

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FYE SEPTEMBER 30, 2016



**City of Safety Harbor, Florida**

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2016



Prepared by:  
Finance Department

June Solanes  
Finance Director

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**CITY OF SAFETY HARBOR, FLORIDA**

**September 30, 2016**

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**CITY COMMISSION**

**2016**

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

**CITY ADMINISTRATION**

**2016**

City Manager  
Matthew Spoor

City Clerk  
Karen Sammons

City Attorney  
Alan S. Zimmet

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2016

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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

June 22, 2017

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, 2016, is hereby submitted in accordance with Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

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

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Safety Harbor's financial statements for the year ended September 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

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

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

The City of Safety Harbor, incorporated on June 11, 1917, is located in the Tampa Bay area and is primarily a bedroom community with a limited amount of supporting commercial and industrial uses. The City is located halfway between the Tampa International Airport and Pinellas County Beaches; making it perfect for homeowners who travel often but want to share in the beauty of what Pinellas County has to offer. It currently occupies approximately 5 square miles and serves a population of approximately 17,454. 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 4.7 percent increase in the City's property tax base and an unemployment rate for the local metropolitan area of 4.7 percent. Safety Harbor's advantage is the fact that the City has continued to experience an extremely sound fiscal condition, and as a result has been able to continue on with planned expenditures.

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

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

Relative to operations and economic conditions, in Fiscal Year 2016/2017, the City budgeted for a 6.0 percent increase in property taxable value and reduced the millage rate from 4.0479 to 3.9500 choosing to use \$259,420 in General Fund reserves to balance the budget. Citywide revenues excluding transfers and debt proceeds were assumed to increase by \$701,700 or 2.4 percent over year-end estimates with budgeted appropriations excluding transfers increasing by \$3,106,850 or 8.6 percent.

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

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

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

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

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

### ***Major initiatives***

In preparing the Fiscal Year 2016/2017 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 2016/17 to FY2020/21 is \$38.3 million, of which \$10.3 million is appropriated in FY 2016/2017. Proprietary fund infrastructure projects make up 75.0 percent of the \$38.3 five-year budget.

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 2017, the City Commission prioritized economic and development activities to include the continued promotion of the competitive advantages of living, working and doing business in Safety Harbor; service development to include parks and recreation programs; and budget development to include long-term sustainability of the City's proprietary funds, which included a rate study recommendation of an 11.5 increase in water and wastewater a rate study recommendation of 17.2 percent increase in stormwater.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Safety Harbor for its comprehensive annual financial report for the fiscal year ended September 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This preparation and submission of this report is due to the efficient and dedicated services of the Finance Department staff. We would like to express our sincere appreciation to all members of the department who contributed to the year-end close out process and document preparation. We would also like to express our appreciation to City departmental staff who provided a significant contribution by ensuring

the accuracy and integrity of accounting information compiled and submitted throughout the entire year. Our sincerest appreciation is expressed for the City Commission's continued support and interest in the planning and conducting of the City's financial operations in a responsible manner. We extend our gratitude to the Audit Committee for their continued support and high level of professionalism, and CliftonLarsonAllen LLP for their professionalism and expertise.

Respectfully submitted,



Matthew Spoor  
City Manager



June Solanes  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Safety Harbor  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

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CITY OF SAFETY HARBOR



**LIST OF PRINCIPAL OFFICIALS**

September 30, 2016

**CITY COMMISSION**

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

**City Manager**  
Matthew Spoor

**City Clerk**  
Karen Sammons

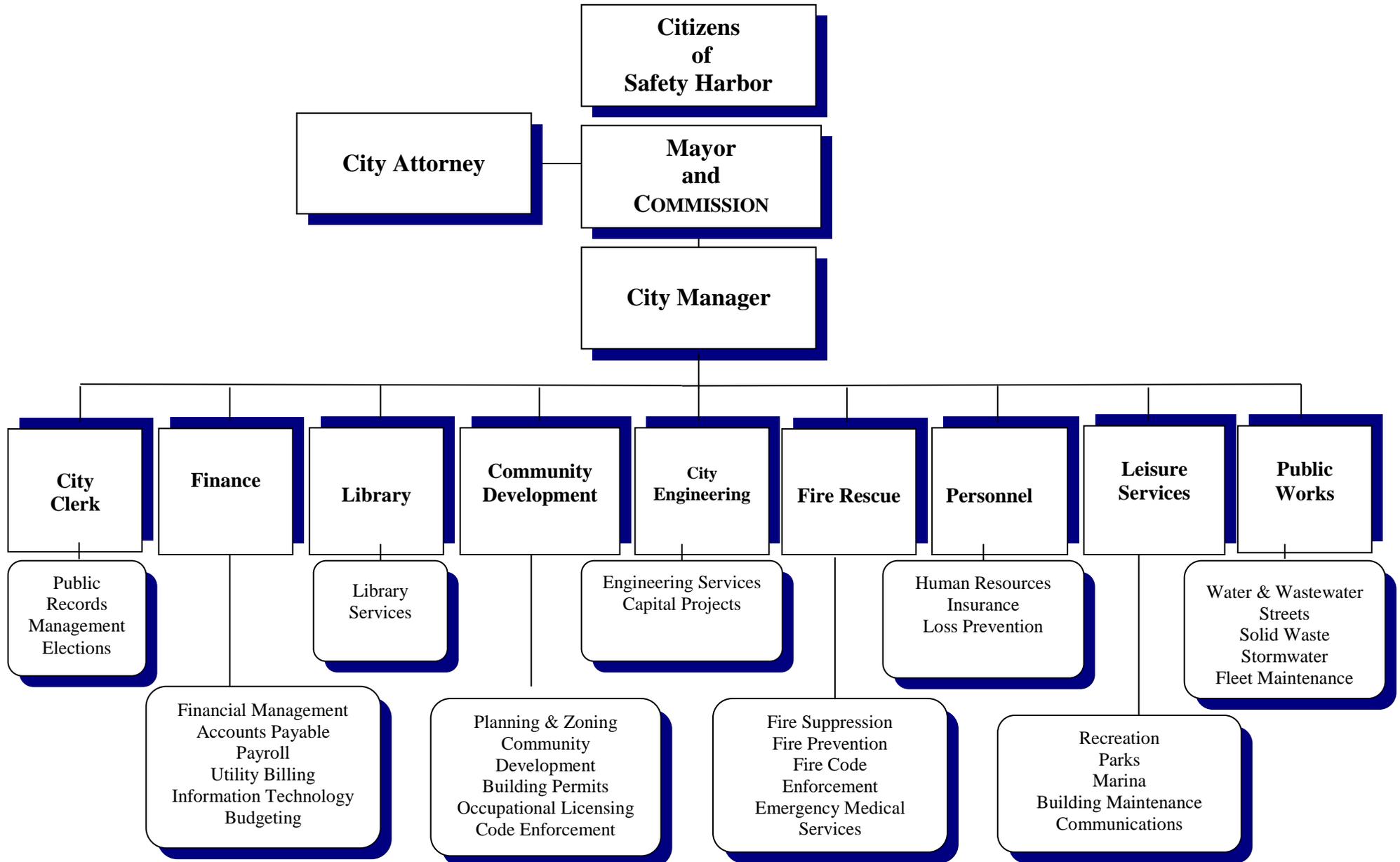
**City Attorney**  
Alan Zimmet

**EXECUTIVE MANAGEMENT STAFF**

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

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

CITY OF SAFETY HARBOR ORGANIZATIONAL CHART



**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Tampa, Florida  
June 22, 2017

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

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The City of Safety Harbor's (the "City") annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on September 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report (beginning on page v) and the City's basic financial statements (beginning on page 18).

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Safety Harbor exceeded its liabilities and deferred inflows at September 30, 2016 by \$66,897,950 (net position). Of this amount, \$14,126,382 (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 \$2,002,471 or 3.1 percent. Governmental net position increased by \$1,460,319 or 4.7 percent while business type net position increased by \$542,152 or 1.6 percent as of September 30, 2016.
- As of September 30, 2016, the City of Safety Harbor's governmental funds reported combined ending fund balances of \$12,855,725, a decrease of \$285,304 in comparison with the prior year. Of this total amount, \$10,581,163 or 82.3 percent, committed, assigned and unassigned fund balances are available for spending.
- The City's total debt for revenue bonds and notes decreased by a net amount of \$1,272,072 or 9.9 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 \$230,000 at September 30<sup>th</sup>.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business. The government-wide financial statements are located on pages 18 through 20 of this report.

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

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

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

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

### **Fund financial statements**

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

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

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

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Community Redevelopment Agency and Capital Projects Funds, which are considered to be major funds. Data from eleven 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 85 and 86.

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 77 through 74 and 87 through 98, respectively, of this report.

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

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the City's water and sewer operations, solid waste operation and stormwater operation, all of which are considered major funds. The basic proprietary fund financial statements can be found on pages 25 through 28 of this report.

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

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's 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 29 and 30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 72 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary legal compliance for the General and Community Redevelopment Agency funds; the City's progress in funding the firefighters' pension obligation, general employee Florida Retirement System pension obligation; and the funding progress of the retiree health plan. *Required supplementary information* and the *notes to the required supplementary information* can be found on pages 76 through 84 of this report.

## GOVERNMENT WIDE FINANCIAL STATEMENT ANALYSIS

**Statement of Net Position.** Net position over time may serve as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$66.9 million. The following table reflects the condensed Statement of Net Position compared to the prior year. Throughout this report, increases and decreases are reflected based on current year impacts. For more detailed information see the Statement of Net Position on page 18.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 16,160,878	\$ 17,406,301	\$ 17,021,200	\$ 17,484,168	\$ 33,182,078	\$ 34,890,469
Capital assets	25,202,754	24,246,354	27,138,791	27,172,627	52,341,545	51,418,981
Total assets	41,363,632	41,652,655	44,159,991	44,656,795	85,523,623	86,309,450
Deferred Outflows	2,409,871	653,222	433,920	138,325	2,843,791	791,547
Liabilities						
Current and other liabilities	2,943,251	3,186,196	1,868,508	2,294,160	4,811,759	5,480,356
Long-term liabilities	7,202,349	6,725,862	8,102,831	8,310,462	15,305,180	15,036,324
Total liabilities	10,145,600	9,912,058	9,971,339	10,604,622	20,116,939	20,516,680
Deferred Inflows	1,074,170	1,300,405	278,355	388,433	1,352,525	1,688,838
Net Position						
Invested in capital assets, net of related debt	20,413,796	18,705,536	19,967,583	19,179,343	40,381,379	37,884,879
Restricted	2,158,213	2,175,369	10,231,976	10,538,939	12,390,189	12,714,308
Unrestricted	9,981,724	10,212,509	4,144,658	4,083,783	14,126,382	14,296,292
<b>Total Net Position</b>	<b>\$ 32,553,733</b>	<b>\$ 31,093,414</b>	<b>\$ 34,344,217</b>	<b>\$ 33,802,065</b>	<b>\$ 66,897,950</b>	<b>\$ 64,895,479</b>

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

Twenty percent of the City's net position represents resources that are subject to external or enabling legislation that restricts how they may be used. The remaining balance of unrestricted net position or \$14,126,382 (21 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2016, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Statement of Activities.** The following schedule compares the revenues and expenses for the current and previous fiscal year. More detailed information regarding the Statement of Activities can be found on pages 19 and 20 of this report.

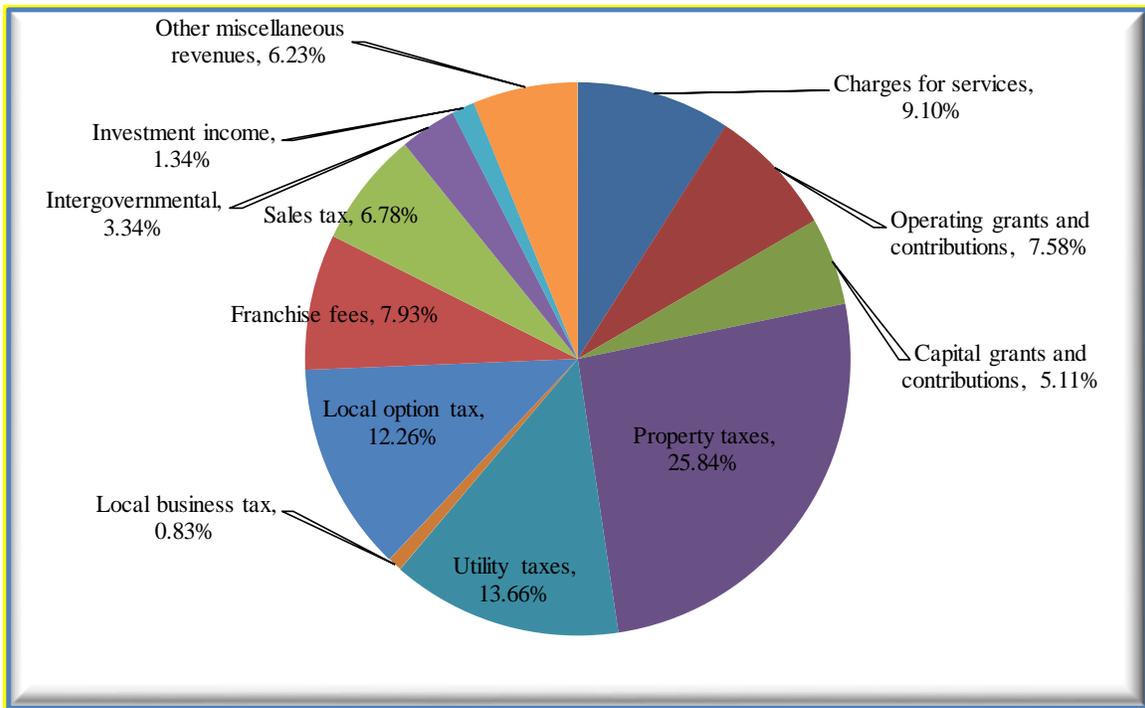
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,546,088	\$ 1,580,395	\$ 11,397,516	\$ 11,044,052	\$ 12,943,604	\$ 12,624,447
Operating grants and contributions	1,287,503	1,255,345	-	-	1,287,503	1,255,345
Capital grants and contributions	868,643	693,263	-	-	868,643	693,263
General revenues:						
Property taxes	4,390,452	4,193,398	-	-	4,390,452	4,193,398
Utility taxes	2,322,071	2,423,913	-	-	2,322,071	2,423,913
Local business tax	141,389	162,446	-	-	141,389	162,446
Local option tax	2,082,591	2,039,692	-	-	2,082,591	2,039,692
Franchise fees	1,347,753	1,462,318	-	-	1,347,753	1,462,318
Sales tax	1,151,421	1,018,441	-	-	1,151,421	1,018,441
Intergovernmental	568,087	554,343	32,934	-	601,021	554,343
Investment income	228,367	260,606	289,499	322,693	517,866	583,299
Other miscellaneous revenues	1,059,184	968,183	656,365	706,309	1,715,549	1,674,492
Gain on sale of capital assets	-	-	38,059	23,794	38,059	23,794
<b>Total Revenues</b>	<b>16,993,549</b>	<b>16,612,343</b>	<b>12,414,373</b>	<b>12,096,848</b>	<b>29,407,922</b>	<b>28,709,191</b>
<b>EXPENSES</b>						
Function/program activities						
Primary government:						
Governmental activities:						
General government	2,965,594	2,808,975	-	-	2,965,594	2,808,975
Law enforcement	1,260,699	1,213,281	-	-	1,260,699	1,213,281
Fire protection	3,942,197	3,585,085	-	-	3,942,197	3,585,085
Building department	390,407	334,862	-	-	390,407	334,862
Physical environment	467,017	374,898	-	-	467,017	374,898
Transportation	1,614,526	1,851,031	-	-	1,614,526	1,851,031
Library	1,498,730	1,461,672	-	-	1,498,730	1,461,672
Parks and recreation	3,274,817	3,006,095	-	-	3,274,817	3,006,095
Interest on long-term debt	119,243	239,418	-	-	119,243	239,418
Business-type activities:						
Water and sewer	-	-	8,235,173	7,701,878	8,235,173	7,701,878
Solid waste	-	-	2,586,702	2,546,132	2,586,702	2,546,132
Stormwater	-	-	1,050,346	936,715	1,050,346	936,715
<b>Total Expenses</b>	<b>15,533,230</b>	<b>14,875,317</b>	<b>11,872,221</b>	<b>11,184,725</b>	<b>27,405,451</b>	<b>26,060,042</b>
Excess before contributions	\$ 1,460,319	\$ 1,737,026	\$ 542,152	\$ 912,123	\$ 2,002,471	\$ 2,649,149
Transfers in (out)	-	120,800	-	(120,800)	-	-
Change in net position	1,460,319	1,857,826	542,152	791,323	2,002,471	2,649,149
Net position, beginning of year	31,093,414	29,235,588	33,802,065	33,010,742	64,895,479	62,246,330
<b>Net position, end of year</b>	<b>\$ 32,553,733</b>	<b>\$ 31,093,414</b>	<b>\$ 34,344,217</b>	<b>\$ 33,802,065</b>	<b>\$ 66,897,950</b>	<b>\$ 64,895,479</b>

