	2,073	3.0%
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%

Sources:

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

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

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

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

<sup>e</sup> 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 <sup>a</sup>

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Mease Countryside Hospital	1,148	13.77%
Angelica Corporation	273	3.28%
Safety Harbor Resort and Spa	250	3.00%
Safety Harbor Middle School	143	1.72%
Consulate Health Care	131	1.57%
Boat Steering Rebuilders LLC	129	1.55%
Master Cut Tool Corp	110	1.32%
Safety Harbor Elementary School	94	1.13%
Citrus County Investments Inc.	82	0.98%
Espiritu Santo Catholic School	74	0.89%
Total Employed Population	8,334	

Source: A to Z Databases

<sup>a</sup> Current year only, 2018.

**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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
City Manager	1.30	1.30	1.30	1.30	1.30	3.18	1.95	1.95	1.95	2.20
City Clerk	1.35	1.35	1.35	1.35	1.35	1.38	1.30	2.00	2.00	2.00
Human Resources	2.00	2.00	2.00	2.00	1.88	2.00	3.50	3.50	3.50	3.50
Finance	3.00	3.00	3.00	3.00	3.00	3.50	3.50	4.00	5.50	5.50
Water & Wastewater Finance	9.00	9.00	9.00	10.00	9.70	9.20	9.35	9.85	8.25	8.25
Economic Dev. Director	-	-	-	-	-	-	-	-	-	-
Planning	3.30	3.30	3.30	3.70	3.45	3.30	3.15	3.65	3.40	4.00
Fleet Maintenance	3.10	3.10	3.10	3.05	3.15	3.15	3.15	4.05	4.05	4.05
Building Maintenance	6.45	6.45	5.95	5.70	5.70	5.80	5.80	5.80	5.80	5.55
CRA	0.30	0.30	0.30	0.30	0.30	0.30	0.60	0.60	0.60	1.00
<b>Total General Government</b>	<b>29.80</b>	<b>29.80</b>	<b>29.30</b>	<b>30.40</b>	<b>29.83</b>	<b>31.81</b>	<b>32.30</b>	<b>35.40</b>	<b>35.05</b>	<b>36.05</b>
<b>Public Safety</b>										
Building Department	5.50	5.50	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Fire Control and EMS	30.00	30.00	30.00	29.00	32.00	32.00	29.50	31.20	32.00	34.50
<b>Total Public Safety</b>	<b>35.50</b>	<b>35.50</b>	<b>35.00</b>	<b>34.00</b>	<b>36.00</b>	<b>36.00</b>	<b>33.50</b>	<b>35.20</b>	<b>36.00</b>	<b>38.50</b>
<b>Physical Environment</b>										
Engineering	4.50	4.50	4.50	4.30	4.30	4.30	4.30	5.80	6.55	6.50
Information Systems	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50	4.50
Water	6.40	6.40	7.40	7.20	7.60	7.60	8.60	8.20	8.20	8.20
Stormwater	5.40	5.40	5.40	5.20	5.20	5.20	5.20	5.20	5.20	5.20
Wastewater	8.40	8.40	8.40	8.20	8.60	8.60	8.60	8.20	8.20	10.20
Sanitation	19.25	19.25	19.30	19.15	18.15	19.35	19.35	19.15	19.15	20.15
<b>Total Physical Environment</b>	<b>47.95</b>	<b>47.95</b>	<b>49.00</b>	<b>48.05</b>	<b>47.85</b>	<b>49.05</b>	<b>50.05</b>	<b>50.05</b>	<b>50.80</b>	<b>54.75</b>
<b>Transportation</b>										
Streets	10.40	10.40	10.40	10.20	10.30	10.30	10.30	12.20	13.20	13.20
<b>Culture and Recreation</b>										
Library	17.12	17.12	18.09	17.66	17.44	17.45	17.90	17.40	16.70	16.70
Parks	13.90	13.90	13.90	13.93	13.93	10.55	10.55	10.55	8.30	8.30
Recreation	26.04	26.04	24.91	22.07	21.63	19.93	18.75	19.05	16.00	17.00
<b>Total Culture and Recreation</b>	<b>57.06</b>	<b>57.06</b>	<b>56.90</b>	<b>53.66</b>	<b>53.00</b>	<b>47.93</b>	<b>47.20</b>	<b>47.00</b>	<b>41.00</b>	<b>42.00</b>
<b>Total City</b>	<b>180.71</b>	<b>180.71</b>	<b>180.60</b>	<b>176.31</b>	<b>176.98</b>	<b>175.09</b>	<b>173.35</b>	<b>179.85</b>	<b>176.05</b>	<b>184.50</b>

