

Comprehensive Annual Financial Report FYE September 30, 2015



City of Safety Harbor, FL



City of Safety Harbor, Florida

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2015



Prepared by:
Finance Department

June Solanes
Finance Director

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CITY OF SAFETY HARBOR, FLORIDA

September 30, 2015

**CITY COMMISSION
2015**

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

**CITY ADMINISTRATION
2015**

City Manager
Matthew Spoor

City Clerk
Karen Sammons

City Attorney
Alan S. Zimmet

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

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INTRODUCTORY SECTION

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City of Safety Harbor Florida

HOME OF ESPIRITU SANTO MINERAL SPRINGS

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

July 6, 2016

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

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

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

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

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

Profile of the Government

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

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

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

Local economy

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

Long-term financial planning

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

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

Relevant financial policies

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

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

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

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

Major initiatives

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

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

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

Awards and Acknowledgements

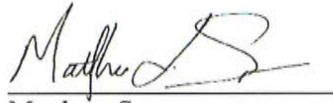
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Safety Harbor for its comprehensive annual financial report for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



Matthew Spoor
City Manager



June Solanes
Finance Director



Government Finance Officers Association

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

Presented to

**City of Safety Harbor
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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CITY OF SAFETY HARBOR



LIST OF PRINCIPAL OFFICIALS

September 30, 2015

CITY COMMISSION

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

City Manager
Matthew Spoor

City Clerk
Karen Sammons

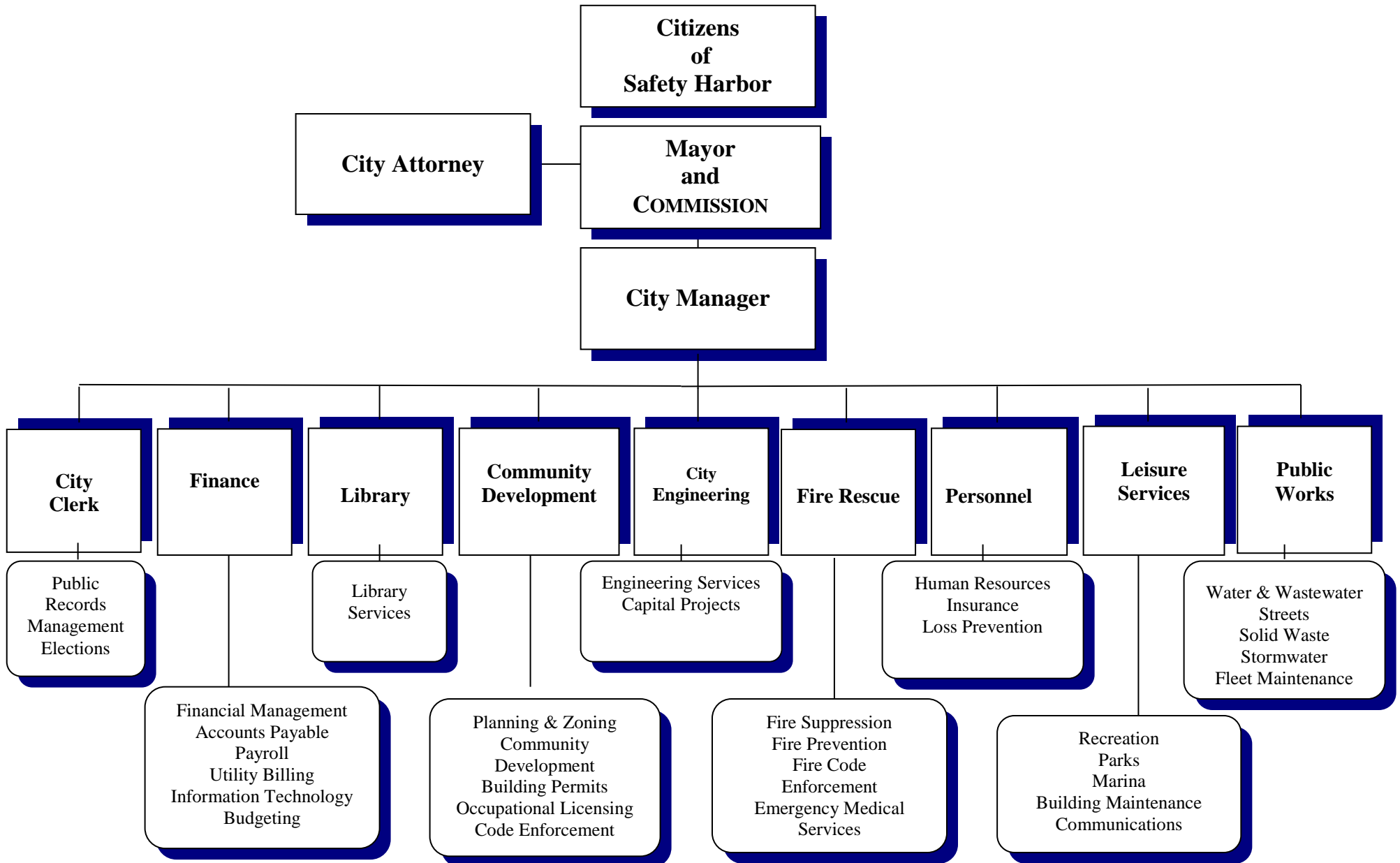
City Attorney
Alan Zimmet

EXECUTIVE MANAGEMENT STAFF

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

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

CITY OF SAFETY HARBOR ORGANIZATIONAL CHART



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

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

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


CliftonLarsonAllen LLP

Tampa, Florida
July 6, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City includes general government; law enforcement, fire protection and building department, which provide public safety; physical environment; transportation, which includes activities associated with street lights, streets and sidewalks; library; and parks and recreation, which also includes Main Street events and marina activities. The business-type activities of the City include water and sewer, solid waste and stormwater.

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

Fund financial statements

A *fund* is a grouping of related accounts used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

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

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

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

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

GOVERNMENT WIDE FINANCIAL STATEMENT ANALYSIS

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

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

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

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

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

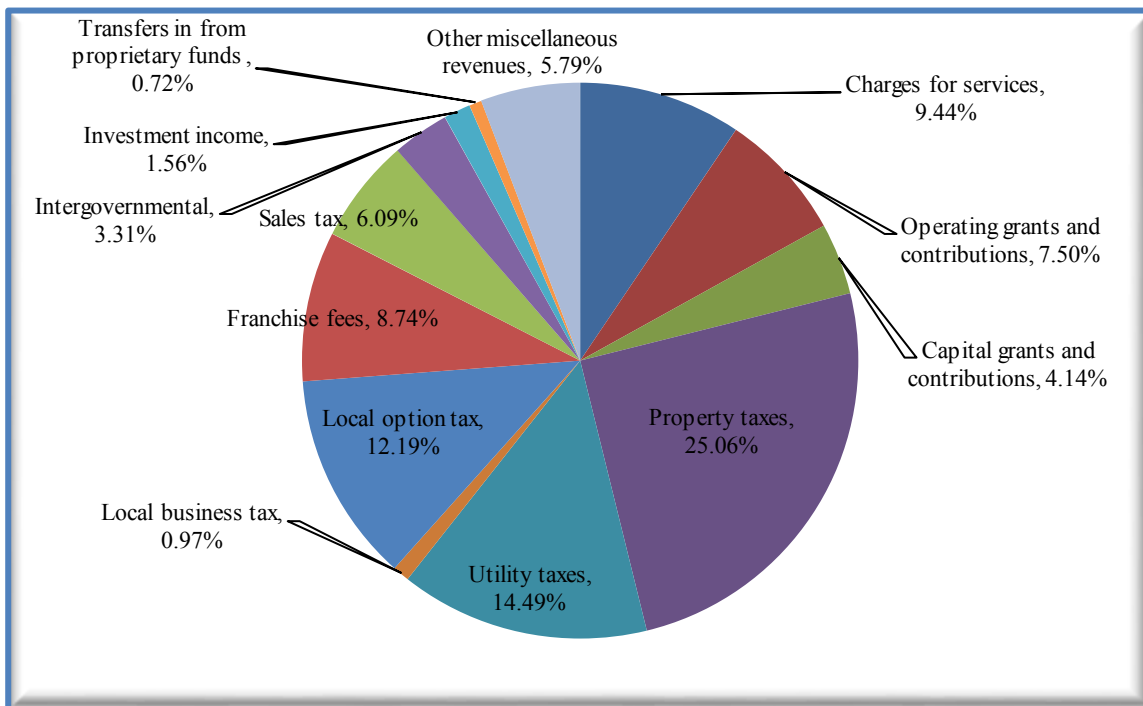
Statement of Activities. The following schedule compares the revenues and expenses for the current and previous fiscal year. More detailed information regarding the Statement of Activities can be found on pages 18 and 19 of this report.

