

CITY OF
SAFETY HARBOR
FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FYE SEPTEMBER 30, 2014

City of Safety Harbor, Florida

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2014



Prepared by:
Finance Department

June Solanes
Finance Director

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CITY OF SAFETY HARBOR, FLORIDA

September 30, 2014

**CITY COMMISSION
2014**

Andy Steingold, Mayor
Cliff Merz, Vice Mayor
Richard Blake
Carlos Diaz
Andy Zodrow

**CITY ADMINISTRATION
2014**

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, 2014**

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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

March 31, 2015

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, 2014, 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.

Mayer Hoffman McCann P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Safety Harbor's financial statements for the year ended September 30, 2014. 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 17, 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 17,000. 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 1.9 percent increase in the City's property tax base and an unemployment rate for the local metropolitan area of 6.2 percent. Safety Harbor's advantage is the fact that the City has continued to experience an extremely sound fiscal condition, and as a result has been able to continue on with planned expenditures.

Long-term financial planning

Funding for operations and capital projects is derived from various sources, including user fees, state shared revenue, local option gas tax, Penny for Pinellas 1% sales tax, grants 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 2014/2015, the City budgeted for a 5.8 percent increase in property taxable value and increased the millage rate to 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 \$691,070 or 2.5 percent with budgeted appropriations increasing by \$4,019,980 or 12.9 percent.

Relevant financial policies

It is a policy of the City Commission to maintain a General Fund minimum reserve of 17 percent of General Fund expenditures of the prior years audited financial statements. Additionally, the City Commission authorized 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. 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. The

exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due. Revenues are recognized in the accounting period when they become measurable and available.

Accounting records for the City's proprietary funds, water, sewer, 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 2014/2015 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 2014/15 to FY2018/19 is \$29.4 million, of which \$8.7 million is appropriated in FY 2014/2015.

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 2015, 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. The City Commission approved a loan of \$1.6 million from the General Fund to the Capital Projects Fund for improvements at the Waterfront Park. The loan requires repayment to the General Fund over five and seven years from the Capital Projects and Community Redevelopment Funds, respectively. Further, the City Commission reduced the rate charged per equivalent residential unit for the street light assessment from \$50.97 annually to \$39.00 annually.

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, 2013. 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 timely 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 Mayer Hoffman McCann P.C. 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, 2013



Executive Director/CEO

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CITY OF SAFETY HARBOR



LIST OF PRINCIPAL OFFICIALS

September 30, 2014

CITY COMMISSION

Andy Steingold, Mayor
Cliff Merz, Vice Mayor
Richard Blake
Carlos Diaz
Andy Zodrow

City Manager
Matthew Spoor

City Clerk
Karen Sammons

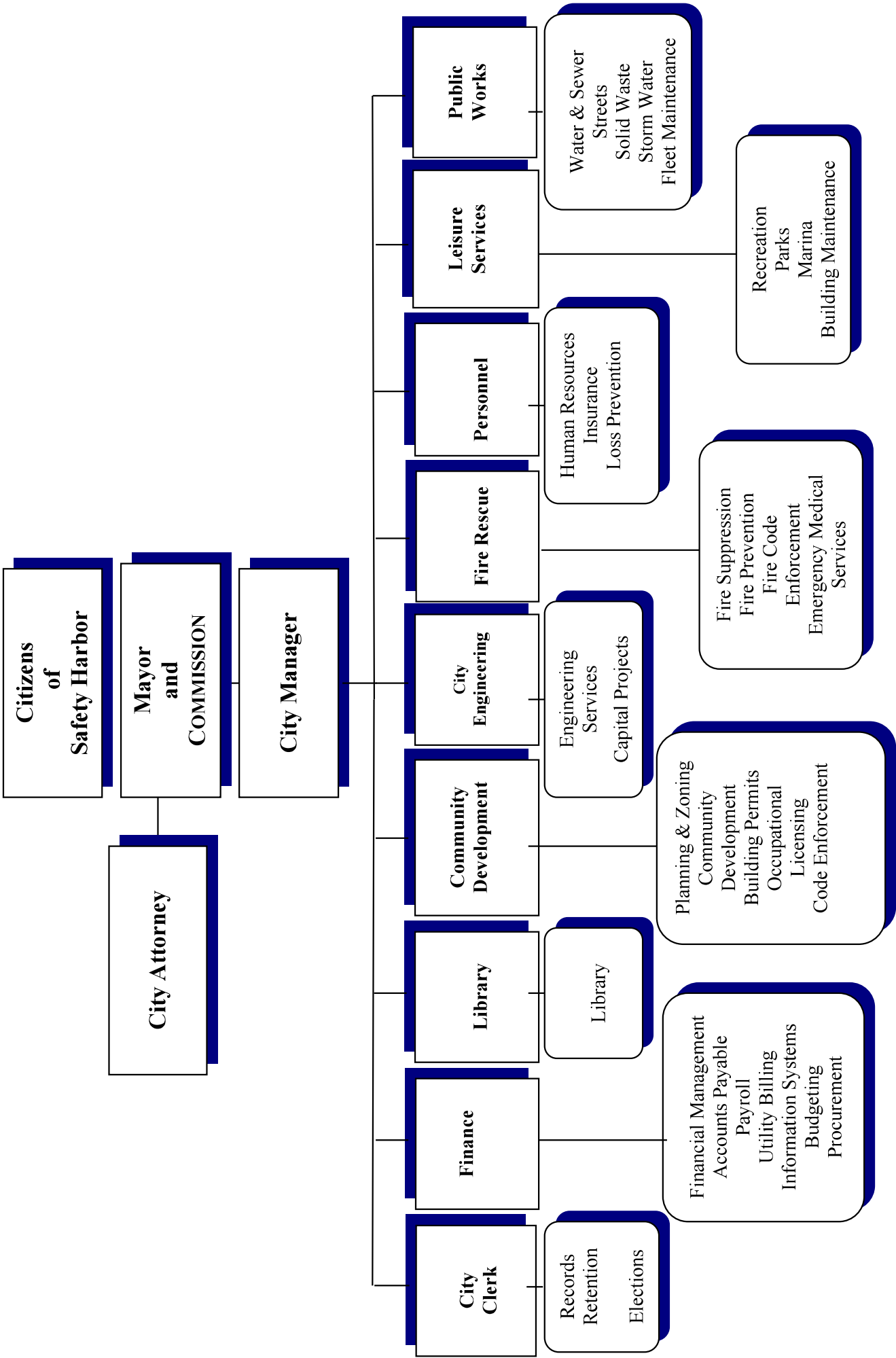
City Attorney
Alan Zimmet

EXECUTIVE MANAGEMENT STAFF

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

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

CITY OF SAFETY HARBOR ORGANIZATIONAL CHART



FINANCIAL SECTION

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Mayer Hoffman McCann P.C.
An Independent CPA Firm

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Main: 727.572.1400 ■ Fax: 727.571.1933 ■ www.mhm-pc.com

Independent Auditor's Report

To the Honorable Mayor and Members of 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, 2014, 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.

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

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

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, 2014, and the respective changes in financial position, and, where applicable, cash flow thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 15 and budgetary comparison schedules, the schedules of changes in net pension liability, contributions, and investment returns for the City's defined pension plan and schedules of employer contributions and funding progress for other post-employment benefits on pages 59 - 67, 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 schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, 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 results 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.



March 31, 2015
Clearwater, Florida

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, 2014. Please read it in conjunction with the transmittal letter at the front of this report (beginning on page iv) and the City's basic financial statements (beginning on page 16).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Safety Harbor exceeded its liabilities and deferred inflows at September 30, 2014 by \$64,016,296 (net position). Of this amount, \$11,131,215 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased over prior period by \$2,101,768 or 3.4 percent. Governmental net position increased by \$718,271 or 2.5 percent while business type net position increased by \$1,383,497 or 4.2 percent as of September 30, 2014.
- As of September 30, 2014, the City of Safety Harbor's governmental funds reported combined ending fund balances of \$12,615,368, an increase of \$766,038 in comparison with the prior year. Of this total amount, \$9,944,486 or 78.8 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 \$1,207,054 or 7.9 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 \$240,000 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 16 through 18 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 19 through 22 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, Capital Projects

and Street Light Assessment Funds, which are considered to be major funds. Data from eight 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 68 and 69.

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 59 through 62 and 70 through 79, 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 23 through 26 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 27 and 28 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 29 through 58 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, Community Redevelopment Agency, and Street Light Assessment funds; the City's progress in funding the firefighters' pension obligation; and the funding progress of the retiree health plan. Required supplementary information can be found on pages 59 through 67 of this report.

GOVERNMENT WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position. Net assets 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 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 16.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and other assets	\$ 14,816,991	\$ 13,856,914	\$ 17,720,514	\$ 16,311,245	\$ 32,537,505	\$ 30,168,159
Capital assets	24,066,409	24,858,334	26,254,566	27,095,539	50,320,975	51,953,873
Total assets	<u>38,883,400</u>	<u>38,715,248</u>	<u>43,975,080</u>	<u>43,406,784</u>	<u>82,858,480</u>	<u>82,122,032</u>
Deferred Outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,042</u>	<u>-</u>	<u>12,042</u>
Liabilities						
Current and other liabilities	1,398,137	1,246,446	1,755,263	2,068,396	3,153,400	3,314,842
Long-term liabilities	<u>6,517,333</u>	<u>7,239,883</u>	<u>8,053,493</u>	<u>8,558,284</u>	<u>14,570,826</u>	<u>15,798,167</u>
Total liabilities	<u>7,915,470</u>	<u>8,486,329</u>	<u>9,808,756</u>	<u>10,626,680</u>	<u>17,724,226</u>	<u>19,113,009</u>
Deferred Inflows	<u>1,060,489</u>	<u>1,039,749</u>	<u>57,469</u>	<u>66,788</u>	<u>1,117,958</u>	<u>1,106,537</u>
Net Position						
Invested in capital assets, net of related debt	18,038,191	18,127,134	18,085,216	18,413,858	36,123,407	36,540,992
Restricted	8,076,138	6,211,733	8,685,536	6,854,934	16,761,674	13,066,667
Unrestricted	<u>3,793,112</u>	<u>4,850,303</u>	<u>7,338,103</u>	<u>7,456,566</u>	<u>11,131,215</u>	<u>12,306,869</u>
Total Net Position	<u>\$ 29,907,441</u>	<u>\$ 29,189,170</u>	<u>\$ 34,108,855</u>	<u>\$ 32,725,358</u>	<u>\$ 64,016,296</u>	<u>\$ 61,914,528</u>

The largest portion of the City's net position, fifty-six 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-six percent of the City's net assets represent resources that are subject to external or enabling legislation that restricts how they may be used. The remaining balance of unrestricted net assets or \$11,131,215 (18 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2014, 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 17 and 18 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues:						
Charges for services	\$ 1,604,536	\$ 1,804,084	\$ 11,755,012	\$ 11,899,745	\$ 13,359,548	\$ 13,703,829
Operating grants and contributions	1,481,182	1,452,065	12,988	12,959	1,494,170	1,465,024
Capital grants and contributions	62,633	42,210	4,839	413,289	67,472	455,499
General revenues:						
Property taxes	3,722,248	3,215,616			3,722,248	3,215,616
Utility taxes	2,459,059	2,386,797			2,459,059	2,386,797
Local business tax	135,802	150,074			135,802	150,074
Local option tax	1,884,907	1,798,283			1,884,907	1,798,283
Franchise fees	1,473,646	1,361,010			1,473,646	1,361,010
Sales tax	980,143	928,330			980,143	928,330
Intergovernmental	529,971	494,362			529,971	494,362
Investment income	204,396	(44,637)	247,524	(48,331)	451,920	(92,968)
Other miscellaneous revenues	898,056	916,748	698,586	722,038	1,596,642	1,638,786
Gain (loss) on sale of capital assets	-	18,632	14,305	(1,791)	14,305	16,841
Transfers in	120,800	120,800	(120,800)	(120,800)	-	-
Total Revenues	<u>15,557,379</u>	<u>14,644,374</u>	<u>12,612,454</u>	<u>12,877,109</u>	<u>28,169,833</u>	<u>27,521,483</u>
EXPENSES						
Function/program activities						
Primary government:						
Governmental activities:						
General government	2,922,955	2,931,779	-	-	2,922,955	2,931,779
Law enforcement	1,179,493	1,224,491	-	-	1,179,493	1,224,491
Fire protection	3,894,577	3,788,045	-	-	3,894,577	3,788,045
Building department	307,766	290,904	-	-	307,766	290,904
Physical environment	423,295	405,422	-	-	423,295	405,422
Transportation	1,520,855	1,588,963	-	-	1,520,855	1,588,963
Library	1,466,178	1,467,129	-	-	1,466,178	1,467,129
Parks and recreation	2,934,957	2,786,955	-	-	2,934,957	2,786,955
Interest on long-term debt	189,032	208,644	-	-	189,032	208,644
Business-type activities:						
Water and sewer	-	-	7,669,583	7,762,326	7,669,583	7,762,326
Solid waste	-	-	2,688,181	2,637,708	2,688,181	2,637,708
Stormwater	-	-	871,193	828,019	871,193	828,019
Total Expenses	<u>14,839,108</u>	<u>14,692,332</u>	<u>11,228,957</u>	<u>11,228,053</u>	<u>26,068,065</u>	<u>25,920,385</u>
Change in net position	718,271	(47,958)	1,383,497	1,649,056	2,101,768	1,601,098
Net position, beginning of year	29,189,170	29,237,128	32,725,358	31,076,302	61,914,528	60,313,430
Net position, end of year	<u>\$ 29,907,441</u>	<u>\$ 29,189,170</u>	<u>\$ 34,108,855</u>	<u>\$ 32,725,358</u>	<u>\$ 64,016,296</u>	<u>\$ 61,914,528</u>

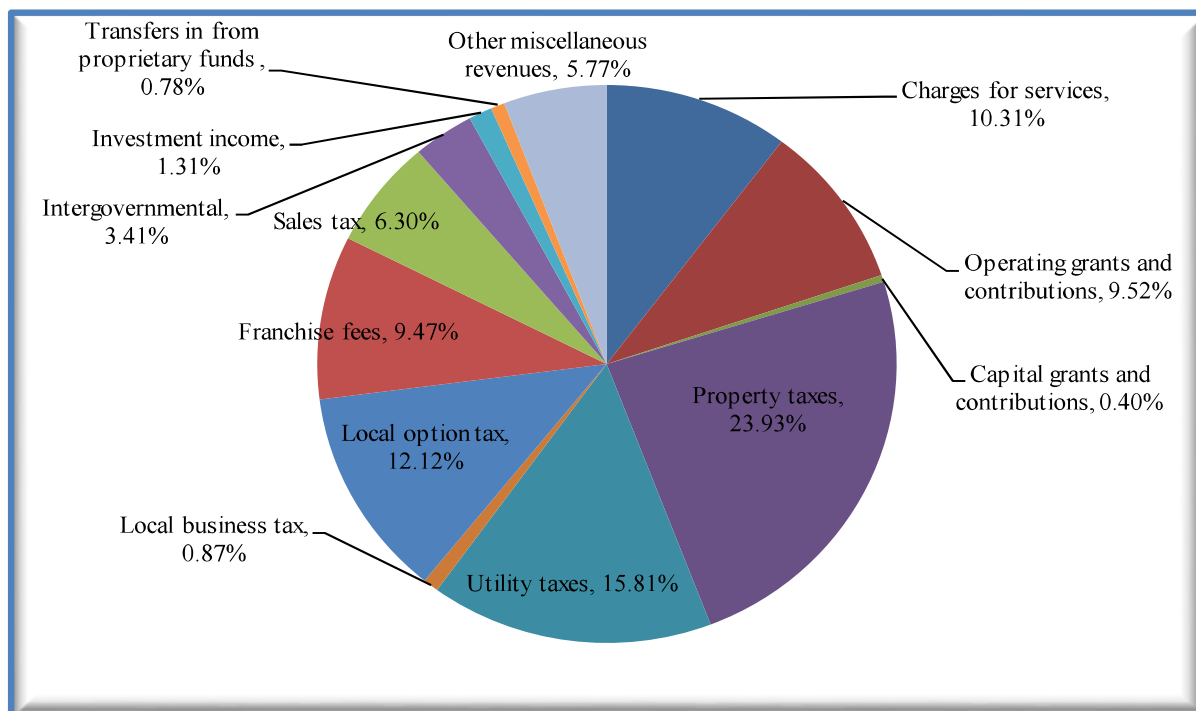
Governmental activities. The net position for the City's governmental activities increased by \$718,271.

Total revenues for the City's governmental activities increased by \$913,005 over prior year. Key elements are as follows:

- Program revenues decreased by 4.5 percent or \$150,008.
 - Charges for services decreased by \$199,548 of which building permit revenue decreased by just over \$96,128 primarily due to major permitting that occurred for a commercial central utility plant in the prior year. Overall, the number of permits pulled in this fiscal year increased by 18.6 percent. Zoning fees, building plan checks and code enforcement revenues decreased under prior year by \$61,584. Fines and fees for law enforcement services related to traffic violations decreased by \$34,966. In the prior fiscal year, the

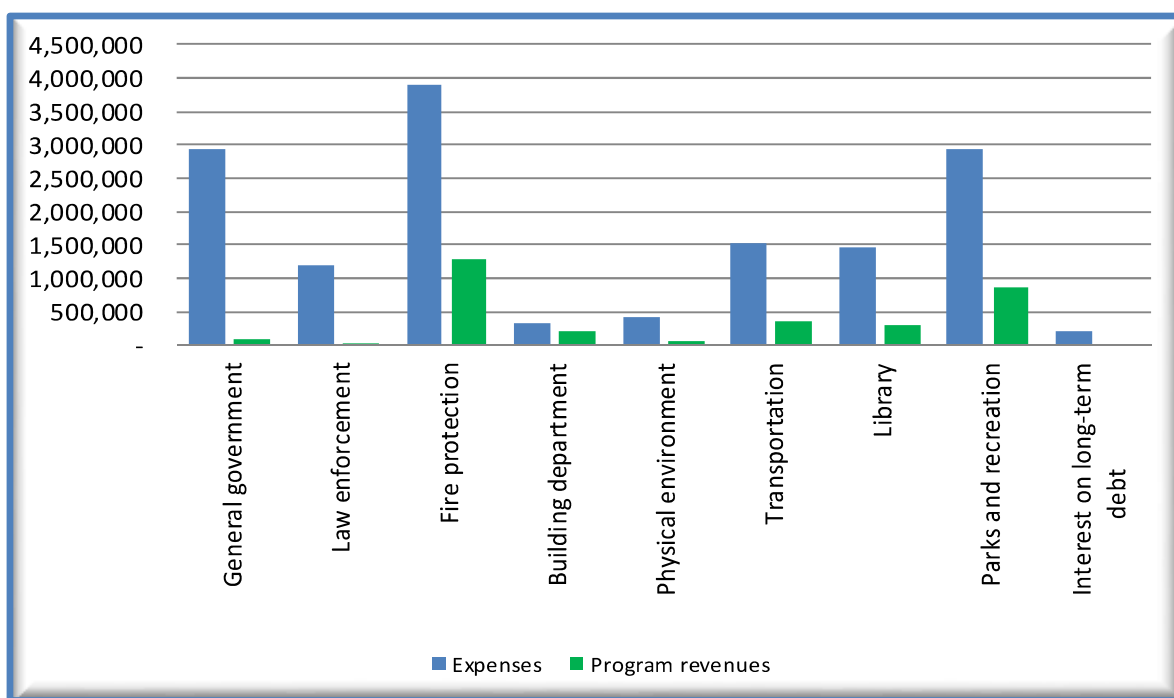
city deleted from the budget a fully dedicated traffic officer. The savings from having traffic services specifically dedicated to one full time officer exceeds the amount of lost revenue. Traffic services continue to be provided by the Pinellas County Sheriff's office.