**Governmental activities.** The net position for the City's governmental activities increased by \$1,460,319.

Total revenues and transfers in for the City's governmental activities increased by \$260,406 (1.6 percent) over prior year. Key elements are as follows:

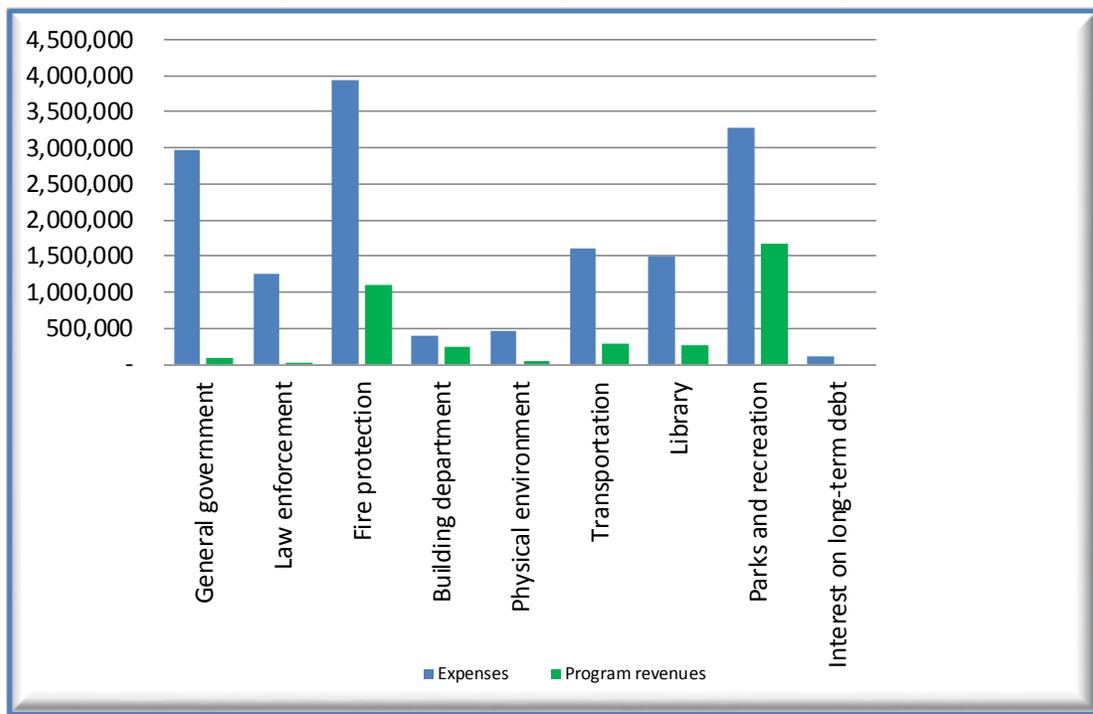
- Program revenues increased by 4.9 percent or \$173,231.
  - Charges for services decreased by \$34,307 with the largest reduction being in recreation program related activities.
  - Operating grants and contributions increased by a net amount of \$32,158. Of this increase, public safety revenue for fire and EMS make up over 88.0 percent with revenue from Library donations and the Pinellas Public Library Consortium make up only a nominal increase.

- Capital grants and contributions increased by \$175,380 due to grants and contributions for the Waterfront Park project as well as the recognition of a land swap and improvements by and between the City and Harborside Christian Church.
- General revenues increased by 1.6 percent or \$207,975. Transfers in decreased by \$120,800 under prior year. The net increase between general revenue increases and transfer in decreases is \$87,175
  - Property tax revenue increased by \$197,054 (4.7 percent). Gross taxable values in the City increased by 4.5 percent over prior year. City taxable values in the Community Redevelopment District increased by 6.6 percent over FY 2015. The city maintained the millage rate at 4.0479.
  - Investment income decreased by \$32,239. The decrease is due to the fair market adjustment of the City’s investments at September 30, 2016.
  - The “Penny” tax funding Capital Projects increased by \$58,251. The “Penny” tax is a local 1-percent sales tax used for capital project infrastructure across multiple functions within the City.



Expenses for the City’s governmental activities increased by \$657,913. Key elements of the net increase are as follows:

- Overall, personal services are \$516,007 or 78.4 percent of the increase with two COLAs, one of which was 2 percent on 10/1/15 and 3 percent on 7/1/16, and a 2 percent merit during the year. A classification and salary study was conducted, the first conducted since 2007. Each position was evaluated and job descriptions updated and compared to other local municipalities. Pay grades were updated to assist with a reduction in turnover and associated costs and to promote employees’ careers. The study resulted in a living wage of \$12.50 per hour for full and part time employees in addition to employees’ positions impacted by increases in their pay grade. It is estimated that approximately \$73,000 of the total increase is a result of the salary study. In addition, two governmental employee retirees’ payouts totaled over \$20,000. The Fire department recognized an increase in overtime consistent with an increase in sick leave.
- Other operating expenses are increased by \$140,643 or 21.4 percent. Of this increase, transportation expenditures in the street improvement fund for miscellaneous street repairs increased by over \$104,000 and parkland and CRA improvements increased by \$51,400.
- Law enforcement contracted services increased by \$49,000 with the addition of 8.5 hours per week of off-duty detail focusing on traffic enforcement. The contract increase over prior year reflected a 4.0 percent increase.



**Business-type activities.** Business-type activities resulted in an increase in the City’s net position by \$542,152.

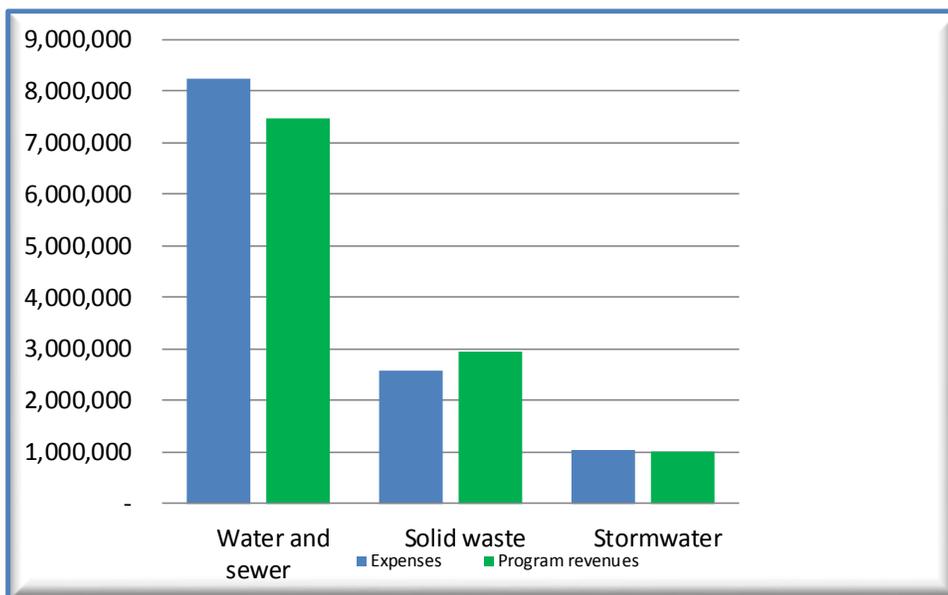
Revenues for the City’s business-type activities increased by \$317,525. Key elements of the increase are as follows:

- Program revenues increased by \$353,464.

- Charges for services for business-type activities increased by \$353,464 (3.2 percent) over prior year. Water revenue increased by \$182,599 (6.0 percent), with a nominal increase in consumption of 0.5 percent. Sewer revenue increased by \$119,800 (2.9 percent) with a small increase in consumption. Late charges and penalties in water/sewer are 21.4 percent or \$75,549 of the total increase in program revenue. Revenue from stormwater and sanitation remained relatively flat with respective increases of 1.22 and 1.5 percent.
- General revenues decreased by \$35,939.
  - Investment income from interest earnings and market value adjustments decreased by \$33,194 due to fair market value adjustment of investments at September 30, 2016.
  - Intergovernmental revenue increased by \$32,934 of which 87.5 percent was due to recycling grants for Pinellas County.
  - Other miscellaneous revenues decreased by \$49,944 (7.1 percent). The decrease is a result of activity in multiple lines with the majority of the decrease for miscellaneous utility billing adjustments and insurance claims recovery in the prior year.
  - The gain on sale of equipment from the Enterprise funds increased by \$14,265, which is a 60.0 percent increase over prior year.

Expenses for the City’s business-type activities increased by \$687,496. Key elements of the increase are as follows:

- Water and sewer expenses increased by \$533,295, which is 6.9 percent over prior year. Of the total, the largest increase is for operation of the Northeast Treatment Plant with wastewater services increasing by 27.0 percent or \$352,502 over prior year. The increase of \$87,448 (4.4 percent) in expense for purchased water from Pinellas County is consistent with their rate increase for the current year.
- Sanitation expenses increased by \$40,570 or 1.6 percent over prior year. Of the net increase, \$41,535 is a decrease in personal services due to vacancies and staff turnover. The largest increase in Sanitation is for depreciation expense, which increased \$73,787 over prior year.
- Stormwater expenses increased by \$113,631 or 12.1 percent. The most substantial increases are for an increase in pension expense for the Florida Retirement System and Health Insurance Subsidy as well as an increase to recognize services provided by the Engineering department in the design of infrastructure projects



## 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, 2016, the City's governmental funds reported combined ending fund balances of \$12,855,725, a decrease of \$285,304 in comparison with the prior year. Of this total amount, \$5,043,036 or 39.2 percent is unassigned and available for spending at the City's discretion. The remainder of fund balance, \$7,812,689 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, 2016, committed (emergency/stabilization) and unassigned fund balance was \$8,320,550. 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 0.42 percent of total general fund expenditures, while committed and unassigned fund balance is 63.7 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, 2016, the City's unassigned fund balance meets this goal at 35.6 percent of prior year's operating expenditures.

General Fund balance increased by \$527,990 in the current fiscal year. Key elements of the increase are as follows:

- Revenues, including transfers in, total \$13,595,043, which is a net increase of \$353,268 over prior year.
  - Ad valorem revenue increased by \$156,124 as the millage rate remained at 4.0479 for the second year with an increase in taxable values of 4.7 percent.
  - Utility taxes are decreased by a net amount of \$101,842, of which the largest decrease is \$118,652 for the Communication Services Tax (CST). This tax, which is based on retail sales of communication services, was lowered by the Florida legislature in 2015. The decrease in revenue is based in part on the decrease enacted by the legislature and a prior year entry recognizing thirteen periods of revenue to become GAAP compliant for this revenue stream.
  - Franchise fees decreased by \$114,565. As these fees are based on gross receipts for all retail electrical sales less governmental services not subject to franchise fees, the decrease is a result of a decrease in gross retail sales for the City's local energy provider Duke Energy.
  - Sales tax increased by \$132,980 or 13.1 percent over prior year. This is based on economic conditions in the current fiscal year.
  - Intergovernmental revenue increased by \$49,677 for fire, transportation, library services and general government.
  - Charges for services decreased by \$70,501. The most significant decreases are in recreation services for Rigsby Center classes, summer and recreation day camps.
  - Interest income and net appreciation in the fair value of investments decreased by \$19,927 due to decrease in market value at September 30, 2016.
  - Other revenue increased by \$91,001. The increase is due to the recalculation of indirect allocation reimbursements from other funds supported by the General Fund.

- Transfers in increased by \$257,000 due to the first year of reimbursement from the capital projects and CRA funds for Waterfront Park.
- Expenditures of \$13,067,053, including transfers out of \$7,650, reflect a net decrease of \$1,118,548 or 7.89 percent under prior year.
  - Personnel services of \$8,753,601 are increased over prior year by \$510,219 or 6.19 percent. Several factors drove this increase including the following:
    - 2 percent merit/2 percent cola in the current year;
    - the results of a salary survey (the first since 2007) rolled out in the last quarter of the year, which included an a 3 percent COLA for positions not affected by the salary survey, increase of minimum pay rate;
    - 4.4 percent increase in health insurance; and
    - the addition of 3.80 full-time equivalent employees.
  - Materials and supplies of \$452,499 decreased by \$18,400 from prior year. Of the net decrease between all lines, the largest decrease is in the Fire Department for a non-recurring expenditure of \$56,000 for the replacement of personal protective clothing in the prior year. Increases included \$21,000 for an update to City Commission chambers.
  - Contracted/other operating expenses, including interfund allocations, of \$3,769,969 increased by a nominal \$17,713 or .47 percent. The increase is net of a 4.04 percent increase for law enforcement services (\$48,979), a decrease in consumption of water at the library due to installation of a well for irrigation (\$39,752).
  - Capital outlay of \$83,336 decreased by \$27,768 from prior year. The purchase of library books remains relatively consistent. The decrease is attributable to purchases of capitalized equipment and improvements in Community Development, Engineering, Library and Recreation in the prior fiscal year.
  - Transfers out of \$7,650 are \$1,600,000 lower than prior year when funds were transferred from General Fund to the Capital Projects fund for the Waterfront Park project.

The **Community Redevelopment Agency (CRA)** fund balance is \$604,014 as of September 30, 2016. Revenue of \$394,316 is \$37,549 over prior year. Municipal taxable values and County taxable values increased by 6.5 and 6.6 percent, respectively, in the tax increment financing district over prior year. With the millage remaining flat at 4.0479, the increase in ad valorem revenue is \$40,930 over prior year. Expenditures of \$324,168, including a transfer of \$157,000 to the General Fund for Waterfront Park, are 76.5 percent over the prior year's expenditures. The details for all CRA activities are included in Note 10 on page 71 within this document.

The **Capital Projects** fund balance is \$2,232,286 at September 30, 2016. Revenue of \$1,728,746 from the Penny for Pinellas sales tax is \$58,251 over prior year. The "Penny" is eligible for capital infrastructure improvements as well as the servicing of debt. Revenue also includes grants for the Waterfront Park and contributions from the County for eligible EMS (Emergency Medical Services) equipment. Current year capital improvements and acquisitions are \$1,166,417. The most significant capital outlay is for the Waterfront Park, purchase of an incident command vehicle for the Fire department, and two vehicle replacements in the Parks department. Transfers out to General Fund for Waterfront Park repayment is \$100,000 and to debt service funds is \$894,130. Debt services include a 2008 issuance for library renovations, a 2006 issuance for brick streets and a 2012 issuance for purchase of the Waterfront Park property.

More detail regarding the governmental funds can be found in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance on pages 21 through 24 of this report.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer fund, Sanitation and Stormwater funds at the end of the year were \$1,611,869, \$1,483,022 and \$1,049,767, respectively. Cumulatively, the unrestricted net position for the enterprise funds increased by \$60,875 over prior year with funds restricted for debt service decreasing by \$29,926 and capital projects decreasing by \$277,037. The total increase in net position current year is \$542,152.

Total operating and nonoperating revenue in the proprietary funds increased by \$317,525 with charges for services 3.2 percent or \$353,464 higher than prior year, investment income 10.3 percent or \$33,194 lower than prior year, and other revenues 7.1 percent or \$49,944 lower than prior year. Of the total increase in operating and nonoperating revenue, water and sewer increased by \$234,907, sanitation revenue increased by \$74,275 and stormwater increased nominally by \$8,343.

Total operating and nonoperating expenses in the City's proprietary funds increased by \$687,496 over prior year. Operating expenses, which excludes interest expense, increased by \$701,527. Cumulatively the total of all funds in each category including salaries and fringes, materials and supplies and contracted/other services increased by \$592,641 while depreciation and amortization of assets increased by \$108,886. Salaries decreased nominally by .7 percent while materials and supplies decreased by 4.8 percent. The most significant increases are within contracted and other services with an 11.6 percent increase. Water includes an increase of \$87,448 or 4.4 percent for the purchase of water from Pinellas County. Wastewater includes an increase of \$352,502 or 26.9 percent for the purchase of wastewater flowing into the Northeast Treatment Plant. Water and wastewater information technology maintenance contracts increased by \$54,715 or 25.4 percent. Interfund allocations are increased by \$126,200 or 8.0 percent.