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

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

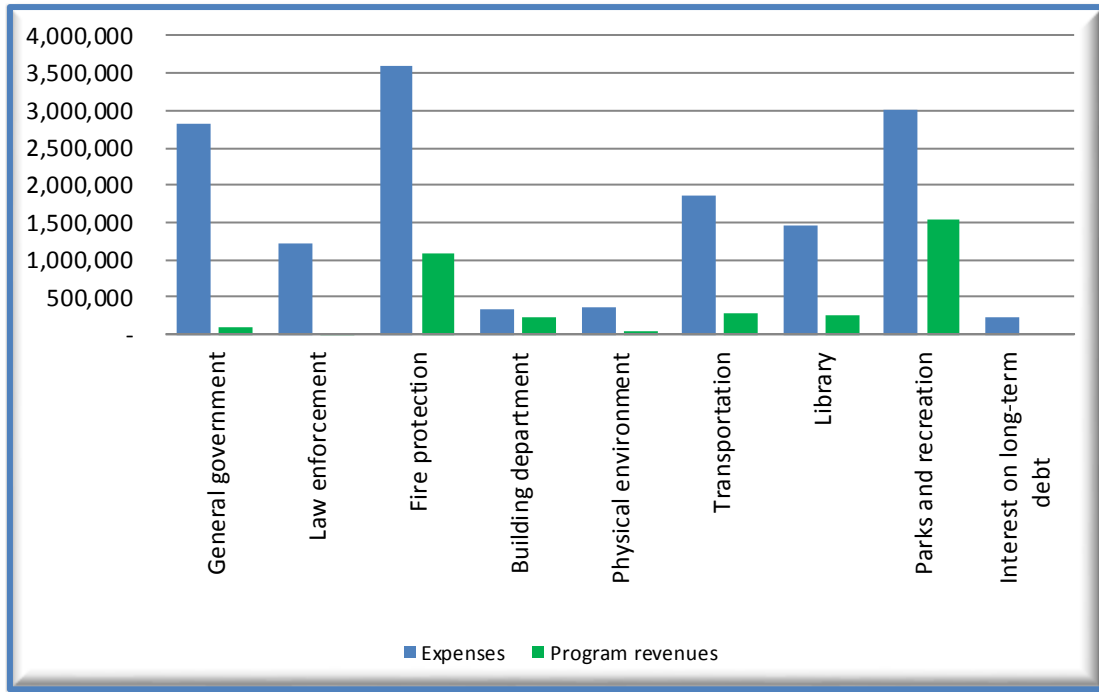
Total revenues for the City’s governmental activities increased by \$1,175,764 over prior year. Key elements are as follows:

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



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

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



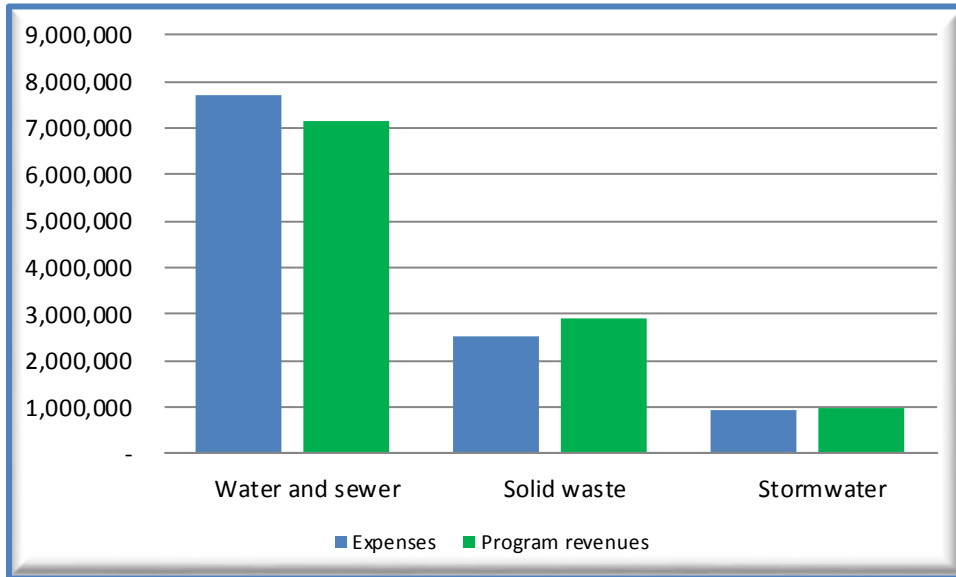
Business-type activities. Business-type activities resulted in a decrease in the City’s net position by \$306,790.

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

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

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

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



FUND FINANCIAL STATEMENT ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

CAPITAL ASSET AND DEBT ADMINISTRATION

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

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

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

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. 653,222

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 (71,634)

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 (1,300,405)

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

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

Net position of governmental activities \$ 31,093,414

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

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

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

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

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

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

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

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

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

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

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

Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported as
expenditures in governmental funds.

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

Change in net position - governmental activities \$ 1,857,826

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

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

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

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

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

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

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

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

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

(Continues on next page)

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

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

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

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

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

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

The Reporting Entity

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

Blended Component Unit

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

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

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Basis of Accounting

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

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

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

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

Expenditures are recognized at the time the fund liability is incurred, if measurable. Interest and principal payments on general long-term debt and compensated absences are recognized when paid. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Measurement Focus

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

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

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

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

Fund Accounting

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

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

Governmental Fund Types

Governmental fund types are as follows:

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

Proprietary Fund Types

Proprietary fund types are as follows:

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

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

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

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

Fiduciary Fund Type

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

Interfund Activity

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

Budgets and Budgetary Accounting

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

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

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

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

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

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

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

	Supplemental Appropriations Fiscal Year 2015
General Fund	\$ 43,952
CRA Fund	153,493
Capital Projects Fund	614,576
Street Improvement	361,209
Parkland Impact Fund	600,000

Pooled Cash and Investments

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

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

Cash Equivalents

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

Receivables

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

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

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

Taxes Receivable

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

Property Taxes

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

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

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

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

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

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

Inventories and prepaids

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

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

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

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

	Amount
Equipment supplies	\$ 28,853
Office supplies	704
Fuel supplies	33,182
	\$ 62,739

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

Capital Assets

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

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

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

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

Unamortized Bond Premiums and Prepaid Insurance Costs

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

Compensated Absences

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

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

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

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

Long-term Obligations

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

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

Postretirement Health and Life Insurance Benefits

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

Unearned revenue

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

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

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

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

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

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

Fund Balances

Governmental funds

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

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

Public Safety Fund

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

Street Improvement Fund

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

Parkland Fund

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

Transportation Impact Fee Fund

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

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

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

Library Impact Fee Fund

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

Street Assessment Fund

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

Community Redevelopment Agency Fund

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

Capital Projects Fund

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

Street Light Assessment Fund

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

Debt Service Fund

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

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

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

Marina Fund

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

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

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

City Tree Bank Fund

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

Stabilization Arrangement

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

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

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

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

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

Restrictions on Net Position (Proprietary and Government Wide)