- Operating grants and contributions increased by a net amount of \$29,117. This increase is in part to matching dollars from the Chamber of Commerce and Safety Harbor Resort and Spa for the Jolley Trolley service provided by the Pinellas Suncoast Transit Authority as well as a nominal increase of 3 percent from EMS taxes to fund fire protection services.
- Capital grants and contributions increased by a net amount of \$20,423. Parkland dedication funds of \$18,834 were collected, which may be used solely for park facilities and/or park lands.
- General revenues increased by 9.4 percent or \$1,063,013.
 - Property tax revenue increased by \$506,632 (15.8 percent). Gross taxable values in the City increased by 1.9 percent over prior year. City taxable values in the Community Redevelopment District increased by 1.8 percent in 2014. The city increased the millage rate by 10.456 percent from 3.3808 to 3.7343. The increase in millage is the first since 2011.
 - Utility taxes and franchise fees, which are based on electric sales revenue, are increased by \$184,898, which is 4.9 over prior year. This is consistent with the utility providers increase in energy rates by 5 percent in January 2014.
 - Investment income and fair value adjustment increased by \$249,033. The increase is due to the fair market adjustment of the City's investments at September 30, 2014. Interest earnings on the investments represents 3.7 percent of the increase.
 - Local option tax revenue increased by \$86,624. Of this increase, \$72,709 is revenue from the "Penny" tax, a local 1-percent sales tax used for capital project infrastructure and \$4,197 is revenue from the local option gas tax, which is used for transportation.



Expenses for the City's governmental activities increased by \$146,776. Key elements of the net increase are as follows:

- Law enforcement decreased by \$44,998 due to a full year reduction of a Traffic Deputy when combined with a 1.8 percent increase in the contract with the Pinellas County Sheriff's Office.
- Fire protection increased by \$106,532. Salaries and fringes increased by \$40,902. Of this increase, 82.7 percent is attributable to payouts for the separation of two long-term employees who retired. Almost \$60,000 is a result of the increase in depreciation related to fire protection capital assets.
- Parks and recreation increased by \$148,002. Salaries and fringes increased by \$122,104 with the addition of 1.7 FTEs for two positions previously reported under General Government as well as a sick and vacation payout due to the separation of a long-term employee. Contract/Other services increased by \$38,097. The largest expenditures associated with this increase include a seniors' program trip, which is offset by program revenue.

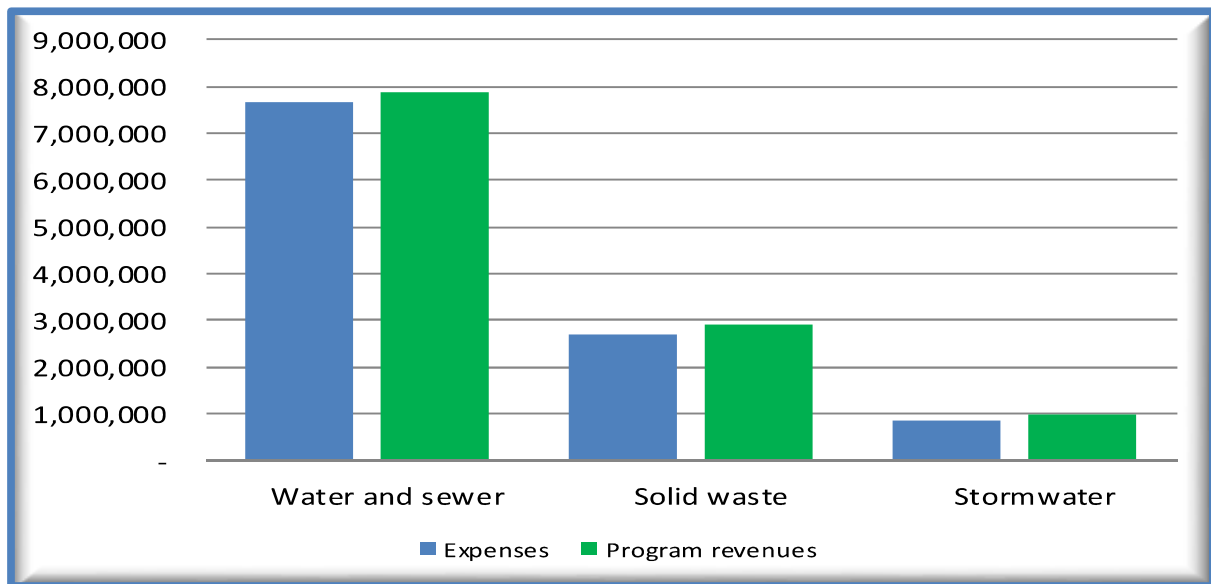


Business-type activities. Business-type activities increased the City's net position by \$1,383,497.

Revenues for the City's business-type activities decreased by \$264,655. Key elements of the decrease are as follows:

- Program revenues decreased by \$553,154.
 - Charges for services for business-type activities decreased by \$144,733 (1.2 percent) under prior year. Of the total decrease in charges for services, water and sewer decreased by a nominal 2.5 percent. Sanitation increased by 1.9 percent. Stormwater revenue increased .3 percent and for the second consecutive fiscal year covers annual operating expenses of the fund.
 - Capital grant revenue decreased by \$408,450 under prior year due to completion of the stormwater capital infrastructure improvements on South Bayshore.

- General revenues increased by \$288,499. Key elements of the increase are as follows:
 - Investment income from interest earnings and market value adjustments increased by \$295,855 due to fair market value adjustment of investments at September 30, 2014.
- Expenses increased by \$904. Key elements of the increase are as follows:
 - Personnel services decreased \$28,018 or .86 percent due to vacancies.
 - Materials and supplies decreased by \$49,289 or 7.2 percent under prior year. This decrease was due to a reduction in the purchase of non-capital technology equipment and special supplies in the water and sewer renewal and replacement program.
 - Contractual and other services decreased by just under \$199,000 primarily in charges from the City of Clearwater for sewer consumption charges.
 - Depreciation and amortization expense increased by \$275,054 or 17.3 percent over prior year.



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, 2014, the City's governmental funds reported combined ending fund balances of \$12,615,368, an increase of \$766,038 in comparison with the prior year. Of this total amount, \$4,539,230 or 36.0 percent is unassigned and available for spending at the City's discretion. The remainder of fund balance, \$8,076,138 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, 2014, the unrestricted fund balance of the general fund was \$8,758,749, inclusive of committed and assigned fund balances for

emergency/disaster stabilization and the use of fund reserves for the fiscal 2015 budget. 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 0.26 percent of total general fund expenditures, while unrestricted fund balance is 70.6 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, 2014, the City's unassigned fund balance meets this goal at 36.6 percent of prior year's operating expenditures.

General Fund balance increased by \$470,441 during the current year. Key elements of the increase are as follows:

- Revenues are \$12,875,786, which is a net increase of \$724,780 over prior year.
 - Ad valorem revenue increased by \$476,833 due to an increase in the millage rate from 3.3808 to 3.7343 in conjunction with an increase in taxable values of 1.9 percent.
 - Utility taxes and franchise fees increased \$184,898 or 5 percent over prior year. This increase is consistent with the Duke Energy electric rate increase that went into effect on January 1st, 2014.
 - Interest income and net appreciation in the fair value of investments increased by \$182,475 at September 30, 2014.
- Expenditures and transfers out are \$12,405,345, which is a net increase of \$138,931 over prior year.
 - Personnel services remained relatively flat with an increase of \$57,306, which is .70 percent over prior year. Of the total increase, over fifty percent are non-recurring expenditures related to the separation payouts of long-term employees.
 - Materials and supplies decreased by a net amount of \$13,740 or 3.3 percent. Parks, building maintenance and recreation decreased purchases of special and building supplies as well as tools.
 - Contracted/other operating expenses increased \$105,683 or 3.3 percent and includes increases in horticultural services, pest control, utilities at various city facilities and legal expenses.
 - Capital outlay decreased by \$15,627 under prior year. The purchase of library books remains relatively consistent; however, purchases made by the Leisure Services department for replacement of equipment at the Rigsby Center and information technology equipment in the prior year are non-recurring.

The **Community Redevelopment Agency (CRA) Fund** balance is \$360,784 as of September 30, 2014. Revenue of \$309,622 is over prior year by \$41,801. Municipal taxable values increased by 1.83 percent and County taxable values increased by 1.99 percent in the tax increment financing district over prior year. In conjunction with an increase in millage, ad valorem revenue is \$29,800 over prior year. Of the total increase, \$10,000 in revenue is recognized as match for operating the Jolley Trolley service that started on February 1st and runs between the City of Safety Harbor and the City of Dunedin. Expenditures of \$213,243 are 47 percent under the prior year's expenditures. The details for all CRA activities are included in Note 10 on page 57 within this document.

The **Capital Projects Fund** balance is \$1,162,971 at September 30, 2014. Revenue from the Penny for Pinellas sales tax has increased by just over \$72,709 or 5 percent current year over prior. The "Penny" is eligible for capital infrastructure improvements as well as the servicing of debt. Contributions and donations include over \$41,000 for the 9/11 Memorial, which was under construction at the end of the fiscal year. Current year capital improvements and acquisitions are just over \$852,515. The most significant capital outlay is in public safety for renovations at Fire Station 52. A commitment for the purchase of a pumper for Fire Station 53 was in place at September 30th. Parks and recreation capital

projects completed in the current year include seawall railing improvements at the Marina, replacement of the dock at Alligator Lake, bleacher replacements at Safety Harbor City Park, the replacement of two vehicles for the Parks Department and the replacement of three large mowers for the Parks Department. Transfers out to debt service funds totaled \$890,320. This services 2008 debt for the library renovations, 2006 debt for brick streets and 2012 debt for purchase of the Waterfront Park property.

The **Street Light Assessment Fund** is for a special assessment implemented in fiscal year 2013 for developed properties benefiting from street lighting and facilities within the City. The rate per ERU, which is the standard unit used to express the special benefit received by affected parcels, is \$50.97 annually billed on a monthly basis. Revenue in the second year of the assessment is \$314,722 with street light operating expenditures totaling \$266,533.

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 19 through 22 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 assets of the Water and Sewer fund, Sanitation and Stormwater funds at the end of the year were \$4,703,361, \$1,536,459 and \$1,098,283, respectively. Cumulatively, the unrestricted net assets for the enterprise funds decreased \$118,463 or 1.6 percent under prior year. The total increase in net position current year is \$1,383,497.

Revenue generated by charges for services is 1.2 percent or \$144,733 lower than prior year. Of the total decrease, water and sewer revenue decreased by \$201,909, sanitation revenue increased by \$53,312 and stormwater increased nominally by \$3,865.

Expenses in the City's proprietary funds increased by \$904 over prior year. Operating expenses, which excludes interest and capital related revenue and expenses, increased \$29,363. Cumulatively the total of all funds in each category including salaries and fringes, materials and supplies and contracted/other services decreased by \$245,691 while depreciation and amortization of assets increasing by \$275,054. The most significant variance in water includes an increase of \$94,595 for the purchase of water from Pinellas County, inclusive of a 4 percent rate increase from the County and a decrease in purchased consumption of .8 percent from the county, and in sewer a decrease of \$292,471 in charges from the City of Clearwater.

More detail regarding the proprietary funds can be found on pages 23 through 26 of this report.

General Fund Budgetary Highlights

During the current year, the total decrease between adopted and final budgeted revenue totaled \$1,257. Supplemental budget amendments for budgeted appropriations increased between the adopted and final budget by \$97,397. The most significant budget increases were within the Personnel Department, \$32,510 in salaries and fringes for the retirement of a long-term City employee; and the Fire Department, \$39,761 in salaries and fringes for the retirement of two long-term City employees. Additionally, the Recreation Department budget increased by \$25,000 for a senior program trip to Memphis, TN, which is offset by program revenues; and an increase of \$15,523 for the City fireworks show on July 4th. The increase in appropriations for the fireworks was offset by a corresponding increase in special events revenue consisting of sponsorships for the event. For additional information, refer to pages 59 and 60 within this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of September 30, 2014 is \$50,320,975, net of accumulated depreciation. As reflected in the following schedule, this investment includes land, buildings, improvements, machinery and equipment, park facilities and roads. The net decrease in the City's investment in capital assets is \$1.633 under prior year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 6,703,676	\$ 6,703,676	\$ 606,548	\$ 606,548	\$ 7,310,224	\$ 7,310,224
Construction in progress	389,181	43,691	57,397	-	446,578	43,691
Buildings	4,467,589	4,220,888	229,719	229,719	4,697,308	4,450,607
Improvements other than buildings	28,073,611	27,908,284	36,518,667	36,330,039	64,592,278	64,238,323
Equipment	8,078,300	7,863,038	9,264,641	8,968,654	17,342,941	16,831,692
Less:						
Accumulated Depreciation	23,645,948	21,881,243	20,422,406	19,039,421	44,068,354	40,920,664
Total	\$ 24,066,409	\$ 24,858,334	\$ 26,254,566	\$ 27,095,539	\$ 50,320,975	\$ 51,953,873

The following schedule reflects current year capital asset additions:

Governmental Activities	Additions	Business-type Activities	Additions
Fire Station #52 Renovations	\$ 120,283	Vac-Con Sewer Combination Cleaner	\$ 329,796
Library Books	84,359	Roll-off Truck	147,857
Skid-Steer Loader	54,738	Rear Loader Truck	143,650
Fire Station #52 Upgrade Plymovent	53,027	Auto Crane	71,892
Concrete Plant Awning	49,950	Briar Creek Lift Station Pumps	70,342
Street Sign Improvement	44,009	Pipe Relining	66,859
Seawall Railing Improvements	43,750	90-gallon Trash Containers	55,001
Replace Vehicle #349	33,223	N.E Wastewater Plant	51,426
SHCP Field Bleachers	30,660	Meter Reader Devices	37,303
Fleet Maintenance Column Lifts	29,399	RFD for Sanitation	26,760
Sidewalk Maintenance	29,048	Ford F25 Pickup	21,816
Replace Vehicle #402	28,296		
Alligator Lake Dock Replacement	24,298		
Toro Sand Pro Bunker Rake	15,335		
Fire Station #53 Replace Air Conditioners	10,340		
72-inch Toro Mower	9,659		
Fire Station #52 Thermal Imaging Camera	9,390		
Fire Station #53 Thermal Imaging Camera	9,390		
Fire Station #53 Upgrade Plymovent	9,352		
60-inch Toro Mower	9,276		
2014 Kawasaki Mule 4000	8,178		
Fire Station #53 Upgrade Garage Door Openers	3,750		
Pro-Lite Binocular-style Lidar	2,111		

The following reconciliation summarizes the Changes in Capital Assets, which is presented in detail on page 45 of the notes to the financial statements.

	Governmental Activities	Business-Type Activities	Total Primary Government
Beginning Balance	\$ 24,858,334	\$ 27,095,539	\$ 51,953,873
Additions	1,084,699	1,080,099	2,164,798
Depreciation	(1,849,235)	(1,801,589)	(3,650,824)
Retirement (net of depreciation)	(27,389)	(119,483)	(146,872)
Ending Balance	\$ 24,066,409	\$ 26,254,566	\$ 50,320,975

Long-term debt. As of fiscal year end, the City's outstanding long-term debt from revenue bonds and notes decreased by \$1,207,054. The decrease is a result of retirement of debt principal. Pages 47 through 50 of the notes to the financial statements provide details for the following summary.

	2014	2013	Change	Percent Change
Governmental Activities				
2012 Purchase of land for park	\$ 2,315,000	\$ 2,575,000	\$ (260,000)	-10.1%
2008 Library expansion	3,412,000	3,839,000	(427,000)	-11.1%
2006 General government improvements	301,218	317,200	(15,982)	-5.0%
Governmental activities total	6,028,218	6,731,200	(702,982)	-10.4%
Business-Type Activities				
2012 Refunding for utility system improvements	1,215,000	1,355,000	(140,000)	-10.3%
2006 Utility system improvements	6,895,187	7,259,259	(364,072)	-5.0%
Business-type activities total	8,110,187	8,614,259	(504,072)	-5.9%
Total Outstanding Debt	\$ 14,138,405	\$ 15,345,459	\$ (1,207,054)	-7.9%

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, 2014 was 6.2 percent compared to the prior year's 7.1 percent. This compares unfavorably to Florida's unemployment rate of 5.8 percent and the national unemployment rate of 5.9 percent.
- For the second fiscal year, property values have shown recovery with an increase of 5.8 percent moving into the 2015 budget cycle. With an increase in the millage rate from 3.7343 to 4.0479, budgeted ad valorem revenue increased by \$510,820.
- The adopted budgeted use of fund reserve is \$60,250, excluding transfers in and out.
- After evaluation of the street light assessment fund, City Commission decreased the rate from an annual rate of \$50.97 per equivalent residential unit (ERU) to \$39.00 per ERU, a 23.5 percent decrease.