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

### **General Fund Budgetary Highlights**

During the current year, the total increase between adopted and final budgeted revenue totaled \$24,100. Supplemental budget amendments for budgeted appropriations decreased between the adopted and final budget by \$281,076. The most significant differences between adopted and final budget was a decrease of \$25,000 in general government contracted services for a salary study, which was instead conducted in-house by the Human Resources department, an increase in overtime in the Fire department budget of \$85,740 for overtime required to cover sick leave, and a total return to fund reserve of \$332,702.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City’s investment in capital assets for governmental and business-type activities as of September 30, 2016 is \$52,341,545, net of accumulated depreciation. As reflected in the following schedule, the City’s investment in capital assets increased or remained flat in all categories with the exception of equipment within business-type activities. The net increase in the City’s investment in capital assets is \$922,564 over prior year.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 8,071,070	\$ 7,315,142	\$ 606,548	\$ 606,548	\$ 8,677,618	\$ 7,921,690
Construction in progress	861,132	391,915	244,526	1,077,368	1,105,658	1,469,283
Buildings	4,892,927	4,605,815	343,689	316,336	5,236,616	4,922,151
Improvements other than buildings	28,226,269	28,233,740	39,501,293	37,525,153	67,727,562	65,758,893
Equipment	6,883,058	8,895,279	8,738,637	9,122,367	15,621,695	18,017,646
Less:						
Accumulated Depreciation	23,731,702	25,195,537	22,295,902	21,475,145	46,027,604	46,670,682
<b>Total</b>	<b>\$ 25,202,754</b>	<b>\$ 24,246,354</b>	<b>\$ 27,138,791</b>	<b>\$ 27,172,627</b>	<b>\$ 52,341,545</b>	<b>\$ 51,418,981</b>

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

<u>Governmental Activities</u>	<u>Additions</u>	<u>Governmental Activities</u>	<u>Additions</u>
Green Springs Preserve (Messenger Property) Land Conveyance	\$ 755,928	Rigsby Center Portable Walls	\$ 8,490
Street Resurfacing	428,770	Genie Lift (One Man)	7,953
Green Springs Preserve	273,428	Table-top Tire Changer	6,624
Marina Boat Basin Dredging	157,085	Donated 1978 Fire Pumper	6,000
Library Books	83,645	FS52 Enclose Bunk Room	5,750
Parks/Building Maintenance Building Improvements	64,880		
Community Center Improvements	62,124	<b><u>Business-type Activities</u></b>	<b><u>Additions</u></b>
FS52 Roof Replacement	61,618	North Bay Hills Water Main Replacement Phase I	\$ 575,142
Replace Vehicle #800	59,737	North Bay Hills Force Main	473,050
Public Works Building "A" Office Renovation	43,121	N.E. Wastewater Plant	437,243
Replace Vehicle #411 (Water Truck)	39,369	Replace Front Loader Truck #310	252,099
City Hall Roof Replacement/Painting	33,484	Replace Fully Automated Side Loader #315	171,893
Sidewalk Repair and Replacement	29,444	Pipe Relining	144,937
Replace Vehicle #105	29,378	Replace Sewer Line at Joyce & Irwin Street	138,451
Art Center Parking	24,274	Stormwater Improvements	132,557
Concrete Mixer	23,613	Replace Press Brake	77,497
Recreation Transportation Bus	23,102	Replace Portable Generator #360	72,797
Replace Vehicle #154	18,049	Amber Glades Lift Station Repair	49,668
Citywide Brick Street Restoration	17,130	Vac-con 11-yard Debris Tank	36,155
Dog Run Fencing	11,570	Trash Containers	34,591
Parks Utility Vehicle	10,235	Tangelo Groves Water Main Loop	26,024
Public Works Building "A" Garage Doors	9,951	Replace Roof and Garage Doors Building D	25,903
Museum A/C Replacement	9,374	Replace Garage Doors in building A & C	14,481
Community Center Gym & MPR Improvements	8,878	Public Works Building "A" Office Renovation	12,872

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Beginning Balance	\$ 24,246,354	\$ 27,172,627	\$ 51,418,981
Additions	3,467,232	3,100,727	6,594,096
Depreciation	(1,825,475)	(1,876,355)	(3,702,285)
Disposals (net of depreciation)	(685,357)	(1,258,208)	(1,943,566)
<b>Ending Balance</b>	<b>\$ 25,202,754</b>	<b>\$ 27,138,791</b>	<b>\$ 52,341,545</b>

**Long-term debt.** As of fiscal year end, the City's outstanding long-term debt from revenue bonds and notes decreased by \$1,272,072. The decrease is a result of the retirement of debt principal. Pages 53 through 56 of the notes to the financial statements provide details for the following summary.

		<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percent Change</u>
Governmental Activities					
2012	Purchase of land for park	\$ 1,775,000	\$ 2,050,000	\$ (275,000)	-13.4%
2008	Library expansion	2,516,000	2,971,000	(455,000)	-15.3%
2006	General government improvements	267,958	284,818	(16,860)	-5.9%
Governmental activities total		<u>4,558,958</u>	<u>5,305,818</u>	<u>(746,860)</u>	<u>-14.1%</u>
Business-Type Activities					
2012	Refunding for utility system improvements	935,000	1,075,000	(140,000)	-13.0%
2006	Utility system improvements	6,135,473	6,520,665	(385,192)	-5.9%
Business-type activities total		<u>7,070,473</u>	<u>7,595,665</u>	<u>(525,192)</u>	<u>-6.9%</u>
<b>Total Outstanding Debt</b>		<b>\$ 11,629,431</b>	<b>\$ 12,901,483</b>	<b>\$ (1,272,052)</b>	<b>-9.9%</b>

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

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

- The unemployment rate for the Tampa-St. Petersburg-Clearwater Metropolitan area at September 30, 2016 was 4.7 percent compared to the prior year's 6.4 percent. This compares favorably to Florida's unemployment rate of 4.9 percent and the national unemployment rate of 4.9 percent.
- For the third fiscal year, property values have shown recovery with an increase of 6.0 percent in assessed values moving into the 2017 budget cycle. The governing body decreased the millage rate from 4.0479 to 3.9500, budgeting for an ad valorem revenue increase of \$185,560.
- The General Fund used \$259,420 to balance the FY 2017 adopted budgeted. The City Commission transferred \$20,000 to the Street Improvement Fund and \$214,000 to the Capital Projects Fund from reserve for unfunded projects in Street Improvement and Capital Projects.
- A rate study for the Enterprise Funds began in FY 2016 and was completed in FY 2017 after the budget was adopted. No rate increase was recommended for the Sanitation Fund. The Water/Wastewater and Stormwater Fund rates were recommended for increase, which was adopted by City Commission and implemented effective January 1, 2017.

### **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.

## **BASIC FINANCIAL STATEMENTS**

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CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016

<b>Assets</b>	Governmental Activities	Business-Type Activities	Total
<b>Current assets:</b>			
Pooled cash and investments	\$ 11,514,336	\$ 4,945,571	\$ 16,459,907
Receivables, net:			
Accounts receivable	394,934	940,975	1,335,909
Due from other governments	761,948	20,478	782,426
Inventories	45,442	199,638	245,080
Prepaid items	9,673	-	9,673
Restricted assets:			
Pooled cash and investments:			
Other	2,063,495	-	2,063,495
Sinking fund	129,132	52,985	182,117
Customer deposits	17,116	624,071	641,187
Total current assets	<u>14,936,076</u>	<u>6,783,718</u>	<u>21,719,794</u>
<b>Noncurrent assets:</b>			
Restricted assets:			
Pooled cash and investments:			
Sinking fund	-	1,285,701	1,285,701
Capital projects	-	8,946,275	8,946,275
Capital assets:			
Non depreciable	8,932,202	851,074	9,783,276
Depreciable, net of accumulated depreciation	16,270,552	26,287,717	42,558,269
Unamortized prepaid insurance costs	-	5,506	5,506
Net pension asset	1,224,802	-	1,224,802
Total noncurrent assets	<u>26,427,556</u>	<u>37,376,273</u>	<u>63,803,829</u>
Total assets	<u>41,363,632</u>	<u>44,159,991</u>	<u>85,523,623</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	2,409,871	433,920	2,843,791
Total deferred outflows of resources	<u>2,409,871</u>	<u>433,920</u>	<u>2,843,791</u>
<b>Total assets and deferred outflows of resources</b>	<b>43,773,503</b>	<b>44,593,911</b>	<b>88,367,414</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	931,663	506,592	1,438,255
Accrued liabilities	125,870	36,984	162,854
Customer deposits	17,116	-	17,116
Unearned revenue	1,005,702	-	1,005,702
Current liabilities, payable from restricted assets:			
Accrued interest payable	61,234	52,985	114,219
Customer deposits	-	624,071	624,071
Construction contracts payable	-	58,111	58,111
Current portion of long-term obligations	801,666	589,765	1,391,431
Total current liabilities	<u>2,943,251</u>	<u>1,868,508</u>	<u>4,811,759</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	677,707	210,831	888,538
Other post employment benefits	303,485	138,515	442,000
Net pension liability	2,205,508	1,225,280	3,430,788
Bonds and notes payable	4,015,649	6,528,205	10,543,854
Total noncurrent liabilities	<u>7,202,349</u>	<u>8,102,831</u>	<u>15,305,180</u>
Total liabilities	<u>10,145,600</u>	<u>9,971,339</u>	<u>20,116,939</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pension	1,074,170	230,205	1,304,375
Deferred amount on debt refunding	-	48,150	48,150
Total deferred inflows of resources	<u>1,074,170</u>	<u>278,355</u>	<u>1,352,525</u>
<b>Net Position</b>			
Net investment in capital assets	20,413,796	19,967,583	40,381,379
Restricted, net of payables from restricted assets:			
Community redevelopment	538,109	-	538,109
Fire protection and public safety	23,071	-	23,071
Transportation programs	353,618	-	353,618
Culture and recreation	33,705	-	33,705
Debt service	94,718	1,285,701	1,380,419
Capital projects	1,114,992	8,946,275	10,061,267
Unrestricted	9,981,724	4,144,658	14,126,382
<b>Total net position</b>	<u>\$ 32,553,733</u>	<u>\$ 34,344,217</u>	<u>\$ 66,897,950</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2016

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,965,594	\$ 78,602	\$ 5,000	\$ -
Law enforcement	1,260,699	13,442	-	-
Fire protection	3,942,197	31,567	1,068,473	3,387
Building department	390,407	250,257	-	-
Physical environment	467,017	39,435	-	-
Transportation	1,614,526	282,396	7,699	-
Library	1,498,730	51,460	206,331	-
Parks and recreation	3,274,817	798,929	-	865,256
Interest on long-term debt	119,243	-	-	-
<b>Total governmental activities</b>	<b>15,533,230</b>	<b>1,546,088</b>	<b>1,287,503</b>	<b>868,643</b>
Business-type activities:				
Water and sewer	8,235,173	7,461,978	3,020	-
Solid waste	2,586,702	2,923,310	28,823	-
Stormwater	1,050,346	1,012,228	1,091	-
<b>Total business-type activities</b>	<b>11,872,221</b>	<b>11,397,516</b>	<b>32,934</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 27,405,451</b>	<b>\$ 12,943,604</b>	<b>\$ 1,320,437</b>	<b>\$ 868,643</b>
General revenues:				
Taxes:				
Property taxes				
Utility taxes				
Local business tax				
Local option tax				
Franchise fees				
Sales tax				
Intergovernmental				
Interest income and net depreciation in fair value of investments				
Other				
Gain on the sale of capital assets				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2016

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,881,992)	\$ -	\$ (2,881,992)
(1,247,257)	-	(1,247,257)
(2,838,770)	-	(2,838,770)
(140,150)	-	(140,150)
(427,582)	-	(427,582)
(1,324,431)	-	(1,324,431)
(1,240,939)	-	(1,240,939)
(1,610,632)	-	(1,610,632)
(119,243)	-	(119,243)
(11,830,996)	-	(11,830,996)
-	(770,175)	(770,175)
-	365,431	365,431
-	(37,027)	(37,027)
-	(441,771)	(441,771)
(11,830,996)	(441,771)	(12,272,767)
4,390,452	-	4,390,452
2,322,071	-	2,322,071
141,389	-	141,389
2,082,591	-	2,082,591
1,347,753	-	1,347,753
1,151,421	-	1,151,421
568,087	-	568,087
228,367	289,499	517,866
1,059,184	656,365	1,715,549
-	38,059	38,059
13,291,315	983,923	14,275,238
1,460,319	542,152	2,002,471
31,093,414	33,802,065	64,895,479
\$ 32,553,733	\$ 34,344,217	\$ 66,897,950

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, 2016

	General	Community Redevelopment Agency	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Pooled cash and investments	\$ 8,928,798	\$ 603,946	\$ 2,136,616	\$ 2,054,719	\$ 13,724,079
Receivables, net:					
Accounts receivable	349,051	1,333	2,644	41,906	394,934
Due from other governments	323,417	3,858	395,158	39,515	761,948
Inventories	45,442	-	-	-	45,442
Prepaid items	9,673	-	-	-	9,673
Total assets	<u>\$ 9,656,381</u>	<u>\$ 609,137</u>	<u>\$ 2,534,418</u>	<u>\$ 2,136,140</u>	<u>\$ 14,936,076</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 139,798	\$ 4,590	\$ 302,132	\$ 485,143	\$ 931,663
Accrued liabilities	125,146	533	-	191	125,870
Customer deposits	11,326	-	-	5,790	17,116
Unearned revenue	1,004,446	-	-	1,256	1,005,702
Total liabilities	<u>1,280,716</u>	<u>5,123</u>	<u>302,132</u>	<u>492,380</u>	<u>2,080,351</u>
Fund Balances:					
<b>Nonspendable:</b>					
Inventories and prepaid items	55,115	-	-	-	55,115
<b>Restricted for:</b>					
Community redevelopment	-	538,109	-	-	538,109
Fire protection	-	-	-	23,071	23,071
Transportation	-	-	-	353,618	353,618
Library	-	-	-	33,705	33,705
Debt service	-	-	-	155,952	155,952
Capital projects	-	-	1,114,992	-	1,114,992
<b>Committed to:</b>					
Emergency/disaster relief stabilization	3,277,514	-	-	-	3,277,514
Physical environment	-	-	-	119,264	119,264
Public safety	-	-	-	7,929	7,929
Capital project (Waterfront Park)	-	-	974,786	-	974,786
<b>Assigned to:</b>					
General government	-	65,905	142,508	-	208,413
Fire protection	-	-	-	2,404	2,404
Library	-	-	-	337	337
Public safety	-	-	-	70	70
Physical environment	-	-	-	17,559	17,559
Transportation	-	-	-	496,979	496,979
Parks and recreation	-	-	-	432,872	432,872
<b>Unassigned:</b>	<u>5,043,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,043,036</u>
Total fund balances	<u>8,375,665</u>	<u>604,014</u>	<u>2,232,286</u>	<u>1,643,760</u>	<u>12,855,725</u>
Total liabilities and fund balances	<u>\$ 9,656,381</u>	<u>\$ 609,137</u>	<u>\$ 2,534,418</u>	<u>\$ 2,136,140</u>	<u>\$ 14,936,076</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, 2016

Fund balances - total governmental funds \$ 12,855,725

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	\$ 8,932,202	
Depreciable	40,002,254	
Less, accumulated depreciation	<u>23,731,702</u>	25,202,754

The net pension asset related to governmental activities does not represent  
financial resources and is not reported in the funds. 1,224,802

Deferred outflows of resources related to net pension liabilities do not  
have a current financial resources focus, and therefore are not recognized  
in the governmental fund statements. 2,409,871

Accrued interest payable on long-term debt does not use represent the  
current use of financial resources and is not reported as a liability in  
the governmental funds (61,234)

Deferred inflows of resources related to net pension liabilities do not have  
a current financial resources focus, and therefore are not recognized in the  
governmental fund statements (1,074,170)

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

Net pension liability	(2,205,508)	
Revenue notes and line of credit payable	(4,558,958)	
Capital lease payable	(230,000)	
Compensated absences	(706,064)	
Other post employment benefits	<u>(303,485)</u>	<u>(8,004,015)</u>