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

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

Fiduciary Fund Type

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

NOTE 2 – DEPOSITS AND INVESTMENTS:

Equity in Pooled Cash and Investments

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

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

Equity in Pooled Investments

Custodial Risk

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

Credit Risk

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

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

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

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

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

Concentration of Credit Risk

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

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Interest Rate Risk

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

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

Government’s Trustee Deposit and Investments

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

Concentration of Credit Risk

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

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

Interest Rate Risk

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

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

NOTE 3 – RECEIVABLES:

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

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

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

NOTE 3 – RECEIVABLES (continued):

Due from other governments

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

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

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

NOTE 4 – CAPITAL ASSETS:

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

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

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

NOTE 4 – CAPITAL ASSETS (continued):

Depreciation expense was charged to governmental functions as follows:

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

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

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

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

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

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

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

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

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

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

NOTE 6 – LONG TERM LIABILITIES:

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

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

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

NOTE 6 – LONG TERM LIABILITIES (continued):

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

DEBT SERVICE

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

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

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

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

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

NOTE 6 – LONG TERM LIABILITIES (continued):

DEBT SERVICE REQUIREMENTS

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

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

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

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

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

NOTE 6 – LONG TERM LIABILITIES (continued):

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

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

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

Capital Lease

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

NOTE 7 – PENSION PLANS:

A. Florida Retirement System

Plan Description

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

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

NOTE 7 – PENSION PLANS (continued):

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

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

Deferred Retirement Option Program (DROP)

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

Benefits Provided

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

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

Contributions

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

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

NOTE 7 – PENSION PLANS (continued):

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

Pension Costs

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

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

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

Amounts presented were determined as of June 30

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

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

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

NOTE 7 – PENSION PLANS (continued):

Investments

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

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

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

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

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

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

NOTE 7 – PENSION PLANS (continued):

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

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

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

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

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

Amounts presented were determined as of June 30

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

NOTE 7 – PENSION PLANS (continued):

Retiree Health Insurance Subsidy Program

Plan Description

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

Plan Benefits

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

Contributions

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

Pension Costs

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

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

NOTE 7 – PENSION PLANS (continued):

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

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

Amounts presented were determined as of June 30

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

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

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

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

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

NOTE 7 – PENSION PLANS (continued):

Actuarial Assumptions

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

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

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

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

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

NOTE 7 – PENSION PLANS (continued):

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

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

Amounts presented were determined as of June 30

B. Defined Contribution Plan

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

C. Firefighters' Pension Plan

Plan Description

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

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

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

NOTE 7 – PENSION PLANS (continued):

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

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

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

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

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

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

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

NOTE 7 – PENSION PLANS (continued):

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

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

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

Investments

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

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

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

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

NOTE 7 – PENSION PLANS (continued):

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

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

NOTE 7 – PENSION PLANS (continued):

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

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

Changes in Net Pension Liability:

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

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

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

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

NOTE 8 – DEFERRED COMPENSATION PLAN:

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

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description and Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

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

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

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

Funding Status and Funding Progress

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

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

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

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

Actuarial Methods and Assumptions

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

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

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

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

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

NOTE 10 – REDEVELOPMENT TRUST FUND

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

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

NOTE 11 – RISK MANAGEMENT

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

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

NOTE 11 – RISK MANAGEMENT (continued):

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

NOTE 12 – STATE AND FEDERAL GRANT COMMITMENTS

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

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

See Independent Auditor's Report.

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

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

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

See Independent Auditor's Report.

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

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
 YEAR ENDED SEPTEMBER 30, 2015

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

Amounts presented were determined as of June 30

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF CITY CONTRIBUTIONS –
 FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
 YEAR ENDED SEPTEMBER 30, 2015

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

Amounts presented were determined as of September 30
 1. Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 HEALTH INSURANCE SUBSIDY PENSION PLAN¹
 YEAR ENDED SEPTEMBER 30, 2015

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

Amounts presented were determined as of June 30

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF CITY CONTRIBUTIONS –
 HEALTH INSURANCE SUBSIDY PENSION PLAN¹
 YEAR ENDED SEPTEMBER 30, 2015

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

Amounts presented were determined as of September 30

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

See Independent Auditor's Report.