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, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Equity in pooled cash and investments	\$ 13,126,125	\$ 6,854,130	\$ 19,980,255
Receivables, net:			
Accounts receivable	441,935	1,317,423	1,759,358
Due from other governments	614,233	1,029	615,262
Internal balances	30,150	(30,150)	-
Inventories	82,518	215,125	297,643
Prepaid items	5,642	-	5,642
Restricted assets:			
Equity in pooled cash and investments:			
Sinking fund	-	61,146	61,146
Customer deposits	-	608,649	608,649
Total current assets	14,300,603	9,027,352	23,327,955
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and investments:			
Sinking fund	-	1,442,144	1,442,144
Capital projects	-	7,243,392	7,243,392
Capital assets:			
Non depreciable	7,092,857	663,945	7,756,802
Depreciable, net of accumulated depreciation	16,973,552	25,590,621	42,564,173
Unamortized prepaid insurance costs	-	7,626	7,626
Pension asset	516,388	-	516,388
Total noncurrent assets	24,582,797	34,947,728	59,530,525
Total assets	38,883,400	43,975,080	82,858,480
Liabilities			
Current liabilities:			
Accounts payable	269,336	418,180	687,516
Accrued liabilities	341,565	121,709	463,274
Customer deposits	13,845	-	13,845
Current liabilities, payable from restricted assets:			
Accrued interest payable	-	61,146	61,146
Customer deposits	-	608,649	608,649
Current portion of long-term obligations	773,391	545,579	1,318,970
Total current liabilities	1,398,137	1,755,263	3,153,400
Noncurrent portion of long-term obligations	6,517,333	8,053,493	14,570,826
Total liabilities	7,915,470	9,808,756	17,724,226
Deferred Inflows of Resources			
Deferred inflows from future revenues	1,060,489	-	1,060,489
Deferred amount on debt refunding	-	57,469	57,469
Total deferred inflows from resources	1,060,489	57,469	1,117,958
Net Position			
Net investment in capital assets	18,038,191	18,085,216	36,123,407
Restricted, net of payables from restricted assets:			
Inventories and prepaid amounts	32,752	-	32,752
General government	391,649	-	391,649
Fire protection	10,215	-	10,215
Physical environment	286,123	-	286,123
Transportation	1,153,119	-	1,153,119
Culture and recreation	710,854	-	710,854
Debt service	139,801	1,442,144	1,581,945
Capital projects	1,132,106	7,243,392	8,375,498
Stabilization and Subsequent Fiscal Year Use of Reserve	4,219,519	-	4,219,519
Unrestricted	3,793,112	7,338,103	11,131,215
Total net position	\$ 29,907,441	\$ 34,108,855	\$ 64,016,296

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,922,955	\$ 67,995	\$ 10,000	\$ -
Law enforcement	1,179,493	10,381	-	2,111
Fire protection	3,894,577	16,794	1,228,226	41,688
Building department	307,766	215,144	-	-
Physical environment	423,295	46,550	-	-
Transportation	1,520,855	344,165	5,118	-
Library	1,466,178	49,311	237,838	-
Parks and recreation	2,934,957	854,196	-	18,834
Interest on long-term debt	189,032	-	-	-
Total governmental activities	14,839,108	1,604,536	1,481,182	62,633
Business-type activities:				
Water and sewer	7,669,583	7,857,807	-	-
Solid waste	2,688,181	2,900,306	12,988	-
Stormwater	871,193	996,899	-	4,839
Total business-type activities	11,228,957	11,755,012	12,988	4,839
Total primary government	\$ 26,068,065	\$ 13,359,548	\$ 1,494,170	\$ 67,472
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				
Proceeds from the sale of capital assets				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,844,960)	\$ -	\$ (2,844,960)
(1,167,001)	-	(1,167,001)
(2,607,869)	-	(2,607,869)
(92,622)	-	(92,622)
(376,745)	-	(376,745)
(1,171,572)	-	(1,171,572)
(1,179,029)	-	(1,179,029)
(2,061,927)	-	(2,061,927)
(189,032)	-	(189,032)
(11,690,757)	-	(11,690,757)
-	188,224	188,224
-	225,113	225,113
-	130,545	130,545
-	543,882	543,882
(11,690,757)	543,882	(11,146,875)
3,722,248	-	3,722,248
2,459,059	-	2,459,059
135,802	-	135,802
1,884,907	-	1,884,907
1,473,646	-	1,473,646
980,143	-	980,143
529,971	-	529,971
204,396	247,524	451,920
898,056	698,586	1,596,642
-	14,305	14,305
120,800	(120,800)	-
12,409,028	839,615	13,248,643
718,271	1,383,497	2,101,768
29,189,170	32,725,358	61,914,528
\$ 29,907,441	\$ 34,108,855	\$ 64,016,296

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, 2014

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Street Light Assessment</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 9,639,520	\$ 389,604	\$ 823,010	\$ 87,895	\$ 2,186,096	\$ 13,126,125
Receivables, net:						
Accounts receivable	406,791	829	1,530	21,518	11,267	441,935
Due from other funds - stormwater fund	30,150	-	-	-	-	30,150
Due from other governments	214,060	-	341,523	-	58,650	614,233
Inventories	82,518	-	-	-	-	82,518
Prepaid items	5,642	-	-	-	-	5,642
Total assets	<u>\$ 10,378,681</u>	<u>\$ 390,433</u>	<u>\$ 1,166,063</u>	<u>\$ 109,413</u>	<u>\$ 2,256,013</u>	<u>\$ 14,300,603</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 178,700	\$ 28,947	\$ 3,092	\$ 22,276	\$ 36,321	\$ 269,336
Accrued liabilities	340,256	702	-	-	607	341,565
Customer deposits	8,991	-	-	-	4,854	13,845
Total liabilities	<u>527,947</u>	<u>29,649</u>	<u>3,092</u>	<u>22,276</u>	<u>41,782</u>	<u>624,746</u>
Deferred Inflows of Resources:						
Proceeds from unearned revenues	<u>1,059,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,256</u>	<u>1,060,489</u>
Fund Balances:						
Nonspendable:						
Inventories and prepaid items	32,752	-	-	-	-	32,752
Restricted for:						
General government	-	330,544	-	-	-	330,544
Fire protection	-	-	-	-	8,438	8,438
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	78,898	565,370	644,268
Library	-	-	-	-	17,619	17,619
Parks and recreation	-	-	-	-	365,354	365,354
Debt service	-	-	-	-	139,801	139,801
Capital projects	-	-	1,132,106	-	-	1,132,106
Committed to:						
Emergency/disaster relief stabilization	2,593,469	-	-	-	-	2,593,469
Physical environment	-	-	-	-	278,536	278,536
Assigned to:						
General government	-	30,240	30,865	-	-	61,105
Fire protection	-	-	-	-	1,777	1,777
Physical environment	-	-	-	-	7,587	7,587
Transportation	-	-	-	8,239	500,612	508,851
Parks and recreation	-	-	-	-	327,881	327,881
Other	1,626,050	-	-	-	-	1,626,050
Unassigned:	<u>4,539,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,539,230</u>
Total fund balances	<u>8,791,501</u>	<u>360,784</u>	<u>1,162,971</u>	<u>87,137</u>	<u>2,212,975</u>	<u>12,615,368</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,378,681</u>	<u>\$ 390,433</u>	<u>\$ 1,166,063</u>	<u>\$ 109,413</u>	<u>\$ 2,256,013</u>	<u>\$ 14,300,603</u>

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

CITY OF SAFETY HARBOR, FLORIDA
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Fund balances - total governmental funds	\$ 12,615,368
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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	\$ 7,092,857	
Depreciable	40,619,500	
Less, accumulated depreciation	<u>23,645,948</u>	24,066,409

The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.	516,388
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Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the governmental funds.

Revenue notes payable	(6,028,218)	
Capital lease payable	(240,000)	
Compensated absences	(767,321)	
Other post employment benefits	<u>(255,185)</u>	<u>(7,290,724)</u>

Net position of governmental activities	<u><u>\$ 29,907,441</u></u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Community Redevelopment Agency	Capital Projects	Street Light Assessment	Other Non-major Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 3,428,185	\$ 294,063	\$ -	\$ -	\$ -	\$ 3,722,248
Utility taxes	2,459,059	-	-	-	-	2,459,059
Local business taxes	135,802	-	-	-	-	135,802
Local option taxes	147,781	-	1,501,934	-	235,192	1,884,907
Franchise fees	1,473,646	-	-	-	-	1,473,646
Licenses and permits	215,144	-	-	-	-	215,144
Impact fees	3,633	-	-	-	40,797	44,430
Special assessments	-	-	-	313,784	4,079	317,863
Sales tax	980,143	-	-	-	-	980,143
Intergovernmental	1,980,377	-	-	-	2,111	1,982,488
Charges for services	948,638	-	-	-	46,550	995,188
Fines and forfeitures	31,911	-	-	-	-	31,911
Interest income and net appreciation in fair value of investments	152,635	5,559	13,952	938	31,312	204,396
Contributions and donations	20,776	-	41,688	-	18,834	81,298
Other	898,056	10,000	-	-	-	908,056
Total revenues	<u>12,875,786</u>	<u>309,622</u>	<u>1,557,574</u>	<u>314,722</u>	<u>378,875</u>	<u>15,436,579</u>
Expenditures:						
Current operating:						
General government	2,449,498	141,744	-	-	-	2,591,242
Law enforcement	1,177,579	-	-	-	-	1,177,579
Fire protection	3,720,886	-	-	-	5,579	3,726,465
Building department	302,451	-	-	-	-	302,451
Physical environment	371,651	-	-	-	35,164	406,815
Transportation	679,091	-	-	266,533	26,727	972,351
Library	1,141,108	-	-	-	-	1,141,108
Parks and recreation	2,463,471	-	-	-	14,398	2,477,869
Capital outlay	91,960	71,499	852,515	-	82,473	1,098,447
Debt service:						
Capital lease principal	-	-	-	-	5,000	5,000
Principal retirement	-	-	-	-	702,982	702,982
Interest and other charges	-	-	-	-	189,032	189,032
Total expenditures	<u>12,397,695</u>	<u>213,243</u>	<u>852,515</u>	<u>266,533</u>	<u>1,061,355</u>	<u>14,791,341</u>
Excess (deficiency) of revenues over (under) expenditures	<u>478,091</u>	<u>96,379</u>	<u>705,059</u>	<u>48,189</u>	<u>(682,480)</u>	<u>645,238</u>
Other financing sources (uses):						
Transfers in	-	-	-	7,650	1,011,120	1,018,770
Transfers out	(7,650)	-	(890,320)	-	-	(897,970)
Total other financing sources (uses)	<u>(7,650)</u>	<u>-</u>	<u>(890,320)</u>	<u>7,650</u>	<u>1,011,120</u>	<u>120,800</u>
Net change in fund balances	<u>470,441</u>	<u>96,379</u>	<u>(185,261)</u>	<u>55,839</u>	<u>328,640</u>	<u>766,038</u>
Fund balances, beginning of year	<u>8,321,060</u>	<u>264,405</u>	<u>1,348,232</u>	<u>31,298</u>	<u>1,884,335</u>	<u>11,849,330</u>
Fund balances, end of year	<u>\$ 8,791,501</u>	<u>\$ 360,784</u>	<u>\$ 1,162,971</u>	<u>\$ 87,137</u>	<u>\$ 2,212,975</u>	<u>\$ 12,615,368</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, 2014

Net change in fund balances - total governmental funds	\$	766,038
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Amounts reported for governmental activities in the statement
of activities are different because:

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

Expenditure for capital assets	1,057,310	
Less, current year depreciation	<u>1,849,235</u>	(791,925)

Net pension asset is not a current financial resources and consequently is not reported in the governmental funds. However, it is an asset in the statement of net position.

Current year change in the pension asset	38,868
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Capital lease payment	5,000
Principal payments	702,982

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.

Decrease in compensated absences	44,065	
Increase in other post employment benefits	<u>(46,757)</u>	<u>(2,692)</u>

Change in net position of governmental activities	\$	<u>718,271</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	<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	\$ 4,206,529	\$ 1,504,237	\$ 1,143,364	\$ 6,854,130
Accounts receivable, net:				
Accounts receivable	934,823	303,988	78,612	1,317,423
Due from other governments	-	1,029	-	1,029
Inventories	215,125	-	-	215,125
Restricted assets:				
Equity in pooled cash and investments:				
Sinking fund	48,384	4,554	8,208	61,146
Customer deposits	548,715	59,934	-	608,649
Total current assets	<u>5,953,576</u>	<u>1,873,742</u>	<u>1,230,184</u>	<u>9,057,502</u>
Noncurrent assets:				
Restricted equity in pooled cash and investments:				
Sinking fund	1,056,726	221,442	163,976	1,442,144
Capital projects	7,243,392	-	-	7,243,392
Capital assets:				
Nondepreciable	444,138	-	219,807	663,945
Depreciable, net of accumulated depreciation	18,125,568	1,673,341	5,791,712	25,590,621
Unamortized bond costs - prepaid insurance	7,626	-	-	7,626
Total noncurrent assets	<u>26,877,450</u>	<u>1,894,783</u>	<u>6,175,495</u>	<u>34,947,728</u>
Total assets	<u>32,831,026</u>	<u>3,768,525</u>	<u>7,405,679</u>	<u>44,005,230</u>
Liabilities				
Current liabilities:				
Accounts payable	332,003	65,647	20,530	418,180
Accrued liabilities	70,019	40,037	11,653	121,709
Due to other funds	-	-	30,150	30,150
Current liabilities, payable from restricted assets:				
Accrued interest payable	48,384	4,554	8,208	61,146
Customer deposits	548,715	59,934	-	608,649
Current portion of long-term obligations:				
Compensated absences	11,159	7,511	3,036	21,706
Bonds and notes payable	426,917	34,597	62,359	523,873
Total current liabilities	<u>1,437,197</u>	<u>212,280</u>	<u>135,936</u>	<u>1,785,413</u>
Noncurrent liabilities:				
Compensated absences	174,821	117,667	47,556	340,044
Other post employment benefits	65,114	41,933	10,768	117,815
Bonds and notes payable	5,907,663	602,298	1,085,673	7,595,634
Total noncurrent liabilities	<u>6,147,598</u>	<u>761,898</u>	<u>1,143,997</u>	<u>8,053,493</u>
Total liabilities	<u>7,584,795</u>	<u>974,178</u>	<u>1,279,933</u>	<u>9,838,906</u>
Deferred inflow of resources				
Deferred amount on debt refunding	<u>57,469</u>	<u>-</u>	<u>-</u>	<u>57,469</u>
Net position				
Net investment in capital assets	12,185,283	1,036,446	4,863,487	18,085,216
Restricted for:				
Debt service	1,056,726	221,442	163,976	1,442,144
Capital projects	7,243,392	-	-	7,243,392
Unrestricted	<u>4,703,361</u>	<u>1,536,459</u>	<u>1,098,283</u>	<u>7,338,103</u>
Total net position	<u>\$ 25,188,762</u>	<u>\$ 2,794,347</u>	<u>\$ 6,125,746</u>	<u>\$ 34,108,855</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, 2014

	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total
Operating revenues				
Charges for services	\$ 7,857,807	\$ 2,900,306	\$ 996,899	\$ 11,755,012
Other	665,211	33,375	-	698,586
Total operating revenue	<u>8,523,018</u>	<u>2,933,681</u>	<u>996,899</u>	<u>12,453,598</u>
Operating expenses				
Salaries, wages and employee benefits	1,806,565	1,132,762	274,151	3,213,478
Materials and supplies	348,513	283,470	54,467	686,450
Contractual and other services	4,235,964	800,608	191,014	5,227,586
Depreciation and amortization	1,097,834	452,401	317,460	1,867,695
Total operating expenses	<u>7,488,876</u>	<u>2,669,241</u>	<u>837,092</u>	<u>10,995,209</u>
Operating income	<u>1,034,142</u>	<u>264,440</u>	<u>159,807</u>	<u>1,458,389</u>
Nonoperating revenues (expenses)				
Interest income and net appreciation in fair value of investments	204,018	25,228	18,278	247,524
Interest expense	(180,707)	(18,940)	(34,101)	(233,748)
Intergovernmental	-	12,988	4,839	17,827
Proceeds from the sale of capital assets	759	13,546	-	14,305
Total nonoperating revenues (expenses)	<u>24,070</u>	<u>32,822</u>	<u>(10,984)</u>	<u>45,908</u>
Income before contributions and transfers	<u>1,058,212</u>	<u>297,262</u>	<u>148,823</u>	<u>1,504,297</u>
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	<u>1,058,212</u>	<u>297,262</u>	<u>28,023</u>	<u>1,383,497</u>
Net position - beginning of year	<u>24,130,550</u>	<u>2,497,085</u>	<u>6,097,723</u>	<u>32,725,358</u>
Net position - end of year	<u>\$ 25,188,762</u>	<u>\$ 2,794,347</u>	<u>\$ 6,125,746</u>	<u>\$ 34,108,855</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, 2014

	<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	\$ 7,832,272	\$ 2,881,250	\$ 1,000,334	\$ 11,713,856
Other operating revenue	665,211	33,375	-	698,586
Cash paid to suppliers for goods and services	(4,617,580)	(1,077,697)	(254,889)	(5,950,166)
Cash payments to and for the benefit of employees	(1,798,112)	(1,130,280)	(269,411)	(3,197,803)
Cash provided by operating activities	<u>2,081,791</u>	<u>706,648</u>	<u>476,034</u>	<u>3,264,473</u>
Cash flows from capital and related financing activities:				
Principal payments on long-term debt	(409,864)	(33,640)	(60,568)	(504,072)
Interest payments on long-term debt	(184,002)	(19,180)	(34,534)	(237,716)
Proceeds from the sale of capital assets	759	13,546	-	14,305
Capital grant receipts	-	-	163,335	163,335
Transfers to other funds - transportation impact fee	-	-	(120,800)	(120,800)
Payments to other funds - reimburse general fund	-	-	(41,850)	(41,850)
Acquisition and construction of capital assets	(725,393)	(395,084)	(144,692)	(1,265,169)
Cash used by capital and related financing activities	<u>(1,318,500)</u>	<u>(434,358)</u>	<u>(239,109)</u>	<u>(1,991,967)</u>
Cash flows from investing activity:				
Interest and dividends on investments	<u>205,057</u>	<u>24,870</u>	<u>17,925</u>	<u>247,852</u>
Cash provided by investing activities	<u>205,057</u>	<u>24,870</u>	<u>17,925</u>	<u>247,852</u>
Net increase in cash and cash equivalents	968,348	322,078	254,850	1,545,276
Cash and cash equivalents at beginning of year	<u>12,135,398</u>	<u>1,468,089</u>	<u>1,060,698</u>	<u>14,664,185</u>
Cash and cash equivalents at end of year	<u>\$ 13,103,746</u>	<u>\$ 1,790,167</u>	<u>\$ 1,315,548</u>	<u>\$ 16,209,461</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, 2014

	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total
Reconciliation of cash and investments to Statement of Net Position:				
Total unrestricted equity in pooled cash and investments	\$ 4,206,529	\$ 1,504,237	\$ 1,143,364	\$ 6,854,130
Total restricted equity in pooled cash and investments	<u>8,897,217</u>	<u>285,930</u>	<u>172,184</u>	<u>9,355,331</u>
Total equity in pooled cash and investments	<u><u>\$ 13,103,746</u></u>	<u><u>\$ 1,790,167</u></u>	<u><u>\$ 1,315,548</u></u>	<u><u>\$ 16,209,461</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income	\$ 1,034,142	\$ 264,440	\$ 159,807	\$ 1,458,389
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,097,834	452,401	317,460	1,867,695
Change in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(25,535)	(19,056)	3,435	(41,156)
Decrease in inventories	30,501	-	-	30,501
Increase (decrease) in accounts payable	(73,325)	8,288	(9,408)	(74,445)
Increase in accrued liabilities	4,344	1,985	421	6,750
Increase (decrease) in customer deposits	9,720	(1,906)	-	7,814
Increase in OPEB	12,256	7,718	2,270	22,244
Increase (decrease) in accumulated unused compensated absences	<u>(8,146)</u>	<u>(7,222)</u>	<u>2,049</u>	<u>(13,319)</u>
Net cash provided by operating activities	<u><u>\$ 2,081,791</u></u>	<u><u>\$ 706,648</u></u>	<u><u>\$ 476,034</u></u>	<u><u>\$ 3,264,473</u></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, 2014

	<u>Pension Trust Fund</u>
Assets	
Cash and cash equivalents:	
Money market	\$ 36,670
Investments, at fair value:	
Equity securities	3,667,008
U.S. Treasury Bonds, Notes and Bills	2,408,002
Total investments	<u>6,075,010</u>
 Total assets	 <u>6,111,680</u>
 Net position	
Held in trust for pension benefits	<u><u>\$ 6,111,680</u></u>

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
State of Florida	\$ 143,624
City	258,480
Employees	10,454
Total contributions	<u>412,558</u>
Investment income:	
Interest income and net increase in the fair value of investments	<u>459,576</u>
 Total additions	 <u>872,134</u>
 Deductions	
Administrative expenses	<u>28,190</u>
 Total deductions	 <u>28,190</u>
 Change in net position	 843,944
 Net position - beginning of year	 <u>5,267,736</u>
 Net position - end of year	 <u><u>\$ 6,111,680</u></u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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). For proprietary funds, governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements and GASB Pronouncement 62, *Codification of Accounting and Financial Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements for FASB Pronouncements* issued after November 30, 1989 (see Note 13). 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. Although legally separate, the CRA is appropriately blended as a special revenue fund type component unit into the primary government. Separate financial statements for the CRA are not presently developed.