Net position of governmental activities \$ 32,553,733

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, 2016**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 4,012,278	\$ 378,174	\$ -	\$ -	\$ 4,390,452
Utility taxes	2,322,071	-	-	-	2,322,071
Local business taxes	141,389	-	-	-	141,389
Local option taxes	106,534	-	1,728,746	247,311	2,082,591
Franchise fees	1,347,753	-	-	-	1,347,753
Licenses and permits	244,417	-	-	-	244,417
Impact fees	-	-	-	66,932	66,932
Special assessments	-	-	-	246,523	246,523
Sales tax	1,151,421	-	-	-	1,151,421
Intergovernmental	1,835,590	-	103,328	-	1,938,918
Charges for services	902,613	-	-	45,275	947,888
Fines and forfeitures	40,328	-	-	-	40,328
Interest income and net appreciation in fair value of investments	159,465	11,142	22,981	34,779	228,367
Contributions and donations	15,000	-	9,387	-	24,387
Other	1,059,184	5,000	-	-	1,064,184
Total revenues	<u>13,338,043</u>	<u>394,316</u>	<u>1,864,442</u>	<u>640,820</u>	<u>16,237,621</u>
Expenditures:					
Current operating:					
General government	2,544,647	138,804	-	-	2,683,451
Public safety					
Law enforcement	1,260,277	-	-	-	1,260,277
Fire protection	3,716,483	-	-	-	3,716,483
Building department	385,827	-	-	251	386,078
Physical environment	417,432	-	-	51,816	469,248
Transportation	676,525	-	21,252	398,753	1,096,530
Culture and recreation					
Library	1,204,159	-	-	-	1,204,159
Parks and recreation	2,770,407	-	349	28,493	2,799,249
Capital outlay	83,646	28,364	1,166,417	747,518	2,025,945
Debt service:					
Capital lease principal	-	-	-	5,000	5,000
Principal retirement	-	-	-	746,860	746,860
Interest and other charges	-	-	-	129,645	129,645
Total expenditures	<u>13,059,403</u>	<u>167,168</u>	<u>1,188,018</u>	<u>2,108,336</u>	<u>16,522,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>278,640</u>	<u>227,148</u>	<u>676,424</u>	<u>(1,467,516)</u>	<u>(285,304)</u>
Other financing sources (uses):					
Transfers in	257,000	-	-	901,780	1,158,780
Transfers out	<u>(7,650)</u>	<u>(157,000)</u>	<u>(994,130)</u>	<u>-</u>	<u>(1,158,780)</u>
Total other financing sources (uses)	<u>249,350</u>	<u>(157,000)</u>	<u>(994,130)</u>	<u>901,780</u>	<u>-</u>
Net change in fund balances	<u>527,990</u>	<u>70,148</u>	<u>(317,706)</u>	<u>(565,736)</u>	<u>(285,304)</u>
Fund balances, beginning of year	<u>7,847,675</u>	<u>533,866</u>	<u>2,549,992</u>	<u>2,209,496</u>	<u>13,141,029</u>
Fund balances, end of year	<u>\$ 8,375,665</u>	<u>\$ 604,014</u>	<u>\$ 2,232,286</u>	<u>\$ 1,643,760</u>	<u>\$ 12,855,725</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, 2016

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds \$ (285,304)

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

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

Expenditure for capital assets	\$ 2,025,945	
Less, current year depreciation	<u>(1,825,475)</u>	200,470

Donations of capital assets are not financial resources to governmental  
funds, but receiving donated assets increases net position in the statement  
of net position. 755,928

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

Principal payments	\$ 746,860	
Capital lease payment	<u>5,000</u>	751,860

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

Pension expense	21,298	
Accrued interest on long-term debt	10,402	
Compensated absences	30,146	
Other post employment benefits	<u>(24,481)</u>	<u>37,365</u>

Change in net position - governmental activities \$ 1,460,319

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, 2016

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 1,811,438	\$ 1,872,244	\$ 1,261,889	\$ 4,945,571
Accounts receivable, net:				
Accounts receivable	674,011	201,004	65,960	940,975
Due from other governments	3,020	16,367	1,091	20,478
Inventories	199,638	-	-	199,638
Restricted assets:				
Pooled cash and investments:				
Sinking fund	41,628	4,052	7,305	52,985
Customer deposits	566,360	57,711	-	624,071
Total current assets	<u>3,296,095</u>	<u>2,151,378</u>	<u>1,336,245</u>	<u>6,783,718</u>
Noncurrent assets:				
Restricted pooled cash and investments:				
Sinking fund	963,406	186,496	135,799	1,285,701
Capital projects	8,946,275	-	-	8,946,275
Capital assets:				
Nondepreciable	615,178	-	235,896	851,074
Depreciable, net of accumulated depreciation	18,693,585	2,064,859	5,529,273	26,287,717
Unamortized bond costs - prepaid insurance	5,506	-	-	5,506
Total noncurrent assets	<u>29,223,950</u>	<u>2,251,355</u>	<u>5,900,968</u>	<u>37,376,273</u>
<b>Total assets</b>	<u>32,520,045</u>	<u>4,402,733</u>	<u>7,237,213</u>	<u>44,159,991</u>
<b>Deferred outflows of resources</b>				
Deferred outflows of resources related to pensions	<u>173,568</u>	<u>173,568</u>	<u>86,784</u>	<u>433,920</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	445,871	53,834	6,887	506,592
Accrued liabilities	21,156	11,626	4,202	36,984
Current liabilities, payable from restricted assets:				
Accrued interest payable	41,628	4,052	7,305	52,985
Customer deposits	566,360	57,711	-	624,071
Construction contracts payable	58,111	-	-	58,111
Current portion of long-term obligations:				
Compensated absences	12,420	8,277	26,820	47,517
Bonds and notes payable	439,411	36,693	66,144	542,248
Total current liabilities	<u>1,584,957</u>	<u>172,193</u>	<u>111,358</u>	<u>1,868,508</u>
Noncurrent liabilities:				
Compensated absences	111,778	74,522	24,531	210,831
Other post employment benefits	76,387	49,708	12,420	138,515
Net pension liability	490,112	490,112	245,056	1,225,280
Bonds and notes payable	5,042,687	530,012	955,506	6,528,205
Total noncurrent liabilities	<u>5,720,964</u>	<u>1,144,354</u>	<u>1,237,513</u>	<u>8,102,831</u>
<b>Total liabilities</b>	7,305,921	1,316,547	1,348,871	9,971,339
<b>Deferred inflows of resources</b>				
Deferred inflow of resources related to pensions	92,082	92,082	46,041	230,205
Deferred charges on debt refunding	48,150	-	-	48,150
<b>Total deferred inflows of resources</b>	<u>140,232</u>	<u>92,082</u>	<u>46,041</u>	<u>278,355</u>
<b>Net position</b>				
Net investment in capital assets	13,725,910	1,498,154	4,743,519	19,967,583
Restricted for:				
Debt service	963,406	186,496	135,799	1,285,701
Capital projects	8,946,275	-	-	8,946,275
Unrestricted	<u>1,611,869</u>	<u>1,483,022</u>	<u>1,049,767</u>	<u>4,144,658</u>
<b>Total net position</b>	<u>\$ 25,247,460</u>	<u>\$ 3,167,672</u>	<u>\$ 5,929,085</u>	<u>\$ 34,344,217</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, 2016

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Operating revenues</b>				
Charges for services	\$ 7,461,978	\$ 2,923,310	\$ 1,012,228	\$ 11,397,516
Intergovernmental	3,020	28,823	1,091	32,934
Other	646,013	10,352	-	656,365
Total operating revenues	<u>8,111,011</u>	<u>2,962,485</u>	<u>1,013,319</u>	<u>12,086,815</u>
<b>Operating expenses</b>				
Salaries, wages and employee benefits	1,682,930	1,085,448	356,752	3,125,130
Materials and supplies	231,953	196,135	84,224	512,312
Contractual and other services	5,018,378	889,023	253,377	6,160,778
Depreciation and amortization	1,143,542	399,122	325,431	1,868,095
Total operating expenses	<u>8,076,803</u>	<u>2,569,728</u>	<u>1,019,784</u>	<u>11,666,315</u>
<b>Operating income (loss)</b>	<u>34,208</u>	<u>392,757</u>	<u>(6,465)</u>	<u>420,500</u>
<b>Nonoperating revenues (expenses)</b>				
Interest income and net appreciation in fair value of investments	230,368	34,242	24,889	289,499
Interest expense	(158,370)	(16,974)	(30,562)	(205,906)
Gain on the sale of capital assets	9,259	28,800	-	38,059
<b>Total nonoperating revenues (expenses)</b>	<u>81,257</u>	<u>46,068</u>	<u>(5,673)</u>	<u>121,652</u>
<b>Changes in net position</b>	115,465	438,825	(12,138)	542,152
<b>Net position - beginning</b>	<u>25,131,995</u>	<u>2,728,847</u>	<u>5,941,223</u>	<u>33,802,065</u>
<b>Net position - end of year</b>	<u>\$ 25,247,460</u>	<u>\$ 3,167,672</u>	<u>\$ 5,929,085</u>	<u>\$ 34,344,217</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, 2016

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 7,485,419	\$ 2,924,754	\$ 1,014,506	\$ 11,424,679
Other operating and intergovernmental revenue	649,033	23,151	1,091	673,275
Cash paid to suppliers for goods and services	(5,225,760)	(1,083,362)	(342,661)	(6,651,783)
Cash payments to and for the benefit of employees	(1,828,133)	(1,167,050)	(362,985)	(3,358,168)
Cash provided by operating activities	<u>1,080,559</u>	<u>697,493</u>	<u>309,951</u>	<u>2,088,003</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal payments on long-term debt	(425,537)	(35,591)	(64,083)	(525,211)
Interest payments on long-term debt	(161,776)	(18,226)	(29,227)	(209,229)
Proceeds from the sale of capital assets	9,259	28,800	-	38,059
Acquisition and construction of capital assets	(1,317,184)	(561,983)	(277,815)	(2,156,982)
Cash used by capital and related financing activities	<u>(1,895,238)</u>	<u>(587,000)</u>	<u>(371,125)</u>	<u>(2,853,363)</u>
<b>Cash flows from investing activity:</b>				
Interest and dividends on investments	232,030	10,642	83,143	325,815
Cash provided by investing activities	<u>232,030</u>	<u>10,642</u>	<u>83,143</u>	<u>325,815</u>
Net increase (decrease) in pooled cash and investments	(582,649)	121,135	21,969	(439,545)
Pooled cash and investments at beginning of year	<u>12,911,756</u>	<u>1,999,368</u>	<u>1,383,024</u>	<u>16,294,148</u>
Pooled cash and investments at end of year	<u>\$ 12,329,107</u>	<u>\$ 2,120,503</u>	<u>\$ 1,404,993</u>	<u>\$ 15,854,603</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total
<b>Reconciliation of cash and investments to Statement of Net Position:</b>				
Total unrestricted pooled cash and investments	\$ 1,811,438	\$ 1,872,244	\$ 1,261,889	\$ 4,945,571
Total unrestricted pooled cash and investments	<u>10,517,669</u>	<u>248,259</u>	<u>143,104</u>	<u>10,909,032</u>
Total pooled cash and investments	<u>\$ 12,329,107</u>	<u>\$ 2,120,503</u>	<u>\$ 1,404,993</u>	<u>\$ 15,854,603</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income	\$ 34,208	\$ 392,757	\$ (6,465)	\$ 420,500
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,143,542	399,122	325,431	1,868,095
Change in operating assets and liabilities:				
Decrease in accounts receivable	23,441	1,444	2,278	27,163
Increase in due from other government	-	(16,025)	-	(16,025)
Decrease in inventories	11,893	-	-	11,893
Decrease in deferred outflow	-	-	(1,239)	(1,239)
Increase (decrease) in accounts payable	8,513	2,008	(3,821)	6,700
Decrease in accrued liabilities	(56,806)	(37,114)	(9,961)	(103,881)
Increase (decrease) in customer deposits	4,165	(211)	-	3,954
Increase in net pension liability	-	-	-	-
Increase in OPEB	5,439	3,400	680	9,519
Increase (decrease) in accumulated unused compensated absences	(93,836)	(47,888)	3,048	(138,676)
Net cash provided by operating activities	<u>\$ 1,080,559</u>	<u>\$ 697,493</u>	<u>\$ 309,951</u>	<u>\$ 2,088,003</u>
Non cash investing, capital, and financing activities:				
Amortization of bond premiums	\$ 9,319	\$ -	\$ -	\$ 9,319
Construction contracts payable at year end	58,111	-	-	58,111
Change in fair value of investments	14,515	2,474	1,624	18,613

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, 2016

	<b>Pension Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents:	
Money market	\$ 58,577
Investments, at fair value:	
Equity securities	4,378,597
U.S. Treasury Bonds, Notes and Bills	2,884,895
Total investments	7,263,492
<b>Total assets</b>	<b>7,322,069</b>
<b>Net position</b>	
Restricted for pension benefits	6,361,922
Restricted for pension benefits - Share Plan	960,147
<b>Total net position</b>	<b>\$ 7,322,069</b>

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions:	
State of Florida	\$ 128,897
City	264,393
Employees	7,056
Total contributions	400,346
Investment income:	
Interest earnings and net decrease in the fair value of investments	540,135
Total additions	940,481
<b>Deductions</b>	
Administrative expenses	24,690
Change in net position	915,791
Net position - beginning of year	6,406,278
Net position - end of year	\$ 7,322,069

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, 2016

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

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

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

**The Reporting Entity**

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable, and, as such, be included in the City’s financial statements. In accordance with GASB Statement No. 61, the Financial Reporting Entity, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Management has determined that the Community Redevelopment Agency is the only organization that should be included in the City’s financial statements as a blended component unit.

**Blended Component Unit**

The Community Redevelopment Agency (CRA) was created in 1992 pursuant to Chapter 163.356, Florida Statutes, City Ordinance 92-24 and City Resolutions 92-25 and 92-26. The City Commission serves as the CRA Board and there is a financial benefit or burden relationship between the City and the CRA. Although legally separate, the CRA is appropriately blended as a special revenue fund type component unit into the primary government. Separate financial statements are not prepared for the CRA.

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

**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, 2016

**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) with the exception of grant receivables which are collected within twelve months.. Revenues which are susceptible to accrual are as follows: water, sewer and solid waste collection revenue, state revenue sharing, franchise fees, local infrastructure tax, and intergovernmental grants.

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

**Measurement Focus**

The governmental fund measurement focus (in the fund financial statements) is based on determination of financial position and changes in financial position rather than on net income. The proprietary fund measurement focus is on the determination of operating income, changes in net position and cash flows similar to businesses in the private sector.

**Fund Accounting**

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

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

***Governmental Fund Types***

Governmental fund types are as follows:

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

***Proprietary Fund Types***

Proprietary fund types are as follows:

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**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, 2016

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

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

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

	Supplemental Appropriations Fiscal Year 2016
General Fund	\$ 336,573
Street Improvement	69,252
CRA Fund	86,622
Capital Projects Fund	2,049,018
Marina	28,710
City Tree Bank	2,640
Parkland Impact Fund	174,641

**Pooled Cash and Investments**

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

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

**Cash Equivalents**

For purposes of the statement of cash flows, the proprietary funds consider pooled cash and investments to be cash equivalents, since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

**Receivables**

Utility (water and sewer, solid waste and stormwater) operating revenues are generally recognized on the basis of cycle billings rendered monthly. The City recognizes as revenue the estimated unbilled consumption as of September 30. The City has recorded an allowance for potentially uncollectible water and sewer, solid waste and stormwater billings. Accounts receivable of \$940,975 in the proprietary funds are shown net of the allowance of \$212,381.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

Taxes Receivable

In the governmental funds, delinquent ad valorem taxes receivable are measurable, but not available as of the end of the fiscal year and are shown as deferred inflows of resources if not expected to be collected soon enough after year-end to pay current liabilities. The deferred revenue will be recognized as revenue in the fiscal year that it becomes available. There were no delinquent ad valorem taxes receivable and related inflows of resources reported by the City for the year ended September 30, 2016.

Property Taxes

Under Florida Law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pinellas County Property Appraiser and the Pinellas County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mils. The millage rate in effect for the fiscal year ended September 30, 2016 was 4.0479.

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

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

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

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

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

Inventories and prepaids

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

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

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

The following is the breakdown in governmental fund inventories at September 30, 2016:

	Amount
Equipment supplies	\$ 25,679
Office supplies	424
Fuel supplies	19,339
	\$ 45,442

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

**Capital Assets**

The City’s property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at 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, 2016 totaled \$1,825,475 and \$1,876,355 for governmental and business type activities, respectively.

**Unamortized Bond Premiums and Prepaid Insurance Costs**

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

**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, 2016

**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 straight line method, which approximates the effective interest method. Bonds payables are reported net of bond premiums or discounts.

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

Postretirement Health and Life Insurance Benefits

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

Unearned revenue

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

The City sold a 50 year interest in cell tower leases for \$1,027,000 in April 2011. The City's annual expected revenue from the leases is \$20,540. The sale is from the time period of April 19, 2011 through April 30, 2061.