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

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

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

See Independent Auditor's Report.

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

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

See Independent Auditor’s Report.

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

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

See Independent Auditor’s Report.

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

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

See Independent Auditor’s Report.

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

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

See Independent Auditor's Report.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

Firefighters' Pension Plan

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

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

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

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
SEPTEMBER 30, 2015

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

See Independent Auditor's Report

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

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

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

	<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	\$ 7,470	\$ 7,470	\$ 4,675	\$ (2,795)
Interest income and net appreciation in fair value of investments	<u>250</u>	<u>250</u>	<u>245</u>	<u>(5)</u>
Amounts available for appropriation	<u>7,720</u>	<u>7,720</u>	<u>4,920</u>	<u>(2,800)</u>
Charges to appropriations (outflows):				
Public Safety	<u>859</u>	<u>859</u>	<u>859</u>	<u>-</u>
Total charges to appropriations	<u>859</u>	<u>859</u>	<u>859</u>	<u>-</u>
Excess of resources over charges to appropriations	6,861	6,861	4,061	(2,800)
Appropriated fund balance	<u>(6,861)</u>	<u>(6,861)</u>	<u>-</u>	<u>6,861</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,061</u>	<u>\$ 4,061</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, 2015

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

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

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

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

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

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

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Revenues:				
Charges for services	\$ 51,000	\$ 51,000	\$ 46,166	\$ (4,834)
Interest income and net appreciation in fair value of investments	<u>6,990</u>	<u>6,990</u>	<u>6,234</u>	<u>(756)</u>
Amounts available for appropriations	<u>57,990</u>	<u>57,990</u>	<u>52,400</u>	<u>(5,590)</u>
Charges to appropriations (outflows):				
Physical environment	44,690	42,130	35,972	6,158
Capital Outlay	<u>150,000</u>	<u>23,193</u>	<u>22,988</u>	<u>205</u>
Total charges to appropriations	<u>194,690</u>	<u>65,323</u>	<u>58,960</u>	<u>6,363</u>
Excess of resources over charges to appropriations	(136,700)	(7,333)	(6,560)	773
Appropriated fund balance	<u>136,700</u>	<u>7,333</u>	<u>-</u>	<u>(7,333)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,560)</u>	<u>\$ (6,560)</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, 2015

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

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

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

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

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

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

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

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

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Special assessment	\$ 245,120	\$ 245,120	\$ 247,416	\$ 2,296
Intergovernmental	3,520	3,520	-	(3,520)
Interest income and net appreciation in fair value of investments	870	870	1,688	818
Transfers in from other funds	<u>7,650</u>	<u>7,650</u>	<u>7,650</u>	<u>-</u>
Amounts available for appropriations	<u>257,160</u>	<u>257,160</u>	<u>256,754</u>	<u>(406)</u>
Charges to appropriations (outflows) -				
Transportation	<u>272,760</u>	<u>272,760</u>	<u>272,750</u>	<u>10</u>
Total charges to appropriations	<u>272,760</u>	<u>272,760</u>	<u>272,750</u>	<u>10</u>
(Deficiency) excess of resources (under) over charges to appropriations	(15,600)	(15,600)	(15,996)	(396)
Appropriated fund balance	<u>15,600</u>	<u>15,600</u>	<u>-</u>	<u>396</u>
(Deficiency) excess of resources (under) over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,996)</u>	<u>\$ -</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 256,754
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>\$ 249,104</u>