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, 2014

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, 2014

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. Although not qualifying as a major fund, government officials believe it is particularly important to provide statements on the Street Light Assessment Fund. 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.
- Street Light Assessment Fund – accounts for and reports the special assessment revenue that is restricted to expenditure for street lighting and facility charges for residential and commercial properties.

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, 2014

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, 2014

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:

	<u>Supplemental Appropriations Fiscal Year 2014</u>
General Fund	\$ 97,397
CRA Fund	121,015
Street Improvement	153,385
Capital Projects Fund	208,086
Law Enforcement Fund	2,111

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 in the proprietary funds are shown net of the allowance of \$231,686.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 revenue 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.

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 mills. The millage rate in effect for the fiscal year ended September 30, 2014 was 3.7343.

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 has been restricted 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, 2014

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

The following is the breakdown in governmental fund inventories at September 30, 2014:

	Amount
Equipment supplies	\$ 26,172
Office supplies	938
Fuel supplies	55,408
	<u>\$ 82,518</u>

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

Capital Assets

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

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

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

Depreciation expense for the year ended September 30, 2014 totaled \$1,849,235 and \$1,801,589 for governmental and business type funds, respectively.

Unamortized Bond Discounts, Bond Premiums and Prepaid Insurance Costs

Bond discounts, 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 and discounts are presented as an increase or reduction 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, 2014

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.

Deferred Inflows of Resources

In the government-wide financial statements as well as in governmental, proprietary and fiduciary fund financial statements, proceeds are reported as a deferred inflow of resources 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. Based on a 2.5 percent rate of return, the comparison between the net present value of revenues sold and sales proceeds are as follows:

	<u>Governmental Activities</u>
Net present value of all future cash flows	\$ 2,632,561
Cash received by the City	1,027,000
Difference	<u><u>\$ 1,605,561</u></u>

The sales proceeds of \$1,027,000 are recognized as deferred 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, 2014

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

lease is \$956,822. For the fiscal year ending September 30, 2014, \$20,540 was amortized as other revenue. Additionally, recreation revenues received but not yet earned total \$95,411 at September 30, 2014.

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, 2014

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, 2014

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

Stabilization Arrangement

Commitment of general fund balance may be made by the City Commission by authorizing resolution for such purposes including, but not limited to, a) meeting future obligations resulting from a natural disaster; b) accumulating resources pursuant to a stabilization arrangement; and/or c) setting aside amounts for specific projects. Once a fund balance has been committed, the City Commission may only change the classification upon duly adopted resolution. The City maintains at a minimum, a fund balance of twenty (20) percent of General Fund operating expenditures based on the current year's adopted budget, including amendments thereto, committed for the specific purpose for use in the event of a major storm or other unforeseen disaster of a nonrecurring character, including environmental damage, flood, fire or tornado; provided that if federal or state funds are received to offset appropriations for such purposes, such monies shall be returned to the Stabilization Arrangement. Replenishment of the stabilization arrangement will be from Unassigned Fund Balance over a period of five (5) years. At September 30, 2014, the fund balance committed for stabilization is \$2,593,469.

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

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

Restrictions on Net Assets (Proprietary and Government Wide)

Restrictions are used to indicate a segregation of a portion of net assets 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 the net assets that is restricted by bond ordinance for payment of governmental and proprietary funds' long-term debt.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

- Restricted for Capital Projects – indicates a portion of the governmental fund net assets that has been restricted for local government infrastructure projects funded by the Penny for Pinellas program and proprietary fund net assets restricted for reclaimed water, sewer system development and expansion, and water and sewer renewal and replacement.

Fiduciary Fund Type

Fiduciary net assets are used to indicate that a portion of the net assets are 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, 2014, the carrying amount of the City's deposits with financial institutions was \$6,164,004 and the bank account balance was \$6,167,032. The City's cash deposits were fully insured by federal depository insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the State of Florida. This act establishes a multiple financial institution collateral pool in which all financial institutions holding public deposits pledge a pool of collateral against all public deposits they collectively hold. In the event of a default or insolvency by a qualified public depository, any loss not covered by deposit insurance or the proceeds from the sale of securities pledged by the defaulting depository is covered by an assessment against the other qualified public depositories of the same type as the depository in default. The assessment is based upon the average share of the public fund deposits held by each of these depositories during the previous 12 months in relation to total public deposits held by all depositories of the same type during the same period.

<u>Pooled Cash and Investments</u>	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted average maturity (years)</u>	<u>Credit Rating</u>
<u>Cash and cash equivalents</u>				
Cash on hand	\$ 1,730	-	n/a	n/a
Cash in bank	6,164,004	-	n/a	n/a
Total cash and cash equivalents	6,165,734	21.02%		
<u>Investments</u>				
Certificates of Deposit	1,003,152	3.42%	3.31	AAA Implied
Money Markets	1,013,426	3.45%	0.00	AAAm
SBA Florida Prime	290,163	0.99%	0.11	AAAm
Federal Home Loan Bank	404,663	1.38%	0.00	AAA Implied
Federal Home Loan Mortgage ARM FHLMC	322,311	1.10%	2.96	AAA Implied
Federal Home Loan Mortgage CMO FHLMC	3,453,863	11.77%	2.72	AAA Implied
Federal Home Loan Mortgage MBS FHLMC	2,356,228	8.03%	2.48	AAA Implied
Government National Mortgage Association ARM GNMA	1,297,958	4.42%	4.01	AAA Implied
Government National Mortgage Association CMO GNMA	3,088,949	10.53%	2.60	AAA Implied
Government National Mortgage Association MBS GNMA	227,603	0.78%	3.06	AAA Implied
Federal National Mortgage Association ARM FNMA	384,294	1.31%	1.88	AAA Implied
Federal National Mortgage Association CMO FNMA	5,271,262	17.97%	2.69	AAA Implied
Federal National Mortgage Association MBS FNMA	4,055,980	13.83%	2.66	AAA Implied
Total investments	23,169,852			
Total pooled cash and investments	<u>\$ 29,335,586</u>	100.00%		

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Equity in Pooled Investments

Custodial Risk

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

Credit Risk

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

- The Local Government Surplus Funds Trust Fund;
- Direct obligations of the United States Government;
- Obligations guaranteed by the U.S. Government as to principal and interest;
- Interest bearing time deposits or savings accounts:
 - In banks organized under the laws of Florida,
 - In national banks organized under the laws of the United States and doing business and situated in the State of Florida,
 - In savings and loan associations which are under the State of Florida's supervision and in federal savings and loan associations located in Florida and organized under federal law and federal supervision;
 - Financial institution must be approved as a qualified public depository by the State of Florida, Department of Insurance and Treasurer;
- Obligations of the Federal Home Loan Mortgage Corporation; Federal Home Loan Mortgage Corporation Participation Certificates; Obligations of the Federal Home Loan Banks or its district banks; Obligations guaranteed by the Government National Mortgage Association.

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

The City is a participant in the State of Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME). The SBA Florida PRIME, with a current Standard & Poor's rating of AAAM, manages \$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, 2014 of 39 days. The investment policy of Florida PRIME is to manage the weighted average maturity to 60 days or less. As of September 30, 2014, all distributions from the Fund B Surplus Funds Trust Fund to the City have been received. A total of 100 percent of the original invested principal has been recovered and the Fund B account has been closed.

On September 30, 2014, the fair value of the City's investments in Florida PRIME was \$290,163 with no liquidity restrictions.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

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. Appropriate diversification is maintained between security types and issuers to reduce concentration of credit risk.

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

Investment Types	Credit Rating	Concentration at Fair Value	Percentage Pooled Investments
Certificates of Deposit	AAA Implied	\$ 1,003,152	4.33%
Money Markets	AAAm	1,013,426	4.37%
SBA Florida Prime	AAAm	290,163	1.25%
Federal Home Loan Bank	AAA Implied	404,663	1.75%
Federal Home Loan Mortgage ARM FHLMC	AAA Implied	322,311	1.39%
Federal Home Loan Mortgage CMO FHLMC	AAA Implied	3,453,863	14.91%
Federal Home Loan Mortgage MBS FHLMC	AAA Implied	2,356,228	10.17%
Government National Mortgage Association ARM GNMA	AAA Implied	1,297,958	5.60%
Government National Mortgage Association CMO GNMA	AAA Implied	3,088,949	13.33%
Government National Mortgage Association MBS GNMA	AAA Implied	227,603	0.98%
Federal National Mortgage Association ARM FNMA	AAA Implied	384,294	1.66%
Federal National Mortgage Association CMO FNMA	AAA Implied	5,271,262	22.75%
Federal National Mortgage Association MBS FNMA	AAA Implied	4,055,980	17.51%
		<u>\$ 23,169,852</u>	<u>100.00%</u>

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 on the next page.

Government's Trustee Deposit and Investments

At year end, the government's trustee and investment deposits and investment balances were as follows:

	Firefighters Pension Plan	
	Amount	Percentage of Portfolio
Cash and cash equivalents:		
Money Market	\$ 36,670	0.6%
Investments, at fair value:		
Broad Market HQ Bond Fund	977,869	16.0%
Core Plus Fixed Income	1,430,133	23.4%
High Quality Growth	488,934	8.0%
Diversified Value	501,158	8.2%
Russell 1000 Enhanced Index	1,430,133	23.4%
Diversified Small to Mid Cap	666,173	10.9%
International Blend	580,610	9.5%
Total	<u>\$ 6,111,680</u>	

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Investment Types	Fair Value	0 to 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	More than 4 Years
Certificates of Deposit	\$ 1,003,152	\$ 253,975	\$ 247,769	\$ 501,408	\$ -	\$ -
Money Markets	1,013,426	1,013,426	-	-	-	-
SBA Florida Prime	290,163	290,163	-	-	-	-
Federal Home Loan Bank	404,663	-	-	404,663	-	-
Federal Home Loan Mortgage ARM FHLMC	322,311	-	-	-	322,311	-
Federal Home Loan Mortgage CMO FHLMC	3,453,863	53,090	392,119	741,894	567,847	1,698,913
Federal Home Loan Mortgage MBS FHLMC	2,356,228	1,748	-	836,282	1,518,198	-
Government National Mortgage Association ARM GNMA	1,297,958	-	-	456,350	631,657	209,951
Government National Mortgage Association CMO GNMA	3,088,949	314,762	659,265	1,572,671	542,251	-
Government National Mortgage Association MBS GNMA	227,603	-	105,398	-	122,205	-
Federal National Mortgage Association ARM FNMA	384,294	-	51,792	-	332,502	-
Federal National Mortgage Association CMO FNMA	5,271,262	34,044	126,599	780,090	521,825	3,808,704
Federal National Mortgage Association MBS FNMA	4,055,980	-	221,042	583,001	1,143,106	2,108,831
	<u>\$ 23,169,852</u>	<u>\$ 1,961,208</u>	<u>\$ 1,803,984</u>	<u>\$ 5,876,359</u>	<u>\$ 5,701,902</u>	<u>\$ 7,826,399</u>

NOTE 3 – RECEIVABLES:

Receivables at September 30, 2014 for the City's governmental and enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

	Interest	Utility Taxes & Franchise Fees	Liens	Special Assessments	Accounts	Total Gross Receivables	Less: Allowance for Uncollectibles	Net Total Receivables
Governmental activities								
General fund	\$18,261	\$ 336,343	\$ 996,134	\$ -	\$ 38,106	\$1,388,844	\$ (982,053)	\$ 406,791
Community Redevelopment Agency	829	-	-	-	-	829	-	829
Capital Projects	1,530	-	-	-	-	1,530	-	1,530
Street Light Assessment	154	-	-	27,768	-	27,922	(6,404)	21,518
Non-major governmental funds	3,983	-	-	4,179	3,105	11,267	-	11,267
Gross receivables	24,757	336,343	996,134	31,947	41,211	1,430,392	-	441,935
Less: allowance for uncollectibles	-	-	(982,053)	(6,404)	-	-	(988,457)	-
Net total receivables governmental activities	<u>\$24,757</u>	<u>\$ 336,343</u>	<u>\$ 14,081</u>	<u>\$ 25,543</u>	<u>\$ 41,211</u>	<u>\$1,430,392</u>	<u>\$ (988,457)</u>	<u>\$ 441,935</u>
Business-type activities								
Water and sewer utility	\$24,826	\$ -	\$ 194,521	\$ 18,552	\$ 852,456	\$1,090,355	\$ (155,532)	\$ 934,823
Solid waste utility	3,225	-	105,414	-	251,555	360,194	(56,206)	303,988
Stormwater utility	2,436	-	21,429	-	74,695	98,560	(19,948)	78,612
Gross receivables	30,487	-	321,364	18,552	1,178,706	1,549,109	-	1,317,423
Less: allowance for uncollectibles	-	-	-	-	(231,686)	-	(231,686)	-
Net total receivables business-type activities	<u>\$30,487</u>	<u>\$ -</u>	<u>\$ 321,364</u>	<u>\$ 18,552</u>	<u>\$ 947,020</u>	<u>\$1,549,109</u>	<u>\$ (231,686)</u>	<u>\$1,317,423</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 3 – RECEIVABLES (continued):

Due from other governments

The following amounts were due from other governments as of September 30, 2014.

<u>Fund</u>	<u>Name of Government</u>	<u>Revenue Source</u>	<u>Amount</u>
Governmental Funds			
General	Pinellas County	Ad Valorem	\$ 678
General	State of Florida	Half-Cent Sales Tax	85,332
General	State of Florida	Alcoholic Beverage Tax	7,367
General	Pinellas County	Court Fines and Fees	997
General	State of Florida	Firefighters' Supplemental Compensation	2,040
General	State of Florida	Federal Emergency Management	45,321
General	State of Florida	Communications Services Tax	72,325
Total general fund			<u>214,060</u>
Capital Projects Fund			
Capital Projects	Pinellas County	Local Government Infrastructure Tax	<u>341,523</u>
Special Revenue Funds			
Street Improvement	State of Florida	Local Option Gas Tax	<u>58,650</u>
Total governmental funds			<u><u>\$614,233</u></u>
Proprietary Funds			
Solid Waste	State of Florida	Pinellas County Municipal Recycling Sales	<u>1,029</u>
Total proprietary funds			<u><u>\$ 1,029</u></u>

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CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 – CAPITAL ASSETS:

The following is a summary of changes in capital assets at September 30, 2014:

	Balance Sept. 30, 2013	Additions	Disposals	Balance Sept. 30, 2014
Governmental activities:				
Nondepreciable assets:				
Land	\$ 6,703,676	\$ -	\$ -	\$ 6,703,676
Construction in progress	43,691	372,879	27,389	389,181
Depreciable assets:				
Buildings	4,220,888	246,701	-	4,467,589
Infrastructure	27,908,284	171,765	6,438	28,073,611
Equipment	7,863,038	293,354	78,092	8,078,300
Total at historical cost	46,739,577	1,084,699	111,919	47,712,357
Less, accumulated depreciation for:				
Buildings	2,966,089	100,626	-	3,066,715
Infrastructure	13,549,167	1,251,415	-	14,800,582
Equipment	5,365,987	497,194	84,530	5,778,651
Total accumulated depreciation	21,881,243	1,849,235	84,530	23,645,948
Governmental activities capital assets, net	<u>\$ 24,858,334</u>	<u>\$ (764,536)</u>	<u>\$ 27,389</u>	<u>\$ 24,066,409</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 606,548	\$ -	\$ -	\$ 606,548
Construction in progress	-	57,397	-	57,397
Depreciable assets:				
Buildings	229,719	-	-	229,719
Infrastructure	36,330,039	188,628	-	36,518,667
Equipment	8,968,654	834,074	538,087	9,264,641
Total at historical cost	46,134,960	1,080,099	538,087	46,676,972
Less, accumulated depreciation for:				
Buildings	223,910	2,904	-	226,814
Infrastructure	12,698,819	1,134,629	-	13,833,448
Equipment	6,116,692	664,056	418,604	6,362,144
Total accumulated depreciation	19,039,421	1,801,589	418,604	20,422,406
Business-type activities capital assets, net	<u>\$ 27,095,539</u>	<u>\$ (721,490)</u>	<u>\$ 119,483</u>	<u>\$ 26,254,566</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 – CAPITAL ASSETS (continued):

Depreciation expense was charged to governmental functions as follows:

	<u>Amount</u>
General government	\$ 360,142
Law enforcement	1,914
Fire protection	208,915
Physical environment	6,861
Transportation	526,486
Library	312,930
Parks and recreation	431,987
Total depreciation expense	<u>\$ 1,849,235</u>

Construction projects actively underway as of September 30, 2014 were as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
<u>General Government</u>		
Security System Improvements	\$ -	\$ 15,400
9/11 Memorial	19,529	9,694
Replace Pumper FS53	265,450	265,450
Equipment Storage Awning	-	135,706
A/C Replacement Bldg A	8,536	-
Ian Tillman Skate Park	2,870	-
Parking Lot Improvement	-	22,440
Messinger Property Passive Park	4,466	-
Mullet Creek Bridge Improvements	-	9,980
Waterfront Park Development	88,330	36,157
Total General Government	<u>\$ 389,181</u>	<u>\$ 494,827</u>
<u>Proprietary</u>		
Citywide Stormwater Improvements	\$ 7,800	\$ 60,254
Replace Roof on Bldg C	-	50,516
Renovate Public Works Break Room	2,647	-
North Bay Hills Water Main	-	641,442
Tangelo Groves Water Main Loop	-	22,906
North Bay Hills Sewer Force Main	250	399,018
Replace Water Line in South Green Springs A	26,900	6,725
Replace Sewer Line @ Joyce & Irwin	19,800	4,950
Total Proprietary	<u>\$ 57,397</u>	<u>\$ 1,185,811</u>

The City capitalizes interest costs in the proprietary funds used to construct buildings, infrastructure and equipment. The capitalized interest is recorded as part of the asset to which it related and is amortized over the asset's estimated useful life. Interest costs capitalized for fiscal year ending September 30, 2014 was \$4,943.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Interfund receivables and payables for the year ended September 30, 2014 of \$30,150 is the balance due to the general fund from the stormwater fund resulting from a loan made for stormwater drainage activities related to the South Bayshore project.