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

lease is \$915,742. For the fiscal year ending September 30, 2016, \$20,540 was amortized as other revenue. Additionally, recreation, library and street assessment revenues received but not yet earned total \$89,960 at September 30, 2016.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the City's statement of net position represent differences between expected and actual economic experience, changes in actuarial assumptions, the net difference between projected and actual earnings on investments, and the City's contributions subsequent to the measurement date. These balances pertain to one or more of the City's pension plans: the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Firefighters' Pension Plan. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the City's statement of net position represent the difference between expected and actual economic experience, changes in actuarial assumptions, the net difference between projected and actual earnings on investments, and changes in the proportion and differences between the City's contributions and proportionate share of contributions. These balances pertain to one or more of the City's pension plans: the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Firefighters' Pension Plan. These amounts will be recognized as reductions in pension expense in future years.

**Fund Balances**

***Governmental funds***

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

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

**Public Safety Fund**

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

**Multimodal Impact Fee Fund**

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

**Street Improvement Fund**

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

**Parkland Fund**

The Parkland fund is used to account for and report the proceeds of impact fee revenue *restricted* for the acquisition of park facilities and 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.

**Library Impact Fee Fund**

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

**Street Assessment Fund**

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

**Community Redevelopment Agency Fund**

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

Capital Projects Fund

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

Street Light Assessment Fund

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

Debt Service Fund

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

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

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

Marina Fund

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

City Tree Bank Fund

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**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, 2016, the fund balance committed for stabilization is \$3,277,514.

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

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

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

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

- Restricted for Debt Service - indicates a portion of net position that is restricted by bond ordinance for payment of governmental and proprietary funds' long-term debt.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

***Fiduciary Fund Type***

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

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

**Equity in Pooled Cash and Investments**

At September 30, 2016, the carrying amount of the City’s deposits with financial institutions was \$5,491,245 and the bank account balance was \$5,720,243. 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	5,491,245	-	n/a	n/a
Total cash and cash equivalents	<u>5,492,975</u>	18.57%		
<u>Investments</u>				
Certificates of Deposit	1,008,098	3.41%	3.27	AAA
Money Markets	563,264	1.90%	0.00	AAA
SBA Florida Prime	292,680	0.99%	1.00	AAA
Federal Home Loan Bank	264,341	0.89%	1.08	AAA
Federal Home Loan Mortgage ARM FHLMC	157,956	0.53%	2.39	AAA
Federal Home Loan Mortgage CMO FHLMC	5,731,558	19.38%	3.80	AAA
Federal Home Loan Mortgage MBS FHLMC	1,715,244	5.80%	2.79	AAA
Government National Mortgage Association ARM GNMA	682,531	2.31%	3.31	AAA
Government National Mortgage Association CMO GNMA	3,079,348	10.41%	2.52	AAA
Government National Mortgage Association MBS GNMA	545,057	1.84%	3.60	AAA
Federal National Mortgage Association ARM FNMA	239,209	0.81%	2.40	AAA
Federal National Mortgage Association CMO FNMA	5,759,765	19.47%	4.29	AAA
Federal National Mortgage Association MBS FNMA	4,046,655	13.68%	4.14	AAA
Total investments	<u>24,085,706</u>			
Total pooled cash and investments	<u>\$ 29,578,681</u>	100.00%		

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**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 \$7.0 billion for State and local governments. The SBA is authorized to administer and invest Florida PRIME consistent with Chapter 215.47, Florida Statutes. Florida PRIME operates as a "2a-7 like" fund reporting a dollar weighted average days to maturity at September 30, 2016 of 50 days. The investment policy of Florida PRIME is to manage the dollar weighted average maturity to 60 days or less.

On September 30, 2016, the fair value of the City's investments in Florida PRIME was \$292,680 with no liquidity restrictions.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

At September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value within Florida PRIME.

***Concentration of Credit Risk***

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

The following table shows the City’s level of investment in each financial instrument issuer as a percentage of total investments along with the maximum allowed concentration by investment type.

Investment Types	Concentration at Fair Value	Percentage Pooled Investments	Maximum Portfolio Composition per Investment Policy
Certificates of Deposit	\$ 1,008,098	4.19%	20.00%
Money Markets	563,264	2.34%	10.00%
SBA Florida Prime	292,680	1.22%	25.00%
<b>US/Government Agencies</b>			
Federal Home Loan Bank	264,341	1.10%	
Federal Home Loan Mortgage ARM FHLMC	157,956	0.66%	
Federal Home Loan Mortgage MBS FHLMC	1,715,244	7.12%	
Government National Mortgage Association ARM GNMA	682,531	2.83%	
Government National Mortgage Association MBS GNMA	545,057	2.26%	
Federal National Mortgage Association ARM FNMA	239,209	0.99%	
Federal National Mortgage Association MBS FNMA	4,046,655	16.80%	
Total US/Government Agencies	7,650,993	31.77%	75.00%
<b>Collateralized Mortgage Obligations (CMO's)</b>			
Federal Home Loan Mortgage CMO FHLMC	5,731,558	23.80%	
Government National Mortgage Association CMO GNMA	3,079,348	12.78%	
Federal National Mortgage Association CMO FNMA	5,759,765	23.91%	
Total Collateralized Mortgage Obligations (CMO's)	14,570,671	60.50%	75.00%
	\$ 24,085,706	100.00%	

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

***Interest Rate Risk***

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

Investment Types	Fair Value	0 to 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	More than 4 Years
Certificates of Deposit	\$ 1,008,098	\$ 3,971	\$ -	\$ 247,454	\$ 502,671	\$ 254,002
Money Markets	563,264	563,264	-	-	-	-
SBA Florida Prime	292,680	292,680	-	-	-	-
Federal Home Loan Bank	264,341	264,341	-	-	-	-
Federal Home Loan Mortgage ARM FHLMC	157,956	-	-	-	157,956	-
Federal Home Loan Mortgage CMO FHLMC	5,731,558	186,622	1,010,551	1,410,966	2,831,619	291,800
Federal Home Loan Mortgage MBS FHLMC	1,715,244	-	705,215	926,581	83,448	-
Government National Mortgage Association ARM GNMA	682,531	-	-	-	59,637	622,894
Government National Mortgage Association CMO GNMA	3,079,348	309,078	1,239,210	468,560	706,788	355,712
Government National Mortgage Association MBS GNMA	545,057	35,692	-	-	-	509,365
Federal National Mortgage Association ARM FNMA	239,209	15,011	-	-	224,198	-
Federal National Mortgage Association CMO FNMA	5,759,765	184,489	1,054,929	2,371,183	1,470,247	678,917
Federal National Mortgage Association MBS FNMA	4,046,655	37,455	256,403	1,765,707	1,635,469	351,621
	<u>\$ 24,085,706</u>	<u>\$ 1,892,603</u>	<u>\$ 4,266,308</u>	<u>\$ 7,190,451</u>	<u>\$ 7,672,033</u>	<u>\$ 3,064,311</u>

**City’s Firefighter Pension Plan Deposit and Investments**

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

***Concentration of Credit Risk***

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

	<u>Firefighters Pension Plan</u>		
	<u>Credit Rating</u>	<u>Amount</u>	<u>Percentage of Portfolio</u>
Cash and cash equivalents:			
Money Market	N/A	\$ 58,577	0.8%
Investments, at fair value:			
Broad Market HQ Bond Fund	AA/V4	1,142,243	15.6%
Core Plus Fixed Income	Not Rated	1,742,652	23.8%
High Quality Growth	Not Rated	556,477	7.6%
Diversified Value	Not Rated	600,410	8.2%
Russell 1000 Enhanced Index	Not Rated	1,676,754	22.9%
Diversified Small to Mid Cap	Not Rated	827,394	11.3%
International Blend	Not Rated	717,563	9.8%
Total		<u>\$ 7,322,070</u>	

***Interest Rate Risk***

To mitigate interest rate risk, investments are matched with the City’s cash flow requirements. The City does not directly invest in securities with effective durations greater than 5 years from the date of purchase unless the security is matched to a specific cash flow. As of September 30, 2016, the government trustee had the following investment maturities.

<u>Fixed Income Fund</u>	<u>Fire Pension Investment Pool (FMIVT)</u>	
	<u>Modified Duration in Years</u>	<u>Weighted Average Maturity (WAM) in Years</u>
FMIVT Broad Market HQ Bond Fund	4.45	5.9
FMIVT Core Plus Fixed Income	2.04	6.84

***Fair Value Measurement***

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

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

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

The City had the following recurring fair value measurements comprised of investments as of September 30, 2016:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investment by Fair Value Level</b>				
Certificates of Deposit - Negotiable	\$ 1,004,127	\$ -	\$ 1,004,127	\$ -
U.S. Government Obligations and Federal Agency Securities	1,079,696	-	1,079,696	-
Collateralized Mortgage Obligations	14,835,012	-	14,835,012	-
Mortgage-backed Securities	6,306,956	-	6,306,956	-
Total Investments Measured at Fair Value	<u>\$ 23,225,791</u>	<u>\$ -</u>	<u>\$ 23,225,791</u>	<u>\$ -</u>
<b>Investments Measured at Amortized Cost</b>				
Money Market Mutual Fund	563,264			
Certificates of Deposit - Non-negotiable	3,971			
Local Government Investment Pool (LGIP)	292,680			
Total Investments Measured at Cost	<u>\$ 859,915</u>			
Total Investments	<u><u>\$ 24,085,706</u></u>			

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

The Firefighters' Pension Plan had the following recurring fair value measurements comprised of investments as of September 30, 2016:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investment by Fair Value Level</b>				
External Investment Pool:				
Fixed Income Funds	\$ 2,884,896	\$ -	\$ 1,142,243	\$ 1,742,653
International Funds	717,563	-	717,563	-
Equity Funds	3,671,035	-	3,671,035	-
Total Investments Measured at Fair Value	<u>\$ 7,273,494</u>	<u>\$ -</u>	<u>\$ 5,530,841</u>	<u>\$ 1,742,653</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

**NOTE 3 – RECEIVABLES:**

Receivables at September 30, 2016 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	\$ 15,043	\$ 289,813	\$ 1,249,271	\$ -	\$ 19,974	\$ 1,574,101	\$ (1,225,052)	\$ 349,049
Community Redevelopment Agency	1,333	-	-	-	-	1,333	-	1,333
Capital Projects	2,645	-	-	-	-	2,645	-	2,645
Non-major governmental funds	3,293	-	-	23,537	19,996	46,826	(4,919)	41,907
Gross receivables	22,314	289,813	1,249,271	23,537	39,970	1,624,905	-	394,934
Less: allowance for uncollectibles	-	-	-	-	-	-	(1,229,971)	-
Net total receivables governmental activities	<u>\$ 22,314</u>	<u>\$ 289,813</u>	<u>\$ 1,249,271</u>	<u>\$ 23,537</u>	<u>\$ 39,970</u>	<u>\$ 1,624,905</u>	<u>\$ (1,229,971)</u>	<u>\$ 394,934</u>
Business-type activities								
Water and sewer utility	\$ 22,707	\$ -	\$ 155,032	\$ 20,169	\$ 611,643	\$ 809,551	\$ (135,540)	\$ 674,011
Solid waste utility	3,870	-	55,280	-	198,692	257,842	(56,838)	201,004
Stormwater utility	2,540	-	15,226	-	68,197	85,963	(20,003)	65,960
Gross receivables	29,117	-	225,538	20,169	878,532	1,153,356	-	940,975
Less: allowance for uncollectibles	-	-	-	-	-	-	(212,381)	-
Net total receivables business-type activities	<u>\$ 29,117</u>	<u>\$ -</u>	<u>\$ 225,538</u>	<u>\$ 20,169</u>	<u>\$ 878,532</u>	<u>\$ 1,153,356</u>	<u>\$ (212,381)</u>	<u>\$ 940,975</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 3 – RECEIVABLES (continued):**

*Due from other governments*

The following amounts were due from other governments as of September 30, 2016.

Fund	Name of Government	Revenue Source	Amount
<b>Governmental Funds</b>			
General	State of Florida	Half-Cent Sales Tax	\$ 165,855
General	State of Florida	Alcoholic Beverage Tax	8,024
General	Pinellas County	Court Fines and Fees	2,689
General	Pinellas County	Pinellas County Fire Reimbursement	10,000
General	State of Florida	Firefighters' Supplemental Compensation	2,140
General	State of Florida	Communications Services Tax	127,132
General	Federal Emergency Management Agency	Federally Funded Public Assistance (Hermine)	7,577
Total general fund			<u>323,417</u>
Community Redevelopment Agency	PSTA	Jolley Trolley	3,858
Capital Projects Fund	Pinellas County	Pinellas County Fire Reimbursement	11,504
Capital Projects Fund	Pinellas County	Local Government Infrastructure Tax	280,326
Capital Projects Fund	Tampa Bay Estuary Program	Waterfront Park Development Grant	45,000
Capital Projects Fund	Dept. of Environmental Protection	Waterfront Park Development Grant	58,328
Total capital projects fund			<u>395,158</u>
Special Revenue Funds			
Street Improvement	State of Florida	Local Option Gas Tax	39,515
Total street improvement fund			<u>39,515</u>
Total governmental funds			<u>\$ 761,948</u>
<b>Proprietary Funds</b>			
Stormwater	Federal Emergency Management Agency	Federally Funded Public Assistance (Hermine)	\$ 1,091
Waster & Wastewater	Federal Emergency Management Agency	Federally Funded Public Assistance (Hermine)	3,020
Solid Waste	City of Clearwater	Franchise Fees	477
Solid Waste	Pinellas County	Recycling Grant	12,869
Solid Waste	Federal Emergency Management Agency	Federally Funded Public Assistance (Hermine)	3,021
Total solid waste fund			<u>16,367</u>
Total governmental funds			<u>\$ 20,478</u>

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 4 – CAPITAL ASSETS:**

The following is a summary of changes in capital assets at September 30, 2016:

	Balance Sept. 30, 2015	Additions	Disposals	Balance Sept. 30, 2016
Governmental activities:				
Nondepreciable assets:				
Land	\$ 7,315,142	\$ 755,928	\$ -	\$ 8,071,070
Construction in progress	391,915	1,154,575	685,358	861,132
Depreciable assets:				
Buildings	4,605,815	289,072	1,960	4,892,927
Infrastructure	28,233,740	959,953	967,424	28,226,269
Equipment and Vehicles	8,895,279	307,704	2,319,925	6,883,058
Total at historical cost	<u>49,441,891</u>	<u>3,467,232</u>	<u>3,974,667</u>	<u>48,934,456</u>
Less, accumulated depreciation for:				
Buildings	3,155,531	99,579	1,960	3,253,150
Infrastructure	16,011,483	1,173,005	883,086	16,301,402
Equipment and Vehicles	6,028,523	552,891	2,404,264	4,177,150
Total accumulated depreciation	<u>25,195,537</u>	<u>1,825,475</u>	<u>3,289,310</u>	<u>23,731,702</u>
Governmental activities capital assets, net	<u><u>\$ 24,246,354</u></u>	<u><u>\$ 1,641,757</u></u>	<u><u>\$ 685,357</u></u>	<u><u>\$ 25,202,754</u></u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 606,548	\$ -	\$ -	\$ 606,548
Construction in progress	1,077,368	425,366	1,258,208	244,526
Depreciable assets:				
Buildings	316,336	27,353	-	343,689
Infrastructure	37,525,153	1,977,072	932	39,501,293
Equipment and Vehicles	9,122,367	670,936	1,054,666	8,738,637
Total at historical cost	<u>48,647,772</u>	<u>3,100,727</u>	<u>2,313,806</u>	<u>49,434,693</u>
Less, accumulated depreciation for:				
Buildings	235,922	12,756	-	248,678
Infrastructure	14,975,336	1,185,907	932	16,160,311
Equipment and Vehicles	6,263,887	677,692	1,054,666	5,886,913
Total accumulated depreciation	<u>21,475,145</u>	<u>1,876,355</u>	<u>1,055,598</u>	<u>22,295,902</u>
Business-type activities capital assets, net	<u><u>\$ 27,172,627</u></u>	<u><u>\$ 1,224,372</u></u>	<u><u>\$ 1,258,208</u></u>	<u><u>\$ 27,138,791</u></u>

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

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

Depreciation expense was charged to governmental functions as follows:

	Amount
General government	\$ 287,789
Law enforcement	422
Fire protection	276,075
Building department	3,972
Physical environment	7,611
Transportation	517,956
Library	279,541
Parks and recreation	452,109
Total depreciation expense	\$ 1,825,475

Construction projects actively underway as of September 30, 2016 were as follows:

Project	Spent to Date	Remaining Commitment
<b><u>General Government</u></b>		
Mullet Creek Bridge Improvements	\$ 7,640	\$ 2,340
Waterfront Park Development	572,930	274,973
Total General Government	\$ 580,570	\$ 277,313
<b><u>Proprietary</u></b>		
Replace Water Line in South Green Springs Area	\$ 141,603	\$ 6,274
12" Cast Iron Water Main, 13th Ave N to 9th Ave N	495	36,297
Baywoods I Sewer Replacement	212	15,540
Total Proprietary	\$ 142,310	\$ 58,111

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, 2016 were \$29,917.