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

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Impact fees	\$ 9,900	\$ 9,900	\$ 4,095	\$ (5,805)
Interest income and net appreciation in fair value of investments	17,280	17,280	13,330	(3,950)
Grants and contributions	-	600,000	634,454	34,454
Amounts available for appropriations	<u>27,180</u>	<u>627,180</u>	<u>651,879</u>	<u>24,699</u>
Charges to appropriations (outflows) -				
Parks and recreation	28,300	21,600	17,717	3,883
Capital Outlay	<u>245,000</u>	<u>764,377</u>	<u>725,220</u>	<u>39,157</u>
Total charges to appropriations	<u>273,300</u>	<u>785,977</u>	<u>742,937</u>	<u>43,040</u>
Excess of resources over charges to appropriations	(246,120)	(158,797)	(91,058)	(18,341)
Appropriated fund balance	<u>246,120</u>	<u>158,797</u>	-	<u>18,341</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (91,058)</u>	<u>\$ -</u>
Explanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 742,937
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>\$ 737,937</u>

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

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

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

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

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OTHER SUPPLEMENTAL SCHEDULES

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

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

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

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

See Independent Auditor's Report

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

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

See Independent Auditor's Report

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

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

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

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

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

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

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

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

See Independent Auditor's Report

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STATISTICAL SECTION

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City of Safety Harbor, Florida
STATISTICAL SECTION

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

Contents

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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

City of Safety Harbor, Florida
STATISTICAL SECTION

Demographic and Economic Information

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

Schedule 16 Demographic and Economic Statistics

Schedule 17 Principal Employers

Operating Information

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

Schedule 18 Full-time Equivalent City Government Employees by Function

Schedule 19 Operating Indicators by Function

Schedule 20 Capital Asset Statistics by Function

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

SCHEDULE 1

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

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

*Restated

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

The City implemented GASB 68 in 2015. Financial data restated in 2014 for comparative purposes.

SCHEDULE 2

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

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

SCHEDULE 2

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

Page 2 of 2

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

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

SCHEDULE 3

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

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

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

SCHEDULE 4

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

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

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

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

SCHEDULE 5

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

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

SCHEDULE 6

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

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

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

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

SCHEDULE 7

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

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

Source: Pinellas County Tax Collector's Office

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

^b Other includes:
 Juvenile Welfare Board
 Southwest Florida Water Management District
 Health Department
 Pinellas County Planning Council

SCHEDULE 8

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

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

Source: Pinellas County Property Appraiser

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

SCHEDULE 9

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

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

Source: Pinellas County Property Appraiser

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

SCHEDULE 10

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

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

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

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

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

SCHEDULE 11

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

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

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

^a See Schedule 16 for personal income and population data

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

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

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

SCHEDULE 12

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

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

SCHEDULE 13

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

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

Source: Pinellas County, Florida

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

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

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

^d 2015 permanent Safety Harbor population is estimated at 17,234.

SCHEDULE 14

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

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

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

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

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

SCHEDULE 15

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

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

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

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

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

SCHEDULE 16

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

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

Sources:

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

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

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

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

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

SCHEDULE 17

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

Current Year ^a

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

Source: AtoZdatabases

^a Current year only, 2015; data for 2005 is unavailable.

SCHEDULE 18

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

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

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

SCHEDULE 19

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

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

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

N/A - Information not available

SCHEDULE 20

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

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

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

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REGULATORY REPORTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

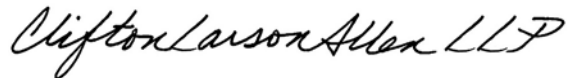
Honorable Mayor and
Members of the City Commission
City of Safety Harbor, Florida

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Tampa, Florida
July 6, 2016



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INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
July 6, 2016

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

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

Report on the Financial Statements

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

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report and schedule, which are dated July 6, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken to address the finding and recommendation made in the preceding financial audit report. See Appendix A.

Official Title and Legal Authority

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

Financial Condition

Pursuant to Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied certain condition assessment procedures. It is management’s responsibility to monitor the City’s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The City does not have any special district component units.

Other Matters

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

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

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

Purpose of this letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
July 6, 2016

Appendix A – Prior Year Findings and Recommendations

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

Appendix B – Recommendations to Improve Financial Management

2015-001 – Non-compliance with Purchasing Card Policy

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Management's Response

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



Safety Harbor 9/11 Memorial