Interfund transfers for the year ended September 30, 2014, consisted of the following:

Transfers from governmental funds:	
General fund	\$ 7,650
Capital Projects fund	890,320
Subtotal transfers from governmental funds	<u>897,970</u>
Transfer from proprietary fund:	
Stormwater	120,800
Total transfers from	<u>\$ 1,018,770</u>
Transfers to governmental funds:	
Street Light fund	\$ 7,650
Debt Service fund	890,320
Transportation Impact Fee fund	120,800
Total transfers to	<u>\$ 1,018,770</u>

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

NOTE 6 – LONG TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended September 30, 2014:

	Balance Sept. 30, 2013	Increases	Decreases	Balance Sept. 30, 2014	Amount Due Within One Year	Long Term Debt
Governmental Activities						
2012 Capital Improvement Revenue Note	\$ 2,575,000	\$ -	\$ 260,000	\$ 2,315,000	\$ 265,000	\$ 2,050,000
2008 Capital Improvement Revenue Note	3,839,000	-	427,000	3,412,000	441,000	2,971,000
2006 Capital Improvement Line of Credit	317,200	-	15,982	301,218	15,447	285,771
Capital lease of real property	245,000	-	5,000	240,000	5,000	235,000
Accrued compensated absences	811,386	14,117	58,182	767,321	46,944	720,377
OPEB liability	208,428	46,757	-	255,185	-	255,185
Governmental activities total	<u>7,996,014</u>	<u>60,874</u>	<u>766,164</u>	<u>7,290,724</u>	<u>773,391</u>	<u>6,517,333</u>
Business-Type Activities						
2012 Refunding Revenue Note	1,355,000	-	140,000	1,215,000	140,000	1,075,000
2006 Capital Improvement Revenue Note	7,259,259	-	364,072	6,895,187	374,553	6,520,634
Less deferred amount for issuance premium	76,108	-	9,319	66,789	9,320	57,469
Total bonds payable	<u>8,690,367</u>	<u>-</u>	<u>513,391</u>	<u>8,176,976</u>	<u>523,873</u>	<u>7,653,103</u>
Accrued compensated absences	375,069	6,417	19,736	361,750	21,706	340,044
OPEB liability	95,571	22,244	-	117,815	-	117,815
Business-type activities totals	<u>9,161,007</u>	<u>28,661</u>	<u>533,127</u>	<u>8,656,541</u>	<u>545,579</u>	<u>8,110,962</u>
Total all activities	<u>\$ 17,157,021</u>	<u>\$ 89,535</u>	<u>\$ 1,299,291</u>	<u>\$ 15,947,265</u>	<u>\$ 1,318,970</u>	<u>\$ 14,628,295</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 payable 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	\$ 2,315,000	\$ 3,412,000	\$ 301,218	\$ 6,028,218	\$ 1,215,000	\$ 1,148,032	\$ 5,110,260	\$ 636,895	\$ 8,110,187
Interest Rate	2.340%	3.340%	2.860%		2.340%	2.860%	2.860%	2.860%	
<u>Annual Debt Service</u>									
2015	\$ 316,071	\$ 547,584	\$ 24,533	\$ 888,188	\$ 166,793	\$ 95,103	\$ 423,797	\$ 52,819	\$ 738,512
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	165,182	95,102	423,798	52,819	736,901
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
Thereafter	952,642	1,091,564	250,628	2,294,834	502,141	951,023	4,237,975	528,187	6,219,326
	<u>\$ 2,538,295</u>	<u>\$ 3,825,773</u>	<u>\$ 375,246</u>	<u>\$ 6,739,314</u>	<u>\$ 1,332,527</u>	<u>\$ 1,426,536</u>	<u>\$ 6,356,961</u>	<u>\$ 792,282</u>	<u>\$ 9,908,306</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2015	\$ 15,447	\$ 9,086	\$ 24,533
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 - 2024	99,920	25,187	125,107
2025 - 2029	115,462	10,059	125,521
Total debt service	<u>\$ 301,218</u>	<u>\$ 74,028</u>	<u>\$ 375,246</u>

Year Ending September 30,	2008 Capital Improvement Revenue Note		
	Principal	Interest	Total
2015	\$ 441,000	\$ 106,584	\$ 547,584
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 - 2021	1,056,000	35,564	1,091,564
Total debt service	<u>\$ 3,412,000</u>	<u>\$ 413,773</u>	<u>\$ 3,825,773</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2015	265,000	51,071	\$ 316,071
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 - 2022	920,000	32,642	952,642
Total debt service	<u>\$ 2,315,000</u>	<u>\$ 223,295</u>	<u>\$ 2,538,295</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 6 – LONG TERM LIABILITIES (continued):

The annual debt service requirements for the business-type activities long-term debt as of September 30, 2014 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2015	\$ 374,553	\$ 197,191	\$ 571,744
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 - 2024	2,283,105	575,489	2,858,594
2025 - 2029	2,629,192	229,374	2,858,566
Total debt service	<u>\$ 6,895,187</u>	<u>\$ 1,680,592</u>	<u>\$ 8,575,779</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2015	140,000	26,793	\$ 166,793
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 - 2022	485,000	17,141	502,141
Total debt service	<u>\$ 1,215,000</u>	<u>\$ 117,527</u>	<u>\$ 1,332,527</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, 2014 is \$240,000.

NOTE 7 – PENSION PLANS:

A. **Florida Retirement System**

The City contributes to the Florida Retirement System (the “System”), 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, Division of Retirement, which covers thirty-three percent of all the City's full-time employees. The System provides retirement and disability benefits, annual cost-of-living adjustments, a health insurance subsidy, and survivor benefits to plan members and beneficiaries, respectively. The System was established in 1970 by Chapter 121, Florida Statutes. Changes to the law can be

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 – PENSION PLANS (continued):

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. The Florida Retirement System Annual Report is a document printed for members of the Legislature and the public, reflecting the financial operation and condition of the state-administered retirement systems. The publication contains financial statements, actuarial comments, investment information, and statistical data on the System. A copy can be obtained by writing to Division of Retirement, Research and Education Section, PO Box 9000, Tallahassee, Florida 32315-9000 or by calling (888) 738-2252.

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, 2014, 2013 and 2012 were approximately \$384,000, \$320,000, and \$297,000 respectively, equal to the required contributions for each year.

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 \$273,667 for the year ended September 30, 2014. 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 2014 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, 2014

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, 2014, pension plan membership consists of the following:

Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	18
	<u>19</u>

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 \$258,480 (24.15 percent of covered payroll) for 2014 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. In 2014, the State of Florida's contribution to the retirement trust fund was \$147,780.75.

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, 2014 was as follows:

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 – PENSION PLANS (continued):

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	100%

For the year ended September 30, 2014, 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.

Net Pension Liability (Asset)

The components of the net pension liability (asset) at September 30, 2014, were as follows:

Total pension liability	\$ 2,831,517
Plan fiduciary net position	(4,382,581)
City's net pension liability (asset)	<u>\$ (1,551,064)</u>
Plan fiduciary net position as a percentage of total pension liability	154.78%

Actuarial Methods & Assumptions: Total pension liability was determined by actuarial valuation as of September 30, 2014, using the following actuarial assumptions:

Actuarial valuation date	10/1/2013
Measurement date	10/1/2013
Actuarial cost method	Aggregate Cost**
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Discount rate*	8.07% 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.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 – PENSION PLANS (continued):

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.

Annual required contribution	\$ 260,134
Interest on net pension obligation (asset)	(31,879)
Adjustment to annual required contribution	34,300
Annual pension cost	262,555
Contributions made	(301,423)
Increase in net pension obligation (asset)	(38,868)
Net pension obligation (asset) - beginning of year	(477,520)
Net pension obligation (asset) - end of year	<u><u>\$ (516,388)</u></u>

Rate of Return: The long-term expected real rate of return on plan asset classes as of September 30, 2014 are as follows:

Investment Category	Long-Term Expected Real Rate of Return	
Core Bonds	2.29%	per annum
Multi-Sector	2.78%	per annum
US Large Cap Equity	5.68%	per annum
US Small Cap Equity	6.24%	per annum
Non-US Equity	5.44%	per annum
Total or Weighted Arithmetic Average	4.48%	per annum

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net position liability calculated using a the current discount rate of 8.07 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (7.07 percent) and 1- percentage-point higher (9.07 percent).

	1% Decrease 7.07%	Current Rate 8.07%	1% Increase 9.07%
Total pension liability	\$ 3,395,186	\$ 2,831,517	\$ 2,378,366
Fiduciary net position	(4,382,581)	(4,382,581)	(4,382,581)
Net pension liability (asset)	<u><u>\$ (987,395)</u></u>	<u><u>\$ (1,551,064)</u></u>	<u><u>\$ (2,004,215)</u></u>

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, 2014.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014, the City estimated a \$41,000 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	\$ 124,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	<u>(26,000)</u>
Annual OPEB cost (expense)	110,000
Contributions made	<u>(41,000)</u>
Increase in net OPEB obligation	69,000
Net OPEB obligation - beginning of year	<u>304,000</u>
Net OPEB obligation - end of year	<u><u>\$ 373,000</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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>
9/30/2014	\$ 110,000	37%	\$ 373,000
9/30/2013	109,000	38%	304,000
9/30/2012	93,000	42%	236,000

Funding Status and Funding Progress

The unfunded actuarial accrued liability for other post employee benefits was \$796,000 and an actuarial value of assets of zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$796,000 as of

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

September 30, 2014. The covered payroll (annual payroll of active employees covered by the plan) was \$6,969,000, and the ratio of the UAAL to the covered payroll was 11.4 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 expected long-term return on the City's surplus funds. The annual healthcare cost rate was 10% initially, grading down to a rate of 5% by fiscal year 2021/22 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.

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CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014.

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Ad valorem taxes	\$ 120,543	\$ -
Ad valorem taxes from Pinellas County	173,520	-
Miscellaneous revenue	10,000	-
Interest and investment income	5,559	-
Purpose of withdrawals:		
Personal services	-	42,011
Banners	-	1,635
Brochures	-	567
Decorative lighting	-	5,359
District fees	-	670
Façade and partnership incentives	-	35,319
Holiday decorations	-	20,450
Jolley Trolley	-	19,404
Land lease - CSX	-	438
Public Art Committee	-	10,227
Signage	-	995
Streetscaping - benches, trash cans, planter, ballasts	-	4,669
Waterfront Park	-	71,499
Totals	<u>\$ 309,622</u>	<u>\$ 213,243</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, 2014. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2014. In addition, there have been no settlements that exceeded the City's insurance coverage in any of the past three fiscal years.

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Property taxes	\$ 3,420,460	\$ 3,420,460	\$ 3,428,185	\$ 7,725
Utility taxes	2,410,490	2,410,490	2,459,059	48,569
Local business tax	156,830	156,830	135,802	(21,028)
Local option tax	140,000	140,000	147,781	7,781
Franchise fees	1,420,450	1,420,450	1,473,646	53,196
Licenses and permits	185,240	185,240	215,144	29,904
Impact fees	-	-	3,633	3,633
Sales tax	917,700	917,700	980,143	62,443
Intergovernmental revenues	1,980,970	1,933,970	1,980,377	46,407
Charges for services	962,070	1,007,813	948,638	(59,175)
Fines and forfeitures	49,190	49,190	31,911	(17,279)
Interest income and net appreciation in fair value of investments	195,690	195,690	152,635	(43,055)
Contributions and donations	21,600	21,600	20,776	(824)
Other	858,610	858,610	898,056	39,446
	<u>12,719,300</u>	<u>12,718,043</u>	<u>12,875,786</u>	<u>157,743</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
General Government:				
City Commission	140,550	152,350	145,791	6,559
City Manager ^a	177,040	177,040	178,372	(1,332)
City Clerk	144,772	144,772	131,291	13,481
Finance ^a	230,770	230,754	232,843	(2,089)
Personnel	179,830	212,234	211,074	1,160
Planning	282,780	280,176	242,251	37,925
City Attorney ^b	119,700	114,700	121,973	(7,273)
Nondepartmental	331,741	336,123	277,993	58,130
Maintenance	650,630	650,583	609,870	40,713
Nonoperating	298,040	298,040	298,040	-
Total general government	<u>2,555,853</u>	<u>2,596,772</u>	<u>2,449,498</u>	<u>147,274</u>
Public Safety:				
Law enforcement	1,177,580	1,177,580	1,177,579	1
Fire	3,804,327	3,835,708	3,720,886	114,822
Building department	306,990	306,809	302,451	4,358
Total public safety	<u>5,288,897</u>	<u>5,320,097</u>	<u>5,200,916</u>	<u>119,181</u>
Physical environment	<u>383,840</u>	<u>381,335</u>	<u>371,651</u>	<u>9,684</u>
Transportation	<u>759,100</u>	<u>754,048</u>	<u>679,091</u>	<u>74,957</u>

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and recreation:				
Library	1,170,520	1,168,834	1,141,108	27,726
Parks and recreation	<u>2,617,035</u>	<u>2,644,116</u>	<u>2,463,471</u>	<u>180,645</u>
Total culture and recreation	<u>3,787,555</u>	<u>3,812,950</u>	<u>3,604,579</u>	<u>208,371</u>
Capital outlay	<u>87,051</u>	<u>94,491</u>	<u>91,960</u>	<u>2,531</u>
Other Financing Sources (Uses)				
Transfers from other funds	41,850	41,850	-	41,850
Transfers to other funds	<u>(7,650)</u>	<u>(7,650)</u>	<u>(7,650)</u>	<u>-</u>
Total Other Financing Sources	<u>34,200</u>	<u>34,200</u>	<u>(7,650)</u>	<u>41,850</u>
Total charges to appropriations	<u>12,869,946</u>	<u>12,967,343</u>	<u>12,405,345</u>	<u>561,998</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(108,796)</u>	<u>(207,450)</u>	<u>470,441</u>	<u>(362,405)</u>
Appropriated fund balance	<u>108,796</u>	<u>207,450</u>	<u>-</u>	<u>(207,450)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,441</u>	<u>\$ (569,855)</u>

^a City Manager and Finance Departments over budget due to health insurance premiums

^b City Attorney over budget due to litigated files.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUND – COMMUNITY REDEVELOPMENT AGENCY FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Property taxes	\$ 285,450	\$ 294,063	\$ 294,063	\$ -
Impact fees	-	-	-	-
Miscellaneous revenue	-	10,000	10,000	-
Interest income and net appreciation in fair value of investments	9,090	4,177	5,559	1,382
Amounts available for appropriation	<u>294,540</u>	<u>308,240</u>	<u>309,622</u>	<u>1,382</u>
Charges to appropriations (outflows):				
General government	157,305	141,745	141,744	1
Capital outlay	<u>171,283</u>	<u>62,334</u>	<u>71,499</u>	<u>(9,165)</u>
Total charges to appropriations	<u>328,588</u>	<u>204,079</u>	<u>213,243</u>	<u>(9,164)</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(34,048)</u>	<u>104,161</u>	<u>96,379</u>	<u>(7,782)</u>
Appropriated fund balance	<u>34,048</u>	<u>(104,161)</u>	<u>-</u>	<u>104,161</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,379</u>	<u>\$ 96,379</u>

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUND – STREET LIGHT FUND
YEAR ENDED SEPTEMBER 30, 2014

	<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:				
Assessment	\$ 313,020	\$ 313,020	\$ 313,784	\$ 764
Intergovernmental	3,520	3,520	-	(3,520)
Interest income and net appreciation in fair value of investments	-	-	938	938
Transfers in from other funds	7,650	7,650	7,650	-
	<u>324,190</u>	<u>324,190</u>	<u>322,372</u>	<u>(1,818)</u>
Charges to appropriations (outflows):				
Transportation	272,760	272,760	266,533	6,227
	<u>272,760</u>	<u>272,760</u>	<u>266,533</u>	<u>6,227</u>
(Deficiency) excess of resources (under) over charges to appropriations	51,430	51,430	55,839	(4,409)
Appropriated fund balance	<u>(51,430)</u>	<u>(51,430)</u>	<u>-</u>	<u>4,409</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,839</u>	<u>\$ -</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 322,372
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>\$ 314,722</u>