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

Interfund transfers for the year ended September 30, 2016, consisted of the following:

Transfers from governmental funds:	
General fund	\$ 7,650
Community Redevelopment Agency	157,000
Capital Projects fund	994,130
Total transfers from	\$ 1,158,780
Transfers to governmental funds:	
General fund	\$ 257,000
Street Light fund	7,650
Debt Service fund	894,130
Total transfers to	\$ 1,158,780

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued):**

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

There were no interfund loans outstanding as of September 30, 2016.

**NOTE 6 – LONG TERM LIABILITIES:**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2016:

	Balance Sept. 30, 2015	Increases	Decreases	Balance Sept. 30, 2016	Amount Due Within One Year	Long Term Debt
<b>Governmental Activities</b>						
2012 Capital Improvement Revenue Note	\$ 2,050,000	\$ -	\$ 275,000	\$ 1,775,000	\$ 280,000	\$ 1,495,000
2008 Capital Improvement Revenue Note	2,971,000	-	455,000	2,516,000	471,000	2,045,000
2006 Capital Improvement Line of Credit	284,818	-	16,860	267,958	17,309	250,649
Capital lease of real property	235,000	-	5,000	230,000	5,000	225,000
Accrued compensated absences	736,210	638,075	668,221	706,064	28,357	677,707
OPEB liability	279,004	24,481	-	303,485	-	303,485
<b>Governmental activities total</b>	<b>6,556,032</b>	<b>662,556</b>	<b>1,420,081</b>	<b>5,798,507</b>	<b>801,666</b>	<b>4,996,841</b>
<b>Business-Type Activities</b>						
2012 Refunding Revenue Note	1,075,000	-	140,000	935,000	145,000	790,000
2006 Capital Improvement Revenue Note	6,520,665	-	385,212	6,135,473	397,268	5,738,205
Plus deferred amount on refunding	57,469	-	9,319	48,150	9,320	38,830
Total bonds payable	7,653,134	-	534,531	7,118,623	551,588	6,567,035
Accrued compensated absences	397,004	168,889	307,565	258,328	47,497	210,831
OPEB liability	128,996	9,519	-	138,515	-	138,515
<b>Business-type activities totals</b>	<b>8,179,134</b>	<b>178,408</b>	<b>842,096</b>	<b>7,515,466</b>	<b>599,085</b>	<b>6,916,381</b>
<b>Total all activities</b>	<b>\$ 14,735,166</b>	<b>\$ 840,964</b>	<b>\$ 2,262,177</b>	<b>\$ 13,313,973</b>	<b>\$ 1,400,751</b>	<b>\$ 11,913,222</b>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

**DEBT SERVICE**

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

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

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

	Governmental Activities				Business - Type Activities				
	Land Purchase	Library Expansion	Capital Improvements	Total	Refunding Water & Sewer Capital Improvements	Stormwater Capital Improvements	Water & Sewer Capital Improvements	Solid Waste Capital Improvements	Total
Issue Date	2012	2008	2006		2012	2006	2006	2006	
Retirement Date	2022	2020	2029		2022	2029	2029	2029	
Debt at Issuance	\$ 2,775,000	\$ 5,412,000	\$ 385,198	\$ 8,572,198	\$ 1,500,000	\$ 1,425,296	\$ 6,393,426	\$ 796,080	\$ 10,114,802
Outstanding Principal	\$ 1,775,000	\$ 2,516,000	\$ 267,958	\$ 4,558,958	\$ 935,000	\$ 1,021,650	\$ 4,547,118	\$ 566,705	\$ 7,070,473
Interest Rate	2.340%	3.340%	2.860%		2.340%	2.860%	2.860%	2.860%	
<b>Annual Debt Service</b>									
2017	\$ 318,260	\$ 547,159	\$ 24,988	\$ 890,407	\$ 165,183	\$ 95,102	\$ 423,798	\$ 52,819	\$ 736,902
2018	316,649	546,179	25,021	887,849	166,731	95,103	423,797	52,819	738,450
2019	314,921	546,665	25,022	886,608	168,163	95,102	423,797	52,819	739,881
2020	318,018	545,600	25,021	888,639	169,477	95,103	423,798	52,818	741,196
2021	315,940	545,964	25,022	886,926	165,733	95,103	423,797	52,819	737,452
Thereafter	318,685	-	200,618	519,303	166,930	771,990	3,390,380	422,550	4,751,850
	<u>\$ 1,902,473</u>	<u>\$ 2,731,567</u>	<u>\$ 325,692</u>	<u>\$ 4,959,732</u>	<u>\$ 1,002,216</u>	<u>\$ 1,247,503</u>	<u>\$ 5,509,367</u>	<u>\$ 686,644</u>	<u>\$ 8,445,730</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

**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, 2016 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2017	\$ 17,309	\$ 7,679	\$ 24,988
2018	17,838	7,183	25,021
2019	18,349	6,673	25,022
2020	18,873	6,148	25,021
2021	19,413	5,609	25,022
2022 - 2026	105,718	19,390	125,108
2027 - 2029	70,458	5,052	75,510
Total debt service	<u>\$ 267,958</u>	<u>\$ 57,734</u>	<u>\$ 325,692</u>

Year Ending September 30,	2008 Capital Improvement Revenue Note		
	Principal	Interest	Total
2017	\$ 471,000	\$ 76,159	\$ 547,159
2018	486,000	60,179	546,179
2019	503,000	43,665	546,665
2020	519,000	26,600	545,600
2021	537,000	8,964	545,964
Total debt service	<u>\$ 2,516,000</u>	<u>\$ 215,567</u>	<u>\$ 2,731,567</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2017	\$ 280,000	\$ 38,260	\$ 318,260
2018	285,000	31,649	316,649
2019	290,000	24,921	314,921
2020	300,000	18,018	318,018
2021	305,000	10,940	315,940
2022	315,000	3,685	318,685
Total debt service	<u>\$ 1,775,000</u>	<u>\$ 127,473</u>	<u>\$ 1,902,473</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

The annual debt service requirements for the business-type activities long-term debt as of September 30, 2016 are as follow:

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2017	\$ 397,268	\$ 173,982	\$ 571,250
2018	407,591	164,128	571,719
2019	419,247	152,471	571,718
2020	431,239	140,480	571,719
2021	443,572	128,147	571,719
2022 - 2026	2,415,565	454,201	2,869,766
2027 - 2029	1,620,522	95,101	1,715,623
Total debt service	<u>\$ 6,135,004</u>	<u>\$ 1,308,510</u>	<u>\$ 7,443,514</u>

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2017	\$ 145,000	\$ 20,183	\$ 165,183
2018	150,000	16,731	166,731
2019	155,000	13,163	168,163
2020	160,000	9,477	169,477
2021	160,000	5,733	165,733
2022	165,000	1,930	166,930
Total debt service	<u>\$ 935,000</u>	<u>\$ 67,216</u>	<u>\$ 1,002,216</u>

**Capital Lease**

The City entered into a lease-purchase agreement with the School Board of Pinellas County, Florida for property located at 0 Elm Street, Safety Harbor, which is the site of the former Secondary School that was demolished in 2009. The lease term is fifty (50) years for a purchase price of \$250,000 and requires annual installments of \$5,000 with no annual interest rate. The City may pay in full any time during the term of the lease the outstanding balance of the lease. The future minimum lease payment as of September 30, 2016 is \$230,000.

**NOTE 7 – PENSION PLANS:**

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

The City's pension expense totaled \$324,088 for the FRS Pension Plan, HIS Plan and Firefighters Pension Plan for the year ended September 30, 2016.

A. Florida Retirement System

**Plan Description**

The City contributes to the Florida Retirement System (FRS), a cost-sharing multiple employer Public Employees Retirement System (PERS) defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Administration and Division of Retirement and covers twenty-seven percent of all the City's full-time employees. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, health insurance subsidy, and survivor benefits to plan members and beneficiaries, respectively. The FRS was established in 1970 by Chapter 121, Florida Statutes. Changes to the law can be made only by an act of the Florida Legislature. Rules governing the operations and administration of the System may be found in Chapter 60S of the Florida Administrative Code. A comprehensive annual financial report of the Florida Retirement System, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

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

**Deferred Retirement Option Program (DROP)**

The FRS pension plan allows eligible members to participate in the Deferred Retirement Option Program (DROP). This program allows members to retire and continue working, drawing both salary and retirement benefits during participation in this program, up to 60 months. There were 10 employees participating in DROP as of September 30, 2016.

***Benefits Provided***

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

*Contributions*

Presently, the System requires a 3.00% contribution from covered members in the regular, special risk and senior management classes. The City is required to contribute an actuarially determined rate. The employers current contribution rates, based upon employees' gross earnings, are: regular employees, 7.52%; special risk, 22.57%; and senior management, 21.77%. The contribution requirements of the City are established by and may be amended by the State Legislature. The City's contributions to the System for the fiscal years ending September 30, 2016, 2015 and 2014 were approximately \$240,000, \$270,000, and \$384,000 respectively, equal to the required contributions for each year.

*Pension Costs*

At September 30, 2016, the City reported a liability of \$2,566,306 for its proportionate share of the FRS pension plan's net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on contributions made by the city to FRS during the measurement period relative to the total employer contributions made to FRS by all participating employers. At June 30, 2016, the City's proportion was .010163558%, which was a decrease of 9.8% from the proportion measured as of June 30, 2015.

The City recognized pension expense of \$285,915 for its proportionate share at September 30, 2016. The proportionate share of deferred outflows of resources and deferred inflows of resources were as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 196,496	\$ 23,894
Changes in Actuarial Assumptions	155,254	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	663,359	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	446,318
City Contributions Subsequent to the Measurement Date	55,150	-
<b>Total</b>	<b>\$ 1,070,259</b>	<b>\$ 470,212</b>

Amounts presented were determined as of June 30

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

A total of \$55,150 was reported as deferred outflows of resources as a result of contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2017	\$ 31,142
2018	31,142
2019	289,761
2020	188,512
2021	1,257
Thereafter	3,082

*Investments*

Investment management of assets contributed and held on behalf of the Florida Retirement System is provided by the State Board of Administration. Accounting and administration of benefits and contributions, commissions, actuarial studies and proposal rules and regulations for the administration of the FRS is provided by the Florida Division of Retirement. The State Legislature is responsible for setting contribution and benefit levels and providing the statutory guidance for the administration of the FRS. Plan target allocation as of September 30, 2016 was as follows:

<u>Investment Category</u>	<u>Target Allocations</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Assumed Inflation - mean		2.6%		1.9%

As of June 30, 2016, the money-weighted rate of return on pension plan investments, net of pension plan investment expense was 0.57 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

The components of the net pension liability (asset) at September 30, 2016 were as follows:

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

*Actuarial Methods & Assumptions:* Total pension liability was determined by actuarial valuation as of July 1, 2016, using the following actuarial assumptions:

Florida Retirement System	
Valuation Timing	Actuarially determined contribution rates for a given plan year are calculated in the valuation conducted as of the beginning of the preceding plan year.
Actuarial Cost Method	Ultimate entry age
Amortization Method	
Level percent or level dollar	Level Percent
Closed, open or layered periods	Closed, Layered
Amortization period at 7/1/2015	30 years
Payroll Growth rate	3.25%
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Asymptotic
Corridor	80% - 120% of fair market value
Inflation	2.60%
Salary Increases	
Investment Rate of Return	7.60%
Cost of Living Adjustments	3% for pre-July 2011 benefit service; 0% thereafter
Retirement Age	Varies by tier, membership class; details in valuation report
Turnover	Varies by tier, membership class; details in valuation report
Mortality	Generational RP-2000 with Projection Scale BB

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study completed in 2014 for the period July 1, 2008 through June 30, 2013.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability calculated using the current discount rate of 7.60%, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (6.60 percent) and 1-percentage-point higher (8.60 percent).

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

	1% Decrease 6.60%	Current Rate 7.60%	1% Increase 8.60%
FRS Net Pension Liability	\$ 46,487,103,997	\$ 25,250,078,485	\$ 7,573,059,453
City's proportion of net pension liability (asset)	4,724,743	2,566,306	769,692

Amounts presented were determined as of June 30

Retiree Health Insurance Subsidy Program

**Plan Description**

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

**Plan Benefits**

The Program provides a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

**Contributions**

The HIS plan is funded by required contributions from FRS participating employers set by the Florida Legislature. Employer contributions are a percentage of gross compensation for active FRS members. The City is required to contribute an actuarially determined rate. The contribution requirements of the City are established by and may be amended by the State Legislature. Pursuant to Section 112.363, Florida Statutes, for October thru June of fiscal year ended September 30, 2016, the contribution rate was 1.66 percent of gross compensation. For July thru September of fiscal year ended September 30, 2016 the contribution rate was 1.66 percent of gross compensation. The City's contributions to the HIS plan for fiscal years ending September 30, 2016, 2015 and 2014 were approximately \$37,400, \$32,700, and \$32,200 respectively, equal to the required contributions for each year.

*Pension Costs*

At September 30, 2016, the City reported a liability of \$864,484 for its proportionate share of the HIS pension plan's net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

proportion of the net pension liability was based on contributions made by the city during the measurement period relative to the total employer contributions made by all participating employers. At June 30, 2016, the City’s proportion was .007417542%, which was a decrease of 8.3% from the same as the proportion measured as of June 30, 2015.

The City recognized pension expense of \$38,173 for its proportionate share at September 30, 2016. The proportionate share of deferred outflows of resources and deferred inflows of resources were as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 1,969
Changes in Actuarial Assumptions	135,659	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	437	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	172,392
City Contributions Subsequent to the Measurement Date	8,619	-
Total	<u>\$ 144,715</u>	<u>\$ 174,361</u>

Amounts presented were determined as of June 30

A total of \$8,619 was reported as deferred outflows of resources as a result of contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30	Amount
2017	\$ (9,637)
2018	(9,637)
2019	(9,721)
2020	(12,015)
2021	(1,667)
Thereafter	4,413

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

Actuarial Assumptions

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

	<u>HIS Pension Plan Assumptions</u>
Valuation date	7/1/2016
Measurement date	6/30/2016
Inflation	2.60%
Salary increases (including inflation)	3.25%
Mortality	Generational RP-2000 with Projection Scale BB tables
Actuarial cost Method	Individual Entry Age
Municipal Bond Rate*	2.85%

\*The municipal rate used to determine total pension liability decreased from 3.80% to 2.85%

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an experience study of the FRS Pension Plan in 2014 for the period July 1, 2008 through June 30, 2013.

The discount rate used to measure the total pension liability was 2.85% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the municipal bond index.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability calculated using the current discount rate of 2.85 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (1.85 percent) and 1-percentage-point higher (3.85 percent).

	<u>1% Decrease</u> 1.85%	<u>Current Rate</u> 2.85%	<u>1% Increase</u> 3.85%
HIS Net Pension Liability	\$ 13,370,457,697	\$ 11,654,585,746	\$ 10,230,505,691
City's proportion of net pension liability (asset)	991,760	864,484	758,852

Amounts presented were determined as of June 30

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

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

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 \$340,180 for the year ended September 30, 2016. 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 2016 for the City Manager was \$17,398.

C. Firefighters' Pension Plan

**Plan Description**

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

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

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

*Plan Membership.* At September 30, 2016, pension plan membership consists of the following:

Membership Classification	Number of Plan Members
Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	17
	19

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

*Contributions.* Plan members are required to contribute 1 percent of their annual covered salary. The City's contribution to the fund is determined by actuarial valuation. The City is required to contribute an amount equal to the minimum required contribution as a percentage of covered payroll. The employee contribution requirement may be amended by City ordinance but the employer contribution requirement is subject to State minimums. The City's contribution of \$264,590 (24.14 percent of covered payroll) for 2016 is reflected in the departmental expenditures section of the General Fund. The State of Florida levies a tax on property, casualty and auto insurance premiums, the proceeds of which are distributed to the Plan. The State of Florida's contribution to the retirement trust fund was \$128,897 for 2016 and represents on-behalf payments of fringe benefits and salaries that are reflected as both revenue and expenditures in the General Fund and government wide statements.