Source: City of Safety Harbor Annual Budget, Fiscal Years 2009 -2018

**SCHEDULE 19**

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Public Safety</b>										
<b>Fire Control and EMS</b>										
Inspections	715	715	715	715	715	715	715	715	715	715
Investigations	24	22	22	20	20	12	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
<b>Building Department</b>										
Building permits issued	3,150	3,000	1,903	1,924	1,935	1,700	1,823	1,658	1,508	1,304
Occupational licenses issued	1,200	1,175	1,296	1,246	1,110	1,267	1,375	1,325	1,225	1,155
<b>Stormwater</b>										
Storm drain/pipe cleaned (miles)	0.38	0.38	0.34	0.36	0.39	0.15	1.14	1.07	0.06	0.30
Ditches/creeks cleaned (miles)	16.50	16.00	13.00	13.81	18.03	13.88	25.76	25.76	25.76	38.64
<b>Water</b>										
Customer accounts	8,320	7,702	7,560	7,477	7,456	7,586	7,506	7,488	7,493	7,470
Average daily water consumption in millions of gallons	1.44	1.55	1.39	1.38	1.43	1.40	1.37	1.70	1.37	1.57
<b>Wastewater</b>										
Customer accounts	8,320	8,942	8,943	8,918	8,903	8,946	8,871	8,856	8,897	8,745
Average daily sewage flow in millions of gallons	1.52	1.61	1.53	1.52	1.11	1.40	1.44	1.20	1.49	1.51
<b>Sanitation (solid waste)</b>										
Refuse collected (tons)	11,000	10,887	12,544	11,309	10,923	12,016	12,618	12,604	13,000	13,769
Recyclables collected (tons)	3,675	3,503	3,484	3,396	3,299	2,600	2,141	1,741	2,266	1,955
<b>Streets</b>										
Streets swept (curb miles)	920	920	920	918	918	918	938	938	918	918
Curb/gutter/sidewalks replaced (cubic yds)	170	175	163	270	260	320	325	350	318	300
Pothole repairs (asphalt tons)	30	35	1299*	32	23	16	32	25	18	36
<b>Culture and Recreation</b>										
<b>Recreation - Persons listed in programs</b>										
Trips	2,560	2,400	2,324	2,400	2,666	2,355	2,445	1,588	1,965	1,079
Classes	33,474	31,880	30,362	34,100	29,680	33,630	26,377	21,254	22,474	14,197
Camps/After-school	27,400	27,400	25,989	27,397	28,452	35,257	19,617	20,503	16,092	25,436
Special events	3,529	3,361	3,201	3,558	6,252	3,761	843	786	723	373
<b>Parks - Acres maintained</b>	123.89	123.89	123.89	123.89	103.89	93.99	88.99	73.88	72.47	72.47
<b>Library circulation</b>	250,000	250,000	248,686	273,568	262,455	287,052	296,348	272,761	287,003	206,030
<b>Library registered borrowers</b>	14,500	14,500	14,140	14,844	10,082	10,043	10,056	9,700	9,641	14,303

\* 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 2009-2018

N/A - Information not available



**SCHEDULE 20**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	18	18	18	17	17	17	17	13	12	12
<b>Public Safety</b>										
Fire stations	2	2	2	2	2	2	2	2	2	2
Vehicles	12	12	12	11	11	11	11	13	12	12
<b>Physical Environment</b>										
Vehicles	35	35	35	35	35	35	36	51	49	50
Stormwater										
Drainage basins/creeks (sq. miles)	12.88	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Water										
Pipeline (miles)	76.6	76.5	76.5	76.5	76.3	76.3	76.0	75.8	75.7	75.7
Fire hydrants maintained	560	554	554	554	552	552	548	542	540	540
Wastewater										
Lift stations	25	25	25	25	25	25	25	25	25	25
Mains in collection system (miles)	66.44	66.3	66.3	66.3	66.3	66.3	66.3	66.3	66.3	66.3
Sanitation (solid waste)										
Collection vehicles	20	21	21	21	19	21	20	14	14	13
<b>Streets</b>										
Curb miles of street	100	100	100	100	100	100	100	100	100	153
Vehicles	18	17	17	17	17	17	16	17	16	15
<b>Culture and Recreation</b>										
Parks	17	17	16	16	12	12	11	11	11	11
Dog park	3	2	2	2	1	1	1	1	1	1
Skate park	1	1	1	1	1	1	1	1	1	1
Playgrounds	8	8	7	7	6	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	12	10	10	10	10
Baseball fields	3	3	4	4	4	4	4	4	4	4
Softball fields	2	2	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	16	14	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	17	14	12	12	13	12	12	9
Museum/Cultural Center	1	1	1	1	1	1	-	-	-	-

Sources: City of Safety Harbor Annual Budget, Fiscal Years 2009-2018; 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2019.

**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 17, 2019



## 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, 2018, and have issued our report thereon dated May 17, 2019.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 17, 2019, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The status of prior year's finding and recommendation are listed in Appendix A.

### Official Title and Legal Authority

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

### Financial Condition 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.b. 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 B.

**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 17, 2019



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

**Appendix A – Status of Prior Year Finding and Recommendation**

<b>Prior Year Findings and Recommendations</b>		<b>Current Year Status</b>		
		<b>Cleared</b>	<b>Partially Cleared</b>	<b>Not Cleared</b>
<b>2017-001</b>	Timing of Bank Reconciliations		See <b>2018-001</b>	

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

## **Appendix B – Current Year Findings and Recommendations**

### **2018-001 – Adequate Preparation and Review of Bank Reconciliations**

**Criteria:**

Bank reconciliations must be adequately prepared, reviewed, and approved.

**Condition:**

During our testing of cash, we noted a post-closing entry of \$88,525 to reconcile the September monthly bank reconciliation back to the general ledger.

**Cause:**

Reclassification error in posting of transaction to the proper account as this transaction should have been a liability as of year-end.

**Effect:**

Reclassification to liability and debit to cash in the amount of \$88,525, which was provided as a post-closing entry by the client.

**Recommendation:**

Management should ensure bank reconciliations are performed adequately and any adjustments should be discovered timely.

**Management Response:**

Management concurs.



## 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, 2018. 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, 2018.

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*

**CliftonLarsonAllen LLP**

Tampa, Florida  
May 17, 2019