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY –
FIREFIGHTERS' RETIREMENT FUND
YEAR ENDED SEPTEMBER 30, 2014

Actuarial Valuation Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)	Fiduciary Net Position as a % of Total Pension Liability	Covered- Employee Payroll	Net Pension Liability (Asset) as a % of Covered Payroll
	(a)	(b)	(a-b)	(b/a)	(c)	((a-b)/c)
10/1/2013	\$ 2,831,517	\$ 4,382,581	\$ (1,551,064)	154.78%	\$ 1,076,940	(144.03%)
10/1/2012	2,908,691	3,563,115	(654,424)	122.50%	996,003	(65.71%)
10/1/2011	2,399,722	2,663,464	(263,742)	110.99%	907,930	(29.05%)
10/1/2010	2,151,877	2,353,601	(201,724)	109.37%	975,490	(20.68%)
10/1/2009	1,763,773	1,810,225	(46,452)	102.63%	971,356	(4.78%)
Not applicable	N/A	1,097,648	N/A	N/A	N/A	N/A
10/1/2007	1,150,883	1,099,877	51,006	95.57%	759,761	6.71%
Not applicable	N/A	756,431	N/A	N/A	N/A	N/A
10/1/2005	498,560	498,560	-	100.00%	564,028	0.00%

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF CONTRIBUTIONS –
FIREFIGHTERS' RETIREMENT FUND
YEAR ENDED SEPTEMBER 30, 2014

Year ended September 30,	Actuarially Determined Contribution	Contributions Recognized By the Plan	Contribution Excess (Deficiency)	Covered- Employee Payroll	Contribution Excess (Deficiency) as a % of Covered Payroll
	(a)	(b)	(b-a)	(d)	((b-a)/d)
2014	\$ 260,134	\$ 260,134	\$ -	\$ 1,076,940	0.00%
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%
2005	84,160	84,160	-	N/A	N/A

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF INVESTMENT RETURNS -
 FIREFIGHTERS' RETIREMENT FUND
 YEAR ENDED SEPTEMBER 30, 2014

Year Ended September 30,	Annual Rate of Return on Pension Plan Investments
2013	12.20%
2012	16.91%
2011	54.00%
2010	9.30%
2009	3.64%
2008	-12.98%
2007	11.58%
2006	7.56%
2005	9.45%
2004	6.60%

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2014

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>% Contribution</u>	<u>Annual OPEB Cost</u>	<u>% Contribution</u>
2014	\$ 124,000	34%	\$ 110,000	37%
2013	120,000	34%	109,000	38%
2012	102,000	38%	93,000	42%

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2014

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)
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%
7/1/2009	-	778,000	778,000	0.00%	7,569,000	10.28%

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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, 2014

											Total Other Governmental Funds
	Public Safety	Street Improvement	Street Assessment	Marina Boat Basin	Transportation Impact Fee	Library Impact Fee	Law Enforcement	Parkland	Total Special Revenue Funds	Debt Service	
Assets											
Cash and cash equivalents	\$ 14,382	\$ 641,880	\$ 32,114	\$ 288,215	\$ 360,270	\$ 17,619	\$ -	\$ 691,815	\$ 2,046,295	\$ 139,801	\$ 2,186,096
Receivables, net:											
Accounts receivable	28	1,255	4,179	3,695	690	-	-	1,420	11,267	-	11,267
Due from other governments	-	58,650	-	-	-	-	-	-	58,650	-	58,650
Total assets	\$ 14,410	\$ 701,785	\$ 36,293	\$ 291,910	\$ 360,960	\$ 17,619	\$ -	\$ 693,235	\$ 2,116,212	\$ 139,801	\$ 2,256,013
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ 4,195	\$ 10,474	\$ -	\$ 326	\$ 21,326	\$ -	\$ -	\$ -	\$ 36,321	\$ -	\$ 36,321
Accrued liabilities	-	-	-	607	-	-	-	-	607	-	607
Customer deposits	-	-	-	4,854	-	-	-	-	4,854	-	4,854
Deferred revenue	-	-	1,256	-	-	-	-	-	1,256	-	1,256
Total liabilities	4,195	10,474	1,256	5,787	21,326	-	-	-	43,038	-	43,038
Fund Balances											
Restricted for:											
Fire protection	8,438	-	-	-	-	-	-	-	8,438	-	8,438
Transportation	-	315,963	35,037	-	214,370	-	-	-	565,370	-	565,370
Library	-	-	-	-	-	17,619	-	-	17,619	-	17,619
Parks and recreation	-	-	-	-	-	-	-	363,354	363,354	-	363,354
Debt service	-	-	-	-	-	-	-	-	-	139,801	139,801
Committed to:											
Physical environment	-	-	-	278,536	-	-	-	-	278,536	-	278,536
Assigned to:											
Fire protection	1,777	-	-	-	-	-	-	-	1,777	-	1,777
Physical environment	-	375,348	-	7,587	-	-	-	-	7,587	-	7,587
Transportation	-	-	-	-	125,264	-	-	-	500,612	-	500,612
Parks and recreation	-	-	-	-	-	-	-	327,881	327,881	-	327,881
Total fund balances	10,215	691,311	35,037	286,123	339,634	17,619	-	693,235	2,073,774	139,801	2,212,975
Total liabilities and fund balances	\$ 14,410	\$ 701,785	\$ 36,293	\$ 291,910	\$ 360,960	\$ 17,619	\$ -	\$ 693,235	\$ 2,116,212	\$ 139,801	\$ 2,256,013

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, 2014

	Public Safety	Street Improvement	Street Assessment	Marina Boat Basin	Transportation Impact Fee	Library Impact Fee	Law Enforcement	Parkland	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
Revenues:											
Local option taxes	\$ -	\$ 235,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,192	\$ -	\$ 235,192
Impact fees	6,959	-	-	-	22,669	6,129	-	5,040	40,797	-	40,797
Special assessments	-	-	4,079	-	-	-	-	-	4,079	-	4,079
Intergovernmental	-	-	-	-	-	-	2,111	-	2,111	-	2,111
Charges for services	-	-	-	46,550	-	-	-	-	46,550	-	46,550
Interest income and net appreciation in fair value of investments	209	9,758	-	4,901	4,464	-	-	11,980	31,312	-	31,312
Contributions and donations	-	-	-	-	-	-	-	18,834	18,834	-	18,834
Total revenues	7,168	244,950	4,079	51,451	27,133	6,129	2,111	35,854	378,875	-	378,875
Expenditures:											
Current operating:											
General government	-	-	-	-	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-	-	-	-	-
Fire protection	5,579	-	-	-	-	-	-	-	5,579	-	5,579
Building department	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	35,164	-	-	-	-	35,164	-	35,164
Transportation	-	26,727	-	-	-	-	-	-	26,727	-	26,727
Library	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	14,398	14,398	-	14,398
Capital outlay	-	72,813	-	-	-	-	2,111	7,549	82,473	-	82,473
Debt service	-	-	-	-	-	-	-	5,000	5,000	-	5,000
Capital lease principal	-	-	-	-	-	-	-	-	-	702,982	702,982
Principal retirement	-	-	-	-	-	-	-	-	-	189,032	189,032
Interest and other charges	-	-	-	-	-	-	-	-	-	892,014	892,014
Total expenditures	5,579	99,540	-	35,164	-	-	2,111	26,947	169,341	-	1,061,355
Excess (deficiency) of revenues over (under) expenditures	1,589	145,410	4,079	16,287	27,133	6,129	-	8,907	209,534	(892,014)	(682,480)
Other financing sources (uses):											
Transfers in	-	-	-	-	120,800	-	-	-	120,800	890,320	1,011,120
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Principal repayment	-	-	-	-	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	120,800	-	-	-	120,800	890,320	1,011,120
Net change in fund balances	1,589	145,410	4,079	16,287	147,933	6,129	-	8,907	330,334	(1,694)	328,640
Fund balances, beginning of year	8,626	545,901	30,958	269,836	191,701	11,490	-	684,328	1,742,840	141,495	1,884,335
Fund balances, end of year	\$ 10,215	\$ 691,311	\$ 35,037	\$ 286,123	\$ 339,634	\$ 17,619	\$ -	\$ 693,235	\$ 2,073,174	\$ 139,801	\$ 2,212,975

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – PUBLIC SAFETY
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Impact fees	\$ 16,250	\$ 16,250	\$ 6,959	\$ (9,291)
Interest income and net appreciation in fair value of investments	1,400	1,400	209	(1,191)
Amounts available for appropriation	17,650	17,650	7,168	(10,482)
Charges to appropriations (outflows):				
Public Safety	10,800	9,941	5,579	4,362
Total charges to appropriations	10,800	9,941	5,579	4,362
Excess of resources over charges to appropriations	6,850	7,709	1,589	(6,120)
Appropriated fund balance	(6,850)	(7,709)	-	7,709
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 1,589	\$ 1,589

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

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – STREET IMPROVEMENT
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Local option taxes	\$ 224,000	\$ 224,000	\$ 235,192	\$ 11,192
Interest income and net appreciation in fair value of investments	11,190	11,190	9,758	(1,432)
Amounts available for appropriation	235,190	235,190	244,950	9,760
Charges to appropriations (outflows):				
Transportation	238,700	36,806	26,727	10,079
Capital outlay	141,233	135,303	72,813	62,490
Total charges to appropriations	379,933	172,109	99,540	72,569
(Deficiency) excess of resources (under) over charges to appropriations	(144,743)	63,081	145,410	82,329
Appropriated fund balance	144,743	(63,081)	-	63,081
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 145,410	\$ 145,410

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

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – STREET ASSESSMENT
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Special assessments	\$ 100	\$ 100	\$ 4,079	\$ 3,979
Amounts available for appropriation	100	100	4,079	3,979
Charges to appropriations (outflows):				
Capital outlay	-	-	-	-
Total charges to appropriations	-	-	-	-
Excess of resources over charges to appropriations	100	100	4,079	3,979
Appropriated fund balance	(100)	(100)	-	100
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,079</u>	<u>\$ 4,079</u>

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

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – MARINA BOAT BASIN
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Revenues:				
Charges for services	\$ 51,000	\$ 51,000	\$ 46,550	\$ (4,450)
Interest income and net appreciation in fair value of investments	4,550	4,550	4,901	351
Amounts available for appropriations	55,550	55,550	51,451	(4,099)
Charges to appropriations (outflows):				
Physical environment	41,840	41,840	35,164	6,676
Capital Outlay	150,000	150,000	-	150,000
Total charges to appropriations	191,840	191,840	35,164	156,676
Excess of resources over charges to appropriations	(136,290)	(136,290)	16,287	152,577
Appropriated fund balance	136,290	136,290	-	(136,290)
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 16,287	\$ 16,287

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, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Impact fees	\$ 23,310	\$ 23,310	\$ 22,669	\$ (641)
Interest income and net appreciation in fair value of investments	2,500	2,500	4,464	1,964
Transfers from other funds	120,800	120,800	120,800	-
Amounts available for appropriation	146,610	146,610	147,933	1,323
Excess (deficiency) of resources over (under) charges to appropriations	146,610	146,610	147,933	1,323
Appropriated fund balance	(146,610)	(146,610)	-	146,610
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 147,933	\$ 147,933
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 147,933
Differences - budget to GAAP				
Transfer from other funds are inflows of budgetary resources but are not resources for financial reporting purposes				120,800
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				\$ 27,133

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – LIBRARY IMPACT FEE FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Interest income and net appreciation in fair value of investments	\$ 500	\$ 500	\$ -	\$ (500)
Impact fees	<u>8,100</u>	<u>8,100</u>	<u>6,129</u>	<u>(1,971)</u>
Amounts available for appropriation	<u>8,600</u>	<u>8,600</u>	<u>6,129</u>	<u>(2,471)</u>
Excess (deficiency) of resources over (under) charges to appropriations	8,600	8,600	6,129	(2,471)
Appropriated fund balance	<u>(8,600)</u>	<u>(8,600)</u>	<u>-</u>	<u>8,600</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,129</u>	<u>\$ 6,129</u>

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

CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – LAW ENFORCEMENT FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Intergovernmental revenue	<u>2,111</u>	<u>2,111</u>	<u>2,111</u>	<u>-</u>
Amounts available for appropriation	<u>2,111</u>	<u>2,111</u>	<u>2,111</u>	<u>-</u>
Charges to appropriations (outflows):				
Capital outlay	<u>2,111</u>	<u>2,111</u>	<u>2,111</u>	<u>-</u>
Total charges to appropriations	<u>2,111</u>	<u>2,111</u>	<u>2,111</u>	<u>-</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – PARKLAND FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Impact fees	\$ 6,930	\$ 6,930	\$ 5,040	\$ (1,890)
Interest income and net appreciation in fair value of investments	10,900	10,900	11,980	1,080
Intergovernmental	200,000	200,000	-	(200,000)
Grants and contributions	200,000	200,000	18,834	(181,166)
	<u>417,830</u>	<u>417,830</u>	<u>35,854</u>	<u>(381,976)</u>
Amounts available for appropriations				
Charges to appropriations (outflows) -				
Parks and recreation	26,000	26,000	19,398	6,602
Capital Outlay	452,550	452,550	7,549	445,001
	<u>478,550</u>	<u>478,550</u>	<u>26,947</u>	<u>451,603</u>
Total charges to appropriations				
Excess of resources over charges to appropriations	(60,720)	(60,720)	8,907	(833,579)
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of resources over charges to appropriations	<u>\$ (60,720)</u>	<u>\$ (60,720)</u>	<u>\$ 8,907</u>	<u>\$ (833,579)</u>
Explanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 26,947
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 revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 21,947</u>

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Revenues:				
Transfers from other funds	\$ 890,320	\$ 890,320	\$ 890,320	\$ -
Amount available for appropriations	890,320	890,320	890,320	-
Charges to appropriations (outflows):				
Principal payments	702,940	702,940	702,982	(42)
Interest and other fiscal charges	187,390	187,390	189,032	(1,642)
Total charges to appropriations	890,330	890,330	892,014	(1,684)
Excess of resources over charges to appropriations	(10)	(10)	(1,694)	(1,684)
Appropriated fund balance	10	10	-	(10)
Excess of resources over charges to appropriations	\$ -	\$ -	\$ (1,694)	\$ (1,694)
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 890,320
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes				890,320
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				\$ -

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CITY OF SAFETY HARBOR, FLORIDA
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Local option taxes	\$ 1,375,000	\$ 1,375,000	\$ 1,501,934	\$ 126,934
Intergovernmental	-	37,950	-	(37,950)
Interest income and net appreciation in fair value of investments	27,170	27,170	13,952	(13,218)
Miscellaneous	20,000	34,360	41,688	7,328
Amounts available for appropriation	1,422,170	1,474,480	1,557,574	83,094
Charges to appropriations (outflows):				
Capital outlay	1,499,442	1,235,786	852,515	383,271
Transfers to other funds	890,320	890,320	890,320	-
Total charges to appropriations	2,389,762	2,126,106	1,742,835	383,271
Excess (deficiency) of resources over (under) charges to appropriations	(967,592)	(651,626)	(185,261)	(466,365)
Appropriated fund balance	967,592	651,626	-	(651,626)
Excess (deficiency) of resources over (under) charges to appropriations	\$ -	\$ -	\$ (185,261)	\$ 185,261
Expanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 1,742,835
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes				890,320
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances of governmental funds				\$ 852,515

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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, 2014

		Actual Amounts				
	Fire Budget	City Amounts	Fire District Amounts	EMS Amounts	Total Amounts	Variance Favorable (Unfavorable)
Revenue:						
Municipality - City of						
Safety Harbor	\$ 3,198,773	\$ 3,167,633	\$ -	\$ -	\$ 3,167,633	\$ (31,140)
Intergovernmental	-	-	-	-	-	-
Local option tax	140,000	140,000	-	-	140,000	-
EMS District funds	845,140	-	-	845,114	845,114	(26)
Safety Harbor Fire District	153,000	-	152,985	-	152,985	(15)
Total revenues	<u>4,336,913</u>	<u>3,307,633</u>	<u>152,985</u>	<u>845,114</u>	<u>4,305,732</u>	<u>(31,181)</u>
Expenditures:						
Personnel services	3,385,331	2,525,963	152,985	706,383	3,385,331	-
Contractual/other services	323,058	266,164	-	71,071	337,235	(14,177)
Materials and supplies	137,260	39,989	-	63,667	103,656	33,604
Capital outlay	491,264	475,517	-	-	475,517	15,747
Total expenditures	<u>4,336,913</u>	<u>3,307,633</u>	<u>152,985</u>	<u>841,121</u>	<u>4,301,739</u>	<u>35,174</u>
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,993</u>	<u>\$ 3,993</u>	<u>\$ (3,993)</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, 2014

		Actual Amounts			Variance
	Library Budget	City Amounts	Library Amounts	Total Amounts	Favorable (Unfavorable)
Revenue:					
Municipality - City of Safety Harbor	\$ 1,008,444	\$ 981,500	\$ -	\$ 981,500	\$ (26,944)
Library impact fees	8,100	6,129	-	6,129	(1,971)
Intergovernmental	216,890	-	217,062	217,062	172
Chrissie Shull Elmore Trust	20,000	19,678	-	19,678	(322)
Other	1,600	1,098	-	1,098	(502)
Total revenues	<u>1,255,034</u>	<u>1,008,405</u>	<u>217,062</u>	<u>1,225,467</u>	<u>(29,567)</u>
Expenditures:					
Personnel services	769,250	555,808	184,806	740,614	28,636
Contractual/other services	366,649	371,915	-	371,915	(5,266)
Materials and supplies	32,935	28,579	-	28,579	4,356
Capital outlay	86,200	52,103	32,256	84,359	1,841
Total expenditures	<u>1,255,034</u>	<u>1,008,405</u>	<u>217,062</u>	<u>1,225,467</u>	<u>29,567</u>
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
WATER AND SEWER FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget	Budgetary Basis Actual	Variance Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 8,316,300	\$ 7,857,807	\$ (458,493)
Other	631,800	665,211	33,411
Total operating revenue	<u>8,948,100</u>	<u>8,523,018</u>	<u>(425,082)</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	1,948,250	1,806,565	141,685
Materials and supplies	419,514	348,513	71,001
Contractual and other services	747,040	4,235,964	(3,488,924)
Capital outlay	<u>-</u>	<u>538,465</u>	<u>(538,465)</u>
Total operating expenses	<u>3,114,804</u>	<u>6,929,507</u>	<u>(3,814,703)</u>
Operating income (loss)	<u>5,833,296</u>	<u>1,593,511</u>	<u>(4,239,785)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	204,018	204,018	-
Interest expense	(183,960)	(180,707)	3,253
Gain on sale of capital assets	4,500	759	(3,741)
Intergovernmental	150,000	-	(150,000)
Debt service principal retirement	<u>-</u>	<u>(419,183)</u>	<u>(419,183)</u>
Total nonoperating revenues (expenses)	<u>174,558</u>	<u>(395,113)</u>	<u>(569,671)</u>
Income (loss) before appropriated net assets	6,007,854	1,198,398	(4,809,456)
Appropriated net assets	<u>(6,007,854)</u>	<u>-</u>	<u>6,007,854</u>
Changes in net assets	<u>\$ -</u>	1,198,398	<u>\$ 1,198,398</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net assets - proprietary funds			
Depreciation and amortization		(1,097,834)	
Capital outlay		538,465	
Debt service principal repayment		<u>419,183</u>	
Change in net assets GAAP basis		<u>\$ 1,058,212</u>	