*Pension Expense and Deferred Outflows and Inflows of Resources.* At September 30, 2016, the City reported a net pension asset of \$1,224,802. The net pension asset was measured as of September 30, 2016. The City recognized pension expense of \$334,669 at September 30, 2016. Deferred outflows of resources and deferred inflows of resources were as follows:

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 177,483
Changes in Actuarial Assumptions	1,370,754	482,320
Net Difference Between Projected and Actual Earnings on Firefighter Pension Plan Investments	258,062	-
City Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 1,628,816</u>	<u>\$ 659,803</u>

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

Year Ended September 30	Amount
2017	\$ 143,386
2018	143,384
2019	162,704
2020	46,660
2020	59,518
Thereafter	413,359

**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, 2016 was as follows:

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

For the year ended September 30, 2016, the long term investment rate of return assumption was 7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

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

**Net Pension Liability (Asset)**

The components of the net pension liability (asset) at September 30, 2016, were as follows:

Total pension liability	\$	5,137,120
Plan fiduciary net position		(6,361,922)
City's net pension liability (asset)	<u>\$</u>	<u>(1,224,802)</u>
 Plan fiduciary net position as a percentage of total pension liability		 123.84%

*Actuarial Methods & Assumptions:* Total pension liability was determined by actuarial valuation as of September 30, 2016, using the following actuarial assumptions:

	Firefighters Pension Plan
Actuarial valuation date	10/1/2015
Measurement date	9/30/2016
Actuarial cost method	Aggregate Cost**
Asset valuation method	Market value
Discount rate*	7.00% per annum
Salary increases	4.50% per annum
Cost of living increases	2.00% per annum

\*The discount rate was used to discount all future benefit payments (2.92 % per annum is attributable to long-term inflation).

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

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

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

*Rate of Return:* The long-term expected real rate of return on plan asset classes as of September 30, 2016 are as follows:

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

*Changes in Net Pension Liability:*

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance as of September 30, 2015	\$ 3,083,937	\$ (5,526,007)	(2,442,070)
Changes due to:			
Service Cost	338,895	-	338,895
Expected Interest Growth	239,563	(399,621)	(160,058)
Unexpected Investment Income	-	(64,282)	(64,282)
Demographic Experience	(5,117)	-	(5,117)
Employer Contributions	-	(389,600)	(389,600)
Employee Contributions	-	(12,244)	(12,244)
Benefit Payments & Refunds	(5,142)	5,142	-
Administrative Expenses	-	24,690	24,690
Changes in Benefit Terms	-	-	-
Assumption Changes	1,484,984	-	1,484,984
Balance as of September 30, 2016	<u>\$ 5,137,120</u>	<u>\$ (6,361,922)</u>	<u>\$ (1,224,802)</u>

*Sensitivity of the net pension liability (asset) to changes in the discount rate:* The following presents the net pension asset calculated using the current discount rate of 7.00 percent, along with what the net pension liability would be if the discount rate used was 1-percentage-point lower (6.00 percent) and 1- percentage-point higher (8.00 percent).

	<u>1% Decrease 6.00%</u>	<u>Current Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Total pension liability	\$ 6,125,229	\$ 5,137,120	\$ 4,342,957
Fiduciary net position	(6,361,922)	(6,361,922)	(6,361,922)
Net pension liability (asset)	<u>\$ (236,693)</u>	<u>\$ (1,224,802)</u>	<u>\$ (2,018,965)</u>

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

**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, 2016.

**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, 2016, the City estimated a \$43,000 subsidy of health care costs for its retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 97,000
Interest on net OPEB obligation	16,000
Adjustment to annual required contribution	<u>(35,000)</u>
Annual OPEB cost (expense)	78,000
Contributions made	<u>(43,000)</u>
Interest on Employer Contributions	(1,000)
Increase in net OPEB obligation	34,000
Net OPEB obligation - beginning of year	408,000
Net OPEB obligation - end of year	<u><u>\$ 442,000</u></u>

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

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

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

<u>Fiscal Year</u> <u>End</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>% of Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
9/30/2016	\$ 78,000	56%	\$ 442,000
9/30/2015	79,000	56%	408,000
9/30/2014	110,000	37%	373,000

**Funding Status and Funding Progress**

The unfunded actuarial accrued liability for other post employee benefits was \$647,000 and an actuarial value of assets of zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$647,000 as of September 30, 2016. The covered payroll (annual payroll of active employees covered by the plan) was \$6,928,000, and the ratio of the UAAL to the covered payroll was 9.3 percent.

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

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

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

**Actuarial Methods and Assumptions**

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

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

**NOTE 10 – REDEVELOPMENT TRUST FUND**

Pursuant to Florida Statute 163.387, the schedule below provides a summary of the sources of deposits into, and the amount and purpose of withdrawals from, the Redevelopment Trust Fund (Community Redevelopment Agency Fund) for the fiscal year ended September 30, 2016.

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Ad valorem taxes	\$ 162,569	\$ -
Ad valorem taxes from Pinellas County	215,605	-
Miscellaneous revenue	5,000	-
Interest and investment income	11,142	-
Purpose of withdrawals:		
Personal services	-	39,555
Decorative lighting	-	4,826
District fees	-	670
Downtown Parking Improvements	-	2,353
Downtown Parking Lease	-	1,650
Façade and partnership incentives	-	26,482
Jolley Trolley	-	26,368
Land lease - CSX	-	438
LED Lighting	-	21,452
Public Art Committee	-	11,660
Signage	-	3,350
Art Center Parking	-	24,274
Mullet Creek Bridge improvements	-	2,340
Museum improvements	-	1,750
Transfer to General fund for Waterfront Park repayment	-	157,000
Totals	<u>\$ 394,316</u>	<u>\$ 324,168</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, 2016. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2016. In addition, there have been no settlements that exceeded the City’s insurance coverage in any of the past three fiscal years.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Resources (inflows):</b>				
Property taxes	\$ 4,113,200	\$ 4,113,200	\$ 4,012,278	\$ (100,922)
Utility taxes	2,409,260	2,420,210	2,322,071	(98,139)
Local business tax	152,390	152,390	141,389	(11,001)
Local option tax	160,000	160,000	106,534	(53,466)
Franchise fees	1,530,170	1,490,630	1,347,753	(142,877)
Licenses and permits	238,900	238,900	244,417	5,517
Impact fees	-	-	-	-
Sales tax	1,080,610	1,123,640	1,151,421	27,781
Intergovernmental	1,819,130	1,819,130	1,835,590	16,460
Charges for services	1,009,630	1,017,130	902,613	(114,517)
Fines and forfeitures	35,800	35,800	40,328	4,528
Interest income and net appreciation in fair value of investments	135,450	135,450	159,465	24,015
Contributions and donations	15,500	15,500	15,000	(500)
Other	1,046,210	1,048,370	1,059,184	10,814
Amounts available for appropriation	<u>13,746,250</u>	<u>13,770,350</u>	<u>13,338,043</u>	<u>(432,307)</u>
<b>Charges to appropriations (outflows):</b>				
<b>General Government:</b>				
City Commission	155,910	155,910	146,546	9,364
City Manager	192,980	192,980	181,532	11,448
City Clerk	155,130	155,130	137,145	17,985
Finance	246,100	251,850	243,151	8,699
Personnel	180,180	157,340	149,074	8,266
Planning <sup>(1)</sup>	301,423	293,314	314,212	(20,898)
City Attorney	137,380	137,380	133,231	4,149
Nondepartmental	344,305	326,867	297,302	29,565
Maintenance	636,640	672,140	613,864	58,276
Nonoperating	328,950	328,590	328,590	-
Total general government	<u>2,678,998</u>	<u>2,671,501</u>	<u>2,544,647</u>	<u>126,854</u>
<b>Public Safety:</b>				
Law enforcement	1,260,400	1,260,400	1,260,277	123
Fire protection	3,730,065	3,807,764	3,716,483	91,281
Building department	399,020	399,020	385,827	13,193
Total public safety	<u>5,389,485</u>	<u>5,467,184</u>	<u>5,362,587</u>	<u>104,597</u>
Physical environment	<u>426,428</u>	<u>421,982</u>	<u>417,432</u>	<u>4,550</u>
Transportation	<u>767,864</u>	<u>703,714</u>	<u>676,525</u>	<u>27,189</u>

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and recreation:				
Library	1,289,797	1,286,780	1,204,159	82,621
Parks and recreation	3,048,420	3,000,728	2,770,407	230,321
Total culture and recreation	<u>4,338,217</u>	<u>4,287,508</u>	<u>3,974,566</u>	<u>312,942</u>
Capital outlay	<u>97,955</u>	<u>95,072</u>	<u>83,646</u>	<u>11,426</u>
Other Financing Sources (Uses)				
Transfers in from other funds	257,000	257,000	257,000	-
Transfers out to other funds	(7,650)	(7,650)	(7,650)	-
Total Other Financing Sources	<u>249,350</u>	<u>249,350</u>	<u>249,350</u>	<u>-</u>
Total charges to appropriations	<u>13,706,597</u>	<u>13,654,611</u>	<u>13,067,053</u>	<u>587,558</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>296,653</u>	<u>372,739</u>	<u>527,990</u>	<u>(1,019,865)</u>
Appropriated fund balance	<u>(296,653)</u>	<u>(372,739)</u>	<u>-</u>	<u>372,739</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 527,990</u>	<u>\$ (647,126)</u>

<sup>(1)</sup> Planning expenditures over budget due to salaries and fringes separation payout

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – COMMUNITY REDEVELOPMENT AGENCY FUND  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Property taxes	\$ 381,560	\$ 378,180	\$ 378,174	\$ (6)
Miscellaneous revenue	10,000	5,000	5,000	-
Interest income and net appreciation in fair value of investments	<u>5,610</u>	<u>9,832</u>	<u>11,142</u>	<u>1,310</u>
Amounts available for appropriation	<u>397,170</u>	<u>393,012</u>	<u>394,316</u>	<u>1,304</u>
Charges to appropriations (outflows):				
General government	259,865	142,631	138,804	3,827
Capital outlay	236,086	28,364	28,364	-
Transfers out to other funds	<u>157,000</u>	<u>157,000</u>	<u>157,000</u>	<u>-</u>
Total charges to appropriations	<u>652,951</u>	<u>327,995</u>	<u>324,168</u>	<u>3,827</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(255,781)</u>	<u>65,017</u>	<u>70,148</u>	<u>(5,131)</u>
Appropriated fund balance	<u>255,781</u>	<u>(65,017)</u>	<u>-</u>	<u>65,017</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,148</u>	<u>\$ 70,148</u>
Explanation of differences between budgetary outflows and expenditures determined in accordance with GAAP:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule			\$ 324,168	
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposed			<u>157,000</u>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds			<u>\$ 167,168</u>	

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
 FLORIDA RETIREMENT SYSTEM PENSION PLAN<sup>1</sup>  
 YEAR ENDED SEPTEMBER 30, 2016

	2016	2015
City's proportion of the net pension liability	0.010163558%	0.011264343%
City's proportionate share of the net pension liability (asset)	\$ 2,566,306	\$ 1,454,941
Plan fiduciary net position as a percentage of the total pension liability (asset)	92%	92%
City's covered-employee payroll	\$ 2,319,170	\$ 2,451,390
City's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	111%	59%

Amounts presented were determined as of June 30

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF THE CITY'S CONTRIBUTIONS –  
 FLORIDA RETIREMENT SYSTEM PENSION PLAN<sup>1</sup>  
 YEAR ENDED SEPTEMBER 30, 2016

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

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
 HEALTH INSURANCE SUBSIDY PENSION PLAN<sup>1</sup>  
 YEAR ENDED SEPTEMBER 30, 2016

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

Amounts presented were determined as of June 30.

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF CITY CONTRIBUTIONS –  
 HEALTH INSURANCE SUBSIDY PENSION PLAN<sup>1</sup>  
 YEAR ENDED SEPTEMBER 30, 2016

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

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –  
FIREFIGHTERS' RETIREMENT FUND  
YEAR ENDED SEPTEMBER 30, 2016

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

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

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF CONTRIBUTIONS –  
 FIREFIGHTERS’ RETIREMENT FUND  
 YEAR ENDED SEPTEMBER 30, 2016

Year ended September 30,	Actuarially Determined Contribution (a)	Contributions Recognized By the Plan (b)	Contribution Excess (Deficiency) (b-a)	Covered- Employee Payroll (d)	Contribution Excess (Deficiency) as a % of Covered Payroll ((b-a)/d)
2016	\$ 337,319	\$ 389,600	\$ 52,281	\$ 1,133,154	34.38%
2015	235,025	403,688	168,663	1,062,547	37.99%
2014	253,234	395,359	142,125	1,076,940	13.20%
2013	276,436	276,436	-	996,003	0.00%
2012	305,507	305,507	-	907,930	0.00%
2011	300,585	300,585	-	975,490	0.00%
2010	318,522	318,522	-	971,356	0.00%
2009	647,907	647,907	-	N/A	N/A
2008	248,488	248,488	-	759,761	0.00%
2007	178,523	178,523	-	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, 2016

<u>Year Ended September 30,</u>	<u>Market Value Return</u>	<u>Actuarial Value Return</u>	<u>Assumed Return</u>
2016	8.12%	-2.77%	7.00%
2015	-1.64%	-1.71%	7.00%
2014	9.15%	10.21%	7.00%
2013	12.20%	15.00%	7.50%
2012	16.91%	21.38%	7.50%
2011	0.54%	0.68%	7.50%
2010	9.30%	11.86%	7.50%
2009	3.64%	5.24%	7.50%
2008	-12.98%	-20.49%	7.50%
2007	11.58%	19.80%	7.50%
10 yr. Avg.	5.35%	5.20%	7.35%

See Independent Auditor’s Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF FUNDING PROGRESS -  
 OTHER POSTEMPLOYMENT BENEFITS  
 YEAR ENDED SEPTEMBER 30, 2016

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

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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SAFETY HARBOR FLORIDA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2016

Firefighters' Pension Plan

*Actuarial assumptions and methods.* The amounts reported for the year ended September 30, 2016 are based on the October 1, 2015 actuarial valuation. This valuation used the aggregate cost actuarial method. Information about funded status and funded progress is prepared using the entry age normal cost method due to the aggregate actuarial cost method not identifying or separately amortizing unfunded actuarial liabilities. Assets were valued using the market value method. The discount rate used was 7.00% and the valuation assumes per annum increases in salaries at a rate of 4.50% and cost-of-living at a rate of 2.00%

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

*Changes to assumptions.* Amounts reported for the year ended September 30, 2016 reflect a decrease in the discount rate to 7.00% per annum from the prior measurement dates reported discount rate of 9.08%.