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CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
SOLID WASTE FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget	Budgetary Basis Actual	Variance Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 2,841,800	\$ 2,900,306	\$ 58,506
Other	47,630	33,375	(14,255)
Total operating revenues	<u>2,889,430</u>	<u>2,933,681</u>	<u>44,251</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	1,169,170	1,132,762	36,408
Materials and supplies	314,738	283,470	31,268
Contractual and other services	841,450	800,608	40,842
Capital outlay	<u>417,000</u>	<u>395,084</u>	<u>21,916</u>
Total operating expenses	<u>2,742,358</u>	<u>2,611,924</u>	<u>130,434</u>
Operating income (loss)	<u>147,072</u>	<u>321,757</u>	<u>174,685</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	28,300	25,228	(3,072)
Interest expense	(19,180)	(18,940)	240
Intergovernmental	13,470	12,988	(482)
Gain on sale of capital assets	-	13,546	13,546
Debt service principal retirement	<u>-</u>	<u>(33,640)</u>	<u>(33,640)</u>
Total nonoperating revenues (expenses)	<u>22,590</u>	<u>(818)</u>	<u>(23,408)</u>
Income (loss) before appropriated net assets	169,662	320,939	151,277
Appropriated net assets	<u>(169,662)</u>	<u>-</u>	<u>169,662</u>
Changes in net position	<u>\$ -</u>	320,939	<u>\$ 320,939</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(452,401)	
Capital outlay		395,084	
Debt service principal repayment		<u>33,640</u>	
Change in net position GAAP basis		<u>\$ 297,262</u>	

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
STORMWATER FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget	Budgetary Basis Actual	Variance Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 971,500	\$ 996,899	\$ 25,399
Total operating revenue	<u>971,500</u>	<u>996,899</u>	<u>25,399</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	322,860	274,151	48,709
Materials and supplies	44,081	54,467	(10,386)
Contractual and other services	340,588	311,814	28,774
Capital outlay	165,464	146,551	18,913
Total operating expenses	<u>872,993</u>	<u>786,983</u>	<u>86,010</u>
Operating income (loss)	<u>98,507</u>	<u>209,916</u>	<u>111,409</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	23,100	18,278	(4,822)
Interest expense	(34,540)	(34,101)	439
Intergovernmental	-	4,839	4,839
Debt service principal retirement	<u>(60,570)</u>	<u>(60,567)</u>	<u>3</u>
Total nonoperating revenues (expenses)	<u>(72,010)</u>	<u>(71,551)</u>	<u>459</u>
Income (loss) before appropriated net assets	26,497	138,365	111,868
Appropriated net assets	<u>(26,497)</u>	<u>-</u>	<u>26,497</u>
Changes in net position	<u>\$ -</u>	138,365	<u>\$ 138,365</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(317,460)	
Capital outlay		146,551	
Debt service principal repayment		<u>60,567</u>	
Change in net position GAAP basis		<u>\$ 28,023</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, 2014

	Total Governmental Funds	Assets and Long- term Liabilities	Statement of Net Assets
Assets			
Equity in pooled cash and investments	\$ 13,126,125	\$ -	\$ 13,126,125
Receivables, net:			
Accounts receivable	441,935	-	441,935
Due from other governments	614,233	-	614,233
Due from other funds - stormwater	30,150	-	30,150
Inventories	82,518	-	82,518
Prepaid items	5,642	-	5,642
Capital assets:			
Nondepreciable	-	7,092,857	7,092,857
Depreciable, net of accumulated depreciation	-	16,973,552	16,973,552
Pension asset	-	516,388	516,388
Total assets	\$ 14,300,603	\$ 24,582,797	\$ 38,883,400
Liabilities			
Liabilities:			
Accounts payable	269,336	-	269,336
Accrued liabilities	341,565	-	341,565
Customer deposits	13,845	-	13,845
Unearned revenue	1,060,489	-	1,060,489
Long-term obligations	-	7,290,724	7,290,724
Total liabilities	1,685,235	7,290,724	8,975,959
Fund Balances			
Invested in capital assets, net of related debt	-	18,038,191	18,038,191
Nonspendable:			
Inventories and prepaid amounts	32,752	-	32,752
Restricted for:			
General government	330,544	-	330,544
Fire protection	8,438	-	8,438
Physical environment	-	-	-
Transportation	644,268	-	644,268
Library	17,619	-	17,619
Parks and recreation	365,354	-	365,354
Debt service	139,801	-	139,801
Capital projects	1,132,106	-	1,132,106
Committed to:			
Emergency/disaster relief stabilization	2,593,469	-	2,593,469
Physical environment	278,536	-	278,536
Assigned to:			
General government	61,105	-	61,105
Fire protection	1,777	-	1,777
Physical environment	7,587	-	7,587
Transportation	508,851	-	508,851
Parks and recreation	327,881	-	327,881
Other	1,626,050	-	1,626,050
Unassigned:	4,539,230	(746,118)	3,793,112
Total fund balances	12,615,368	17,292,073	29,907,441
Total liabilities and fund balances	\$ 14,300,603	\$ 24,582,797	\$ 38,883,400

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA
RECONCILIATION OF NET CHANGE IN FUND BALANCES
FOR THE GOVERNMENTAL FUNDS TO CHANGES IN NET POSITION
FOR GOVERNMENTAL ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

	Total Governmental Funds	Depreciation	Capital Outlay	Change in Pension Asset	Long-term Debt	Reclasses and Eliminations	Statement of Activities Total
REVENUES							
Property taxes	\$ 3,722,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,722,248
Utility taxes	2,459,059	-	-	-	-	-	2,459,059
Local business taxes	135,802	-	-	-	-	-	135,802
Local option taxes	1,884,907	-	-	-	-	-	1,884,907
Franchise fees	1,473,646	-	-	-	-	-	1,473,646
Licenses and permits	215,144	-	-	-	-	-	215,144
Impact fees	44,430	-	-	-	-	-	44,430
Special assessments	317,863	-	-	-	-	-	317,863
Sales tax	980,143	-	-	-	-	-	980,143
Intergovernmental	1,982,488	-	-	-	-	-	1,982,488
Charges for services	995,188	-	-	-	-	-	995,188
Fines and forfeitures	31,911	-	-	-	-	-	31,911
Interest income and net appreciation in fair value of investments	204,396	-	-	-	-	-	204,396
Contributions and donations	81,298	-	-	-	-	-	81,298
Other	908,056	-	-	-	-	-	908,056
Total revenues	15,436,579	-	-	-	-	-	15,436,579
EXPENDITURES							
Current operating:							
General government	2,591,242	360,142	6,481	-	(34,910)	-	2,922,955
Law enforcement	1,177,579	1,914	-	-	-	-	1,179,493
Fire protection	3,726,465	208,915	3,985	(38,868)	(5,920)	-	3,894,577
Building department	302,451	-	-	-	5,315	-	307,766
Physical environment	406,815	6,861	-	-	9,619	-	423,295
Transportation	972,351	526,486	17,695	-	4,323	-	1,520,855
Library	1,141,108	312,930	-	-	12,140	-	1,466,178
Parks and recreation	2,477,869	431,987	12,976	-	12,125	-	2,934,957
Capital outlay	1,098,447	-	(1,057,310)	-	-	(41,137)	-
Debt service:							
Capital lease retirement	5,000	-	-	-	(5,000)	-	-
Principal retirement	702,982	-	-	-	(702,982)	-	-
Interest and other fiscal charges	189,032	-	-	-	-	-	189,032
Total expenditures	14,791,341	1,849,235	(1,016,173)	(38,868)	(705,290)	(41,137)	14,839,108
Excess (deficiency) of revenues over (under) expenditures	645,238	(1,849,235)	1,016,173	38,868	705,290	41,137	597,471
OTHER FINANCING SOURCES (USES)							
Transfers in	1,018,770	-	-	-	-	-	1,018,770
Transfers out	(897,970)	-	-	-	-	-	(897,970)
Total other financing sources (uses)	120,800	-	-	-	-	-	120,800
Net change in fund balances	\$ 766,038	\$ (1,849,235)	\$ 1,016,173	\$ 38,868	\$ 705,290	\$ 41,137	\$ 718,271

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 I

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

	Fiscal Year									
	2014	2013	2012*	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Invested in capital assets, net of related debt	\$ 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	\$ 16,738,559
Restricted	8,076,138	6,211,733	6,703,478	8,618,746	3,811,514	3,318,189	2,594,159	1,184,718	1,574,248	1,420,295
Unrestricted	3,793,112	4,850,303	4,828,789	4,700,754	9,994,707	13,615,753	17,118,139	14,179,092	16,001,033	15,196,276
Total governmental activities net position	\$ 29,907,441	\$ 29,189,170	\$ 29,279,487	\$ 31,135,278	\$ 31,824,925	\$ 36,599,226	\$ 37,345,239	\$ 36,488,907	\$ 35,500,010	\$ 33,355,130
Business-type Activities										
Invested in capital assets, net of related debt	\$ 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	\$ 12,819,967
Restricted	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	2,145,621
Unrestricted	7,338,103	7,456,566	8,467,665	8,668,700	7,469,063	5,274,983	4,559,472	3,748,015	3,077,758	3,908,785
Total business-type activities net position	\$ 34,108,855	\$ 32,725,358	\$ 31,131,178	\$ 27,479,505	\$ 25,062,110	\$ 19,224,993	\$ 18,300,236	\$ 17,812,632	\$ 17,982,750	\$ 18,874,373
Primary Government										
Invested in capital assets, net of related debt	\$ 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	\$ 29,558,526
Restricted	16,761,674	13,066,667	12,769,411	13,868,166	8,643,583	7,302,850	4,397,103	3,512,409	3,252,117	3,565,916
Unrestricted	11,131,215	12,306,869	13,296,454	13,369,454	17,463,770	18,890,736	21,677,611	17,927,107	19,078,791	19,105,061
Total primary government net position	\$ 64,016,296	\$ 61,914,528	\$ 60,410,665	\$ 58,614,783	\$ 56,887,035	\$ 55,824,219	\$ 55,645,475	\$ 54,301,539	\$ 53,482,760	\$ 52,229,503

*Restated

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

SCHEDULE 2

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

Page 1 of 2

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government										
Law enforcement	\$ 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	\$ 2,656,709
Fire protection	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	1,010,907
Building department	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	2,903,403
Physical environment	307,766	290,904	296,574	300,126	305,251	293,109	305,203	276,335	256,155	240,855
Transportation	423,295	405,422	414,406	483,956	1,347,914	1,289,878	1,269,798	1,294,981	1,202,864	2,162,943
Library	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	1,219,261
Parks and recreation	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	964,798
Interest and other fiscal charges on long-term debt	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	1,860,585
Total governmental activities expenses	189,032	208,644	183,650	176,977	237,267	103,790	96,730	401	10,725	20,938
	14,839,108	14,692,332	15,302,768	15,373,300	16,663,357	16,978,856	16,675,879	15,142,251	12,898,190	13,040,399
Business-type activities:										
Water and wastewater	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	6,251,307
Solid waste	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	2,127,022
Stormwater	871,193	828,019	818,113	814,809	-	-	-	-	-	-
Total business-type activities expenses	11,228,957	11,228,053	10,561,964	10,739,922	9,982,277	10,735,423	10,701,318	9,858,527	9,116,953	8,378,329
Total primary government expenses	\$ 26,068,065	\$ 25,920,385	\$ 25,864,732	\$ 26,113,222	\$ 26,645,634	\$ 27,714,279	\$ 27,377,197	\$ 25,000,778	\$ 22,015,143	\$ 21,418,728
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 67,995	\$ 129,579	\$ 90,475	\$ 75,110	\$ 46,854	\$ 132,810	\$ 68,943	\$ 46,809	\$ 50,823	\$ 44,880
Law enforcement	10,381	45,377	77,056	90,658	68,287	94,095	122,118	82,640	77,993	60,229
Fire protection	16,794	23,376	6,845	6,890	1,083	-	-	-	-	-
Building department	215,144	311,272	169,407	150,485	121,847	113,716	109,987	114,489	126,401	113,989
Physical environment	46,550	42,964	49,913	51,235	508,932	591,432	546,650	500,576	6,841	1,396
Transportation	344,165	343,274	40,550	9,624	20,834	8,083	22,243	33,557	21,852	23,288
Library	49,311	49,077	47,223	55,745	45,613	31,888	47,977	24,270	27,863	27,417
Parks and recreation	854,196	859,165	743,694	736,353	692,506	566,799	535,831	595,991	633,054	490,732
Operating grants and contributions	1,481,182	1,452,065	1,234,112	1,294,887	1,269,902	1,508,338	256,837	17,116	511,503	1,405,141
Capital grants and contributions	62,633	42,210	166,567	31,067	194,540	11,000	400,126	950,484	75,000	423,240
Total governmental activities program revenues	3,148,351	3,298,359	2,625,842	2,502,054	2,970,398	3,058,161	2,110,712	2,365,932	1,531,330	2,590,312
Business-type activities:										
Charges for services:										
Water and wastewater	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	5,314,876
Solid waste	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	1,801,652
Stormwater	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	11,772,839	12,325,993	12,482,393	12,026,991	10,876,762	10,586,749	9,545,610	8,732,929	7,865,248	7,116,528
Total primary government program revenues	\$ 14,921,190	\$ 15,624,352	\$ 15,108,235	\$ 14,529,045	\$ 13,847,160	\$ 13,644,910	\$ 11,656,322	\$ 11,098,861	\$ 9,396,578	\$ 9,706,840

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (10,450,087)
Business-type activities	543,882	1,097,940	1,920,429	1,287,069	894,485	(148,674)	(1,155,708)	(1,125,598)	(1,251,705)	(1,261,801)
Total primary government net expense	<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>	<u>\$ (11,711,888)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 2,774,932
Utility taxes	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	2,198,950
Local business tax	135,802	150,074	154,396	146,230	144,522	143,032	142,447	158,996	133,289	145,978
Local option tax	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	1,682,567
Franchise fees	1,473,646	1,361,010	1,435,731	1,463,744	1,629,370	1,570,352	1,453,358	1,454,358	1,472,988	1,211,370
Sales tax	980,143	928,330	889,029	874,854	847,342	857,009	941,432	1,003,087	1,045,660	989,314
Intergovernmental	529,971	494,362	469,506	472,827	468,225	404,719	1,793,785	1,460,577	1,376,761	421,540
Interest income and net appreciation in										
fair value of investments	204,396	(44,637)	198,116	507,216	844,977	835,294	1,113,049	716,601	709,644	316,550
Other	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	1,247,640
Gain on sale of capital assets	-	18,632	-	-	6,992	-	-	-	-	-
Expense allocation business-type activities	-	-	-	-	-	-	-	-	-	-
Transfers	120,800	120,800	(806,520)	-	-	-	-	-	-	953,975
Total governmental activities	<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>	<u>11,942,816</u>
Business-type activities:										
Franchise fees	-	-	-	-	29,928	38,290	-	-	-	-
Interest income and net appreciation in										
fair value of investments	247,524	(48,331)	209,919	438,080	475,634	361,878	354,785	251,076	217,395	158,708
Other	698,586	722,038	696,670	680,091	657,841	673,263	1,139,362	949,217	142,687	72,888
Gain on sale of capital assets	14,305	(1,791)	18,135	12,155	9,455	-	-	-	-	-
Transfers	(120,800)	(120,800)	806,520	-	-	-	-	-	-	-
Total business-type activities	<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>	<u>231,596</u>
Total primary government	<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>	<u>\$ 12,174,412</u>
Change in Net Position										
Governmental activities	\$ 718,271	\$ (47,958)	\$ (1,855,790)	\$ (689,647)	\$ (1,004,524)	\$ (480,385)	\$ (43,168)	\$ 1,256,600	\$ 2,144,880	\$ 1,492,729
Business-type activities	1,383,497	1,649,056	3,651,673	2,417,395	2,067,343	924,757	338,439	74,695	(801,623)	(1,030,205)
Total primary government	<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>	<u>\$ 462,524</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
General government	\$ 77,995	\$ 129,579	\$ 240,475	\$ 75,110	\$ 61,854	\$ 197,786	\$ 68,943	\$ 205,805	\$ 184,112	\$ 190,858
Law enforcement	12,492	45,377	77,056	94,936	72,302	95,095	125,885	82,640	77,993	60,229
Fire protection	1,286,708	1,277,703	1,013,478	1,062,292	991,055	1,104,730	-	-	-	163,845
Building department	215,144	311,272	169,407	150,485	266,369	256,748	252,434	114,489	126,401	113,989
Physical environment	46,550	42,964	49,913	51,235	699,457	591,432	894,454	1,468,176	593,344	1,665,932
Transportation	349,283	348,022	46,986	9,624	20,834	8,083	73,390	33,557	21,852	23,288
Library	287,149	284,277	278,199	293,653	310,543	378,583	302,222	24,270	27,863	27,417
Parks and recreation	873,030	859,165	750,328	764,719	692,506	568,736	535,831	595,991	633,054	490,732
Total governmental activities program revenues	3,148,351	3,298,359	2,625,842	2,502,054	3,114,920	3,201,193	2,253,159	2,524,928	1,664,619	2,736,290
Business-type activities:										
Water and wastewater	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	5,314,876
Solid waste	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	1,801,652
Stormwater	1,001,738	1,406,323	1,719,436	908,642	-	-	-	-	-	-
Total business-type activities program revenues	11,772,839	12,325,993	12,482,393	12,026,991	10,876,762	10,586,749	9,545,610	8,732,929	7,865,248	7,116,528
Total primary government program revenues	\$ 14,921,190	\$ 15,624,352	\$ 15,108,235	\$ 14,529,045	\$ 13,991,682	\$ 13,787,942	\$ 11,798,769	\$ 11,257,857	\$ 9,529,867	\$ 9,852,818

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)

	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	32,752	34,784	33,461	193,576	-	-	-	-	-
Restricted	-	-	-	22,755	-	-	-	-	-
Committed	2,593,469	2,580,409	2,573,083	2,670,058	-	-	-	-	-
Assigned	1,626,050	68,270	397,680	833,730	-	-	-	-	-
Unassigned	4,539,230	5,637,597	5,432,242	5,247,275	-	-	-	-	-
Total general fund	\$ 8,791,501	\$ 8,321,060	\$ 8,436,466	\$ 8,967,394	\$ 8,798,442	\$ 9,218,614	\$ 8,758,755	\$ 8,846,290	\$ 9,434,878
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	\$ 2,638,130	\$ 2,536,772	\$ 2,700,566	\$ 4,229,317	-	-	-	-	-
Committed	278,536	267,150	265,067	231,984	-	-	-	-	-
Assigned	907,201	724,348	733,621	437,326	-	-	-	-	-
Total all other governmental funds	\$ 3,823,867	\$ 3,528,270	\$ 3,699,254	\$ 4,898,627	\$ 7,388,669	\$ 8,291,098	\$ 11,269,448	\$ 6,770,968	\$ 8,275,578

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								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues									
Property taxes	\$ 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	2,459,059	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	135,802	150,074	154,396	146,230	144,522	143,032	142,447	158,996	133,289
Local option tax	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	1,473,646	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	215,144	311,272	169,407	150,485	121,847	113,716	109,987	114,489	126,401
Impact fees	44,430	59,875	43,729	5,738	6,988	11,702	27,496	47,407	111,145
Special assessments	317,863	312,657	10,696	991	468,479	540,663	498,033	500,635	511,503
Sales tax	980,143	928,330	889,029	874,854	847,342	857,009	941,432	1,003,087	1,045,660
Intergovernmental	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	995,188	1,037,575	860,674	885,181	879,969	652,757	628,977	640,640	616,952
Fines and forfeitures	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	204,396	(44,637)	198,116	507,216	844,977	835,294	1,113,050	716,602	709,643
Contributions and donations	81,298	-	-	25,000	-	-	-	-	-
Other	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	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	2,591,242	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	1,177,579	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	3,726,465	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	302,451	288,643	293,273	295,895	300,581	293,109	295,879	268,376	242,518
Physical environment	406,815	425,653	403,240	484,875	1,219,847	1,289,878	1,184,793	973,168	1,151,621
Transportation	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	1,141,108	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	2,477,869	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	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	702,982	628,982	414,062	401,643	467,878	-	-	-	220,000
Principal repayment	5,000	-	-	-	-	(25,431)	-	-	-
Interest and other fiscal charges	189,032	208,644	179,572	174,431	234,801	103,790	96,730	401	10,725
Debt issuance costs	-	-	-	-	-	-	-	-	10,200
Total expenditures	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	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	1,018,770	1,104,830	921,720	889,080	924,684	2,141,239	2,685,436	916,461	751,573
Transfers out	(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	1,943,959	-	6,992	304,007	6,908,287	-	10,200
Special item	-	-	-	-	-	(265,628)	(216,212)	-	-
Net change in fund balances	\$ 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	6.55%	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	Property		
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
2005	2004	2.7391	1,426,371,500	79,465,450	345,803	488,912,400	28,190,570	-	937,459,100	51,274,880	345,803		989,079,783	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	
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
2005	2004	2.7391	6.1410	8.1220	0.6600	0.6377	1.6557	19.9555

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	2014		2005	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Mease Hospital, Inc	\$ 14,651,200	1.59%	\$ 22,717,300	2.06%
Safety Harbor Spa & Resort, LLC	14,372,491	1.56%	16,426,400	1.49%
Freedom Land Trust	12,957,600	1.41%	16,978,200	1.54%
Northwood Oaks, LLC	10,020,000	1.09%	9,200,000	0.84%
Safety Harbor Multifamily Partners LLC	8,057,500	0.88%	-	0.00%
G C C F C 2005-GG5 McMullen Booth LLC	6,785,000	0.74%	-	0.00%
Leisure Associates Ltd Partnership	5,536,900	0.60%	5,525,000	0.50%
Health Care Property Investment, Inc	5,365,523	0.58%	5,835,000	0.53%
Safety Harbor Investment Properties	4,750,000	0.52%	-	0.00%
ARHC CSCLWFL01 LLC	4,673,200	0.51%	-	0.00%
Northwood Commons LLC	-	0.00%	6,900,000	0.63%
Bayshore Palms Apartments Inc	-	0.00%	6,700,000	0.61%
Capstone Capital Corp	-	0.00%	5,100,000	0.46%
Intercit Inc	0	0.00%	378,940	0.34%
	<u>87,169,414</u>	<u>9.47%</u>	<u>99,171,300</u>	<u>9.00%</u>
Total Taxable Assessed Value	<u>\$ 920,170,001</u>		<u>\$ 1,101,543,672</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	2014		2005	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Duke Energy Florida	\$ 8,533,258	18.46%	\$ -	0.00%
Mastercut Tool Corp	5,171,040	11.19%	-	0.00%
Florida Gas Transmission	3,798,660	8.22%	-	0.00%
Bright House Networks LLC	2,716,938	5.88%	1,887,710	3.55%
Verizon Florida LLC	2,322,862	5.03%	5,108,270	9.61%
Angelica Textile Services	1,584,202	3.43%	-	0.00%
Safety Harbor Resort and Spa	1,083,308	2.34%	1,597,920	3.01%
Countryside Surgi-Center	947,502	2.05%	-	0.00%
JP Morgan Chase Bank NA	886,597	1.92%	-	0.00%
Diagnostic Clinic Medical Group Inc	757,988	1.64%	-	0.00%
Florida Power Corp	-	0.00%	6,392,710	12.03%
National Linen Service #495	-	0.00%	2,279,200	4.29%
Countryside Cancer Center	-	0.00%	1,522,940	2.87%
Heart & Vascular Institute	-	0.00%	1,462,820	2.75%
Brycoat Inc	-	0.00%	1,235,260	2.32%
US Bancorp Equipment Fin, Inc.	-	0.00%	1,218,100	2.29%
Kash N Karry #873/1775	-	0.00%	1,107,740	2.08%
	<u>27,802,355</u>	<u>60.16%</u>	<u>23,812,670</u>	<u>44.81%</u>
Total Taxable Assessed Value	<u>\$ 46,216,210</u>		<u>\$ 53,140,660</u>	

Source: Pinellas County Property Appraiser

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
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%
2005	2004	2,712,905	2,550,991	94.03%	-	2,550,991	94.03%

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			
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	-	1,500,000	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	-	2,367,704	4,953,047	-	14,239,238	2.38%	798
2007	-	10,200	-	2,647,025	3,106,688	-	5,763,913	0.97%	323
2006	-	10,200	-	2,916,346	804,141	-	3,730,687	0.73%	209
2005	220,000	-	-	3,025,000	-	-	3,245,000	0.64%	182

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, 2014

Government Unit	Debt Outstanding	Applicable to City of Safety Harbor	
		Percent ^a	Amount
Bonded Debt:			
Pinellas County School Board ^b	\$ 19,075,000	1.72%	\$ 328,729
Capital Leases:			
Pinellas County School Board ^b	<u>5,494,786</u>	1.72%	<u>94,694</u>
Total Overlapping Debt	\$ 24,569,786		\$ 423,423
Total Direct Debt ^c			<u>6,028,218</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 6,451,641</u>
Total Direct and Overlapping Governmental Activities Debt Per Capita ^d			<u>\$ 367.15</u>

Source: Pinellas County, Florida

^a Applicable net debt percentage is based on ratio of City to County-wide taxable values for tax year 2014.

^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 2014 permanent Safety Harbor population is estimated at 17,572.

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	
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
2005	9,618,686	5,340,788	4,277,898	215,000	20,938	235,938	18.13
2004	9,337,356	5,766,733	3,570,623	205,000	30,419	235,419	15.17

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	
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
2005	5,773,925	5,340,788	433,137	240,000	156,414	396,414	1.09
2004	5,669,835	5,184,598	485,237	235,000	165,338	400,338	1.21

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

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

^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

Fiscal Year	Population ^a	Estimated Personal Income ^b	Per Capita Personal Income ^c	Median Age ^c	Public School Enrollment ^d	Unemployment Rate ^e
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%
2005	17,892	512,283,744	28,632	42.2	3,891	3.9%
2004	17,800	509,649,600	28,632	42.2	3,891	4.5%

Sources:

^a Office of Economic and Demographic Research (edr.state.fl.us) (2003-2009), (2011); 2010 U.S. Census (2010); U.S. Census Bureau (2012-2014)

^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 Bureau of Labor Statistics (www.bls.gov). 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	11.29%
Angelica Corporation	273	3.08%
Safety Harbor Middle School	143	1.61%
Jacobsen Manufacturing, Inc.	142	1.60%
Consulate Health Care	131	1.48%
Peace Love & Cake	120	1.36%
Mastercut Tool Corp	110	1.24%
Brooks Way Adjusting, LLC.	97	1.10%
Safety Harbor Elementary School	94	1.06%
Espiritu Santo Catholic Church	74	0.84%
Total Employed Population	8,855	

Source: AtoZdatabases

^a Current year only, 2014; data for 2004 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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
City Manager	1.30	3.18	1.95	1.95	1.95	2.20	2.20	2.00	2.00	2.00
City Clerk	1.35	1.38	1.30	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Personnel	1.88	2.00	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00
Finance	3.00	3.50	3.50	4.00	5.50	5.50	5.50	5.50	5.50	5.50
Water & Wastewater Finance	9.70	9.20	9.35	9.85	8.25	8.25	8.25	7.50	7.50	7.50
Economic Dev. Director	-	-	-	-	-	-	-	1.00	-	-
Planning	3.45	3.30	3.15	3.65	3.40	4.00	4.00	4.00	4.00	4.00
Fleet Maintenance	3.15	3.15	3.15	4.05	4.05	4.05	4.05	4.05	4.05	4.05
Building Maintenance	5.70	5.80	5.80	5.80	5.80	5.55	5.55	5.55	5.55	5.55
CRA	0.30	0.30	0.60	0.60	0.60	1.00	1.00	-	-	-
Total General Government	29.83	31.81	32.30	35.40	35.05	36.05	36.05	34.60	33.60	33.60
Public Safety										
Building Department	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fire Control and EMS	32.00	32.00	29.50	31.20	32.00	34.50	34.50	34.50	34.50	34.00
Total Public Safety	36.00	36.00	33.50	35.20	36.00	38.50	38.50	38.50	38.50	38.00
Physical Environment										
Engineering	4.30	4.30	4.30	5.80	6.55	6.50	6.50	5.50	5.50	5.00
Information Systems	4.00	4.00	4.00	3.50	3.50	4.50	4.00	4.00	3.00	3.00
Water	7.60	7.60	8.60	8.20	8.20	8.20	8.20	8.20	8.20	8.25
Stormwater	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.25
Wastewater	8.60	8.60	8.60	8.20	8.20	10.20	10.20	11.20	11.20	11.25
Sanitation	18.15	19.35	19.35	19.15	19.15	20.15	20.15	19.15	19.15	20.05
Total Physical Environment	47.85	49.05	50.05	50.05	50.80	54.75	54.25	53.25	52.25	52.80
Transportation										
Streets	10.30	10.30	10.30	12.20	13.20	13.20	13.20	13.20	13.20	13.15
Culture and Recreation										
Library	17.44	17.45	17.90	17.40	16.70	16.70	16.45	16.45	15.55	15.55
Parks	13.93	10.55	10.55	10.55	8.30	8.30	8.30	8.30	8.30	8.30
Recreation	21.63	19.93	18.75	19.05	16.00	17.00	17.00	17.50	17.50	16.50
Total Culture and Recreation	53.00	47.93	47.20	47.00	41.00	42.00	41.75	42.25	41.35	40.35
Total City	176.98	175.09	173.35	179.85	176.05	184.50	183.75	181.80	178.90	177.90

Source: City of Safety Harbor Annual Budget, Fiscal Years 2005-2014

SCHEDULE 19
City of Safety Harbor, Florida
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety										
Fire Control and EMS										
Inspections	715	715	715	715	715	715	715	665	700	680
Investigations	10	12	10	10	10	10	10	5	N/A	N/A
Fire responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,007	829
EMS responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,162	5,887
Building Department										
Building permits issued	1,834	1,700	1,823	1,658	1,508	1,304	1,627	1,717	1,968	2,129
Occupational licenses issued	1,100	1,267	1,375	1,325	1,225	1,155	1,106	1,019	1,141	1,248
Stormwater										
Storm drain/pipe cleaned (miles)	0.28	0.15	1.14	1.07	0.06	0.30	5.50	5.50	5.50	5.50
Ditches/creeks cleaned (miles)	13.88	13.88	25.76	25.76	25.76	38.64	38.64	38.64	12.88	12.88
Water										
Customer accounts	7,600	7,586	7,506	7,488	7,493	7,470	7,447	7,417	7,454	7,426
Average daily water consumption in millions of gallons	1.43	1.40	1.37	1.70	1.37	1.57	1.80	1.91	2.09	2.08
Wastewater										
Customer accounts	8,960	8,946	8,871	8,856	8,897	8,745	8,796	8,741	8,673	8,643
Average daily sewage flow in millions of gallons	1.11	1.40	1.44	1.20	1.49	1.51	1.55	1.51	1.61	1.67
Sanitation (solid waste)										
Refuse collected (tons)	11,200	12,450	12,500	12,604	13,000	13,769	15,501	16,424	14,513	18,526
Recyclables collected (tons)	3,150	1,825	1,800	1,741	2,266	1,955	1,801	2,649	2,364	3,923
Streets										
Streets swept (curb miles)	918	918	938	938	918	918	918	918	918	153
Curb/gutter/sidewalks replaced (cubic yds)	475	320	325	350	318	300	275	253	N/A	N/A
Pothole repairs (asphalt tons)	10	30	25	25	18	36	25	33	20	15
Culture and Recreation										
Recreation - Persons listed in programs										
Trips	2,545	2,487	1,670	1,588	1,965	1,079	516	339	339	323
Classes	31,635	26,600	21,900	21,254	22,474	14,197	11,702	6,526	6,526	6,215
Camps/After-school	35,328	19,137	21,115	20,503	16,092	25,436	19,641	1,608	1,608	1,531
Special events	2,583	980	825	786	723	373	1,089	1,233	1,233	1,197
Parks - Acres maintained	100.39	93.99	73.89	73.88	72.47	72.47	72.04	72.04	72.04	69.40
Library circulation	286,000	297,500	280,000	272,761	287,003	206,030	224,808	262,503	254,235	273,159
Library registered borrowers	10,050	10,150	9,750	9,700	9,641	14,303	15,650	19,290	10,346	10,198

Source: City of Safety Harbor Annual Budget, Fiscal Years 2005-2014

N/A - Information not available

SCHEDULE 20
City of Safety Harbor, Florida
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	17	17	17	13	12	12	11	11	12	11
Public Safety										
Fire stations	2	2	2	2	2	2	2	2	2	2
Vehicles	11	11	11	13	12	12	11	11	13	13
Physical Environment										
Vehicles	35	35	36	51	49	50	46	44	42	43
Stormwater										
Drainage basins/creeks (miles)	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Water										
Pipeline (miles)	76.3	76.3	76.0	75.8	75.7	75.7	75.7	75.4	75.1	74.7
Fire hydrants maintained	548	548	544	542	540	540	539	539	531	528
Wastewater										
Lift stations	25	25	25	25	25	25	25	25	25	25
Mains in collection system (miles)	66.5	66.5	66.3	66.3	66.3	66.3	66.3	66.3	66.0	66.0
Sanitation (solid waste)										
Collection vehicles	14	14	14	14	14	13	13	13	13	13
Streets										
Curb miles of street	100	100	100	100	100	153	153	153	153	153
Vehicles	17	17	16	17	16	15	12	12	13	13
Culture and Recreation										
Parks	12	12	11	11	11	11	11	11	11	11
Dog park	1	1	1	1	1	1	0	0	0	0
Skate park	1	1	1	1	1	1	1	1	1	0
Playgrounds	6	5	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	10	10	10	10	9	9	8	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	14	8	8	8	8	8	8	8	7
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	12	12	13	12	12	9	9	9	8	8
Museum/Cultural Center	1	1	-	-	-	-	-	-	-	-

Sources: City of Safety Harbor Annual Budget, Fiscal Years 2005-2014; Various City departments

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REGULATORY REPORTS

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**Independent Auditor's 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***

To the Honorable Mayor and Members of 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 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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.

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

A handwritten signature in black ink that reads "Mayer Hoffman Mc Carr P.C.".

March 31, 2015
Clearwater, Florida



Mayer Hoffman McCann P.C.
An Independent CPA Firm

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Main: 727.572.1400 ■ Fax: 727.571.1933 ■ www.mhm-pc.com

Independent Accountant's Report

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

We have examined the City of Safety Harbor, Florida (the "City")'s compliance with requirements set forth in Section 218.415, *Florida Statutes*, during the year ended September 30, 2014. 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 supporting 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, 2014.

Mayer Hoffman McCann P.C.

March 31, 2015
Clearwater, Florida

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Independent Auditor's Management Letter

To the Honorable Mayor and Members of 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 year ended September 30, 2014, and have issued our report thereon dated March 31, 2015.

Auditor's 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 Florida Auditor General*.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's 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 those reports, which are dated March 31, 2015, 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. There were no findings or recommendations in the prior year.

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. This information has been disclosed in the notes to the financial statements

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 210.503(1), *Florida Statutes*, and identification of the specific conditions 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 financial 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 the review of the financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

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. In connection with our audit, we noted one recommendation, which have been disclosed in *Appendix A – Recommendation for Improvement*.

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 may 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.

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, Federal and other granting agencies, the Honorable Mayor, City Commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



March 31, 2015
Clearwater, Florida

CITY OF SAFETY HARBOR, FLORIDA
Appendix A - Recommendation for Improvement
September 30, 2014

Current Year Recommendation

2014-01: Authorized Check Signers

Observation: Whenever a check signer resigns his or her position, the City should submit to the Bank a new list of employees who are authorized to sign checks. The City did not change the authorized check signer on the actual checks for several months. As a result, checks were issued for several months without the correct authorized signer.

Recommendation: We recommend when a change is made to the City's list of authorized check signers, the City request a confirmation from the bank indicating that the change has been properly made to the Bank's records. This will help ensure that all such changes are made in a timely manner.

Management Response: The list of authorized check signers is included in the City Charter, Section 18. – *Duties of Charter Officers*. The City Clerk's office shall request written documentation from the bank indicating that the Bank's records have been changed when a governmental official changes or employees resign his or her position. Further, the City Clerk's office shall ensure and confirm that the digitized signature USB drive shall reflect only authorized signatures as provided for on the City's accounts.