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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, 2016**

	Public Safety	Street Improvement	Street Assessment	Marina Boat Basin	City Tree Bank	Multimodal Impact Fee	Transportation Impact Fee	Library Impact Fee	Street Light Assessment	Parkland	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
<b>Assets</b>													
Cash and cash equivalents	\$ 25,420	\$ 596,220	\$ 32,114	\$ 139,411	\$ 8,070	\$ 42,327	\$ 532,701	\$ 33,971	\$ 72,872	\$ 432,079	\$ 1,915,185	\$ 139,534	\$ 2,054,719
Receivables, net:													
Accounts receivable	55	1,029	4,379	3,693	20	93	1,006	71	14,349	793	25,488	16,418	41,906
Due from other governments	-	39,515	-	-	-	-	-	-	-	-	39,515	-	39,515
<b>Total assets</b>	<b>\$ 25,475</b>	<b>\$ 636,764</b>	<b>\$ 36,493</b>	<b>\$ 143,104</b>	<b>\$ 8,090</b>	<b>\$ 42,420</b>	<b>\$ 533,707</b>	<b>\$ 34,042</b>	<b>\$ 87,221</b>	<b>\$ 432,872</b>	<b>\$ 1,980,188</b>	<b>\$ 155,952</b>	<b>\$ 2,136,140</b>
<b>Liabilities and Fund Balances</b>													
<b>Liabilities:</b>													
Accounts payable	\$ -	\$ 430,235	\$ -	\$ 300	\$ 91	\$ 20,623	\$ 13,148	\$ -	\$ 20,746	\$ -	\$ 485,143	\$ -	\$ 485,143
Accrued liabilities	-	-	-	191	-	-	-	-	-	-	191	-	191
Customer deposits	-	-	-	5,790	-	-	-	-	-	-	5,790	-	5,790
Deferred revenue	-	-	1,256	-	-	-	-	-	-	-	1,256	-	1,256
<b>Total liabilities</b>	<b>-</b>	<b>430,235</b>	<b>1,256</b>	<b>6,281</b>	<b>91</b>	<b>20,623</b>	<b>13,148</b>	<b>-</b>	<b>20,746</b>	<b>-</b>	<b>492,380</b>	<b>-</b>	<b>492,380</b>
<b>Fund Balances</b>													
<b>Restricted for:</b>													
Fire protection	23,071	-	-	-	-	-	-	-	-	-	23,071	-	23,071
Transportation	-	-	35,237	-	-	21,797	256,617	-	39,967	-	353,618	-	353,618
Library	-	-	-	-	-	-	-	33,705	-	-	33,705	-	33,705
Debt service	-	-	-	-	-	-	-	-	-	-	-	155,952	155,952
<b>Committed to:</b>													
Physical environment	-	-	-	119,264	-	-	-	-	-	-	119,264	-	119,264
Public safety	-	-	-	-	7,929	-	-	-	-	-	7,929	-	7,929
<b>Assigned to:</b>													
Fire protection	2,404	-	-	-	-	-	-	-	-	-	2,404	-	2,404
Library	-	-	-	-	-	-	-	337	-	-	337	-	337
Public safety	-	-	-	-	70	-	-	-	-	-	70	-	70
Physical environment	-	-	-	17,559	-	-	-	-	-	-	17,559	-	17,559
Transportation	-	206,529	-	-	-	-	263,942	-	26,508	-	496,979	-	496,979
Parks and recreation	-	-	-	-	-	-	-	-	-	432,872	432,872	-	432,872
<b>Total fund balances</b>	<b>25,475</b>	<b>206,529</b>	<b>35,237</b>	<b>136,823</b>	<b>7,999</b>	<b>21,797</b>	<b>520,559</b>	<b>34,042</b>	<b>66,475</b>	<b>432,872</b>	<b>1,487,808</b>	<b>155,952</b>	<b>1,643,760</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,475</b>	<b>\$ 636,764</b>	<b>\$ 36,493</b>	<b>\$ 143,104</b>	<b>\$ 8,090</b>	<b>\$ 42,420</b>	<b>\$ 533,707</b>	<b>\$ 34,042</b>	<b>\$ 87,221</b>	<b>\$ 432,872</b>	<b>\$ 1,980,188</b>	<b>\$ 155,952</b>	<b>\$ 2,136,140</b>

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2016

	Public Safety	Street Improvement	Street Assessment	Marina Boat Basin	City Tree Bank	Multimodal Impact Fee	Transportation Impact Fee	Library Impact Fee	Street Light Assessment	Parkland	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
Revenues:													
Local option taxes	\$ -	\$ 247,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,311	\$ -	\$ 247,311
Impact fees	10,817	-	-	-	-	21,907	13,966	11,107	-	9,135	66,932	-	66,932
Special assessments	-	-	100	-	-	-	-	-	246,423	-	246,523	-	246,523
Charges for services	-	-	-	39,435	5,840	-	-	-	-	-	45,275	-	45,275
Interest income and net appreciation in fair value of investments	382	9,656	-	3,738	70	(110)	9,165	337	1,281	10,260	34,779	-	34,779
<b>Total revenues</b>	<b>11,199</b>	<b>256,967</b>	<b>100</b>	<b>43,173</b>	<b>5,910</b>	<b>21,797</b>	<b>23,131</b>	<b>11,444</b>	<b>247,704</b>	<b>19,395</b>	<b>640,820</b>	<b>-</b>	<b>640,820</b>
Expenditures:													
Current operating:													
Building department	-	-	-	-	251	-	-	-	-	-	251	-	251
Physical environment	-	-	-	51,816	-	-	-	-	-	-	51,816	-	51,816
Transportation	-	138,733	-	-	-	-	-	-	260,020	-	398,753	-	398,753
Parks and recreation	-	-	-	-	-	-	-	-	-	28,493	28,493	-	28,493
Capital outlay	-	458,214	-	134,097	-	-	-	-	-	155,207	747,518	-	747,518
Debt service													
Capital lease principal	-	-	-	-	-	-	-	-	-	5,000	5,000	-	5,000
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	746,860	746,860
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	129,645	129,645
<b>Total expenditures</b>	<b>-</b>	<b>596,947</b>	<b>-</b>	<b>185,913</b>	<b>251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260,020</b>	<b>188,700</b>	<b>1,231,831</b>	<b>876,505</b>	<b>2,108,336</b>
Excess (deficiency) of revenues over (under) expenditures	11,199	(339,980)	100	(142,740)	5,659	21,797	23,131	11,444	(12,316)	(169,305)	(591,011)	(876,505)	(1,467,516)
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	-	7,650	-	7,650	894,130	901,780
Total other financing sources (uses)	-	-	-	-	-	-	-	-	7,650	-	7,650	894,130	901,780
Net change in fund balances	11,199	(339,980)	100	(142,740)	5,659	21,797	23,131	11,444	(4,666)	(169,305)	(583,361)	17,625	(565,736)
Fund balances, beginning of year	14,276	546,509	35,137	279,563	2,340	-	497,428	22,598	71,141	602,177	2,071,169	138,327	2,209,496
Fund balances, end of year	<b>\$ 25,475</b>	<b>\$ 206,529</b>	<b>\$ 35,237</b>	<b>\$ 136,823</b>	<b>\$ 7,999</b>	<b>\$ 21,797</b>	<b>\$ 520,559</b>	<b>\$ 34,042</b>	<b>\$ 66,475</b>	<b>\$ 432,872</b>	<b>\$ 1,487,808</b>	<b>\$ 155,952</b>	<b>\$ 1,643,760</b>

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – PUBLIC SAFETY  
 YEAR ENDED SEPTEMBER 30, 2016

	<b>Budget Amounts</b>		<b>Actual Amount (Budgetary Basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Resources (inflows):				
Impact fees	\$ 7,470	\$ 7,470	\$ 10,817	\$ 3,347
Interest income and net appreciation in fair value of investments	<u>250</u>	<u>250</u>	<u>382</u>	<u>132</u>
Amounts available for appropriation	<u>7,720</u>	<u>7,720</u>	<u>11,199</u>	<u>3,479</u>
Charges to appropriations (outflows):				
Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of resources over charges to appropriations	7,720	7,720	11,199	3,479
Appropriated fund balance	<u>(7,720)</u>	<u>(7,720)</u>	<u>-</u>	<u>7,720</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,199</u>	<u>\$ 11,199</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – STREET IMPROVEMENT  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Local option taxes	\$ 244,700	\$ 244,700	\$ 247,311	\$ 2,611
Interest income and net appreciation in fair value of investments	12,850	12,850	9,656	(3,194)
Amounts available for appropriation	<u>257,550</u>	<u>257,550</u>	<u>256,967</u>	<u>(583)</u>
Charges to appropriations (outflows):				
Transportation	530,060	473,420	138,733	334,687
Capital outlay	<u>221,752</u>	<u>188,857</u>	<u>458,214</u>	<u>(269,357)</u>
Total charges to appropriations	<u>751,812</u>	<u>662,277</u>	<u>596,947</u>	<u>65,330</u>
(Deficiency) excess of resources (under) over charges to appropriations	(494,262)	(404,727)	(339,980)	64,747
Appropriated fund balance	<u>494,262</u>	<u>404,727</u>	<u>-</u>	<u>(404,727)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (339,980)</u>	<u>\$ (339,980)</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – STREET ASSESSMENT  
 YEAR ENDED SEPTEMBER 30, 2016

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

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – MARINA BOAT BASIN  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Revenues:				
Charges for services	\$ 43,080	\$ 43,080	\$ 39,435	\$ (3,645)
Interest income and net appreciation in fair value of investments	<u>6,990</u>	<u>6,990</u>	<u>3,738</u>	<u>(3,252)</u>
Amounts available for appropriations	<u>50,070</u>	<u>50,070</u>	<u>43,173</u>	<u>(6,897)</u>
Charges to appropriations (outflows):				
Physical environment	52,950	52,950	51,816	1,134
Capital Outlay	<u>169,207</u>	<u>160,668</u>	<u>134,097</u>	<u>26,571</u>
Total charges to appropriations	<u>222,157</u>	<u>213,618</u>	<u>185,913</u>	<u>27,705</u>
Excess of resources over charges to appropriations	(172,087)	(163,548)	(142,740)	20,808
Appropriated fund balance	<u>172,087</u>	<u>163,548</u>	<u>-</u>	<u>(163,548)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (142,740)</u>	<u>\$ (142,740)</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – CITY TREE BANK  
 YEAR ENDED SEPTEMBER 30, 2016

	Budget Amounts		Actual Amount	Variance with Final Budget
	Original	Final	(Budgetary Basis)	
	Resources (inflows):			
Charges for services	5,000	6,000	5,840	(160)
Interest income and net appreciation in fair value of investments	-	-	70	70
Amounts available for appropriation	5,000	6,000	5,910	(90)
Charges to appropriations (outflows):				
Public safety	2,875	355	251	104
Total charges to appropriations	2,875	355	251	104
Excess (deficiency) of resources over (under) charges to appropriations	2,125	5,645	5,659	14
Appropriated fund balance	(2,125)	(5,645)	-	5,645
Excess of resources over charges to appropriations	\$ -	\$ -	\$ 5,659	\$ 5,659

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – MULTIMODAL IMPACT FEE  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Impact fees	\$ -	\$ 19,790	\$ 21,907	\$ 2,117
Interest income and net appreciation in fair value of investments	-	50	(110)	(160)
Amounts available for appropriation	-	19,840	21,797	1,957
Excess (deficiency) of resources over (under) charges to appropriations	-	19,840	21,797	1,957
Appropriated fund balance	-	(19,840)	-	19,840
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,797</u>	<u>\$ 21,797</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – TRANSPORTATION IMPACT FEE  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Impact fees	\$ 36,580	\$ 36,580	\$ 13,966	\$ (22,614)
Interest income and net appreciation in fair value of investments	<u>5,800</u>	<u>5,800</u>	<u>9,165</u>	<u>3,365</u>
Amounts available for appropriation	<u>42,380</u>	<u>42,380</u>	<u>23,131</u>	<u>(19,249)</u>
Excess (deficiency) of resources over (under) charges to appropriations	42,380	42,380	23,131	(19,249)
Appropriated fund balance	<u>(42,380)</u>	<u>(42,380)</u>	<u>-</u>	<u>42,380</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,131</u>	<u>\$ 23,131</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – LIBRARY IMPACT FEE FUND  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
	Resources (inflows):			
Impact fees	\$ 6,900	\$ 6,900	\$ 11,107	\$ 4,207
Interest income and net appreciation in fair value of investments	-	-	337	337
Amounts available for appropriation	<u>6,900</u>	<u>6,900</u>	<u>11,444</u>	<u>4,544</u>
Excess (deficiency) of resources over (under) charges to appropriations	6,900	6,900	11,444	4,544
Appropriated fund balance	<u>(6,900)</u>	<u>(6,900)</u>	<u>-</u>	<u>6,900</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,444</u>	<u>\$ 11,444</u>

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – STREET LIGHT ASSESSMENT FUND  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Special assessment	\$ 245,770	\$ 245,770	\$ 246,423	\$ 653
Intergovernmental	3,520	3,520	-	(3,520)
Interest income and net appreciation in fair value of investments	1,150	1,150	1,281	131
Transfers in from other funds	7,650	7,650	7,650	-
	<u>258,090</u>	<u>258,090</u>	<u>255,354</u>	<u>(2,736)</u>
Amounts available for appropriations				
Charges to appropriations (outflows):				
Transportation	285,400	285,400	260,020	25,380
	<u>285,400</u>	<u>285,400</u>	<u>260,020</u>	<u>25,380</u>
Total charges to appropriations				
(Deficiency) excess of resources (under) over charges to appropriations	(27,310)	(27,310)	(4,666)	22,644
Appropriated fund balance	<u>27,310</u>	<u>27,310</u>	<u>-</u>	<u>(22,644)</u>
(Deficiency) excess of resources (under) over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,666)</u>	<u>\$ -</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule			\$ 255,354	
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>\$ 247,704</u>	

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – PARKLAND FUND  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Resources (inflows):				
Impact fees	\$ 9,900	\$ 9,900	\$ 9,135	\$ (765)
Interest income and net appreciation in fair value of investments	17,280	17,280	10,260	(7,020)
Grants and contributions	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Amounts available for appropriations	<u>277,180</u>	<u>277,180</u>	<u>19,395</u>	<u>(257,785)</u>
Charges to appropriations (outflows) -				
Parks and recreation	33,700	31,630	28,493	3,137
Capital outlay	500,000	662,413	155,207	507,206
Capital lease principal	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total charges to appropriations	<u>538,700</u>	<u>699,043</u>	<u>188,700</u>	<u>510,343</u>
Excess of resources over charges to appropriations	(261,520)	(421,863)	(169,305)	(768,128)
Appropriated fund balance	<u>261,520</u>	<u>421,863</u>	<u>-</u>	<u>768,128</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,305)</u>	<u>\$ -</u>
Explanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule			\$ 188,700	
Differences - budget to GAAP				
Capital lease payments are outflows of budgetary resources but are not expenditures for financial reporting purposed			<u>5,000</u>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds			<u>\$ 183,700</u>	

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE  
 YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Revenues:				
Transfers from other funds	\$ 894,130	\$ 894,130	\$ 894,130	\$ -
Amount available for appropriations	<u>894,130</u>	<u>894,130</u>	<u>894,130</u>	<u>-</u>
Charges to appropriations (outflows):				
Principal payments	746,860	746,860	746,860	-
Interest and other fiscal charges	<u>144,930</u>	<u>144,930</u>	<u>129,645</u>	<u>15,285</u>
Total charges to appropriations	<u>891,790</u>	<u>891,790</u>	<u>876,505</u>	<u>15,285</u>
Deficiency of resources under charges to appropriations	2,340	2,340	17,625	15,285
Appropriated fund balance	<u>(2,340)</u>	<u>(2,340)</u>	<u>-</u>	<u>2,340</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,625</u>	<u>\$ 17,625</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule			\$ 894,130	
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes			<u>894,130</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds			<u>\$ -</u>	

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUND  
 YEAR ENDED SEPTEMBER 30, 2016

	<b>Budget Amounts</b>		<b>Actual Amount (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Resources (inflows):</b>				
Local option taxes	\$ 1,655,880	\$ 1,655,880	\$ 1,728,746	\$ 72,866
Intergovernmental	247,000	103,328	103,328	-
Interest income and net appreciation in fair value of investments	90,810	90,810	22,981	(67,829)
Contributions and donations	3,400	3,400	9,387	5,987
<b>Amounts available for appropriation</b>	<b>1,997,090</b>	<b>1,853,418</b>	<b>1,864,442</b>	<b>11,024</b>
<b>Charges to appropriations (outflows):</b>				
Other Non-Capitalized	-	-	21,601	(21,601)
Capital outlay	1,069,190	1,803,631	1,166,417	637,214
Transfers to other funds	994,130	994,130	994,130	-
<b>Total charges to appropriations</b>	<b>2,063,320</b>	<b>2,797,761</b>	<b>2,182,148</b>	<b>615,613</b>
Excess (deficiency) of resources over (under) charges to appropriations	(66,230)	(944,343)	(317,706)	(626,637)
Appropriated fund balance	66,230	944,343	-	(944,343)
Excess (deficiency) of resources over (under) charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (317,706)</u>	<u>\$ 317,706</u>
<b>Explanation of differences between budgetary outflows and GAAP expenditures:</b>				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule			\$ 2,182,148	
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes			<u>994,130</u>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances of governmental funds			<u>\$ 1,188,018</u>	

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**OTHER SUPPLEMENTAL SCHEDULES**

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CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL AND BUDGET  
FIRE DISTRICT AND EMERGENCY MEDICAL SERVICES SUB-FUNDS  
YEAR ENDED SEPTEMBER 30, 2016

	Actual Amounts				Total Amounts	Variance Favorable (Unfavorable)
	Fire Budget	City Amounts	Fire District Amounts	EMS Amounts		
Revenue:						
Municipality - City of						
Safety Harbor	\$ 2,620,285	\$ 2,607,298	\$ -	\$ -	\$ 2,607,298	\$ (12,987)
Intergovernmental	-	-	-	3,387	3,387	3,387
Local option tax	160,000	106,534	-	-	106,534	(53,466)
EMS District funds	873,750	-	-	873,748	873,748	(2)
Safety Harbor Fire District	188,100	-	166,222	-	166,222	(21,878)
Total revenues	<u>3,842,135</u>	<u>2,713,832</u>	<u>166,222</u>	<u>877,135</u>	<u>3,757,189</u>	<u>(84,946)</u>
Expenditures:						
Personnel services	3,398,850	2,340,716	166,222	815,940	3,322,878	75,972
Contractual/other services	239,079	164,335	-	61,206	225,541	13,538
Materials and supplies	106,805	36,991	-	68,041	105,032	1,773
Capital outlay	97,401	100,351	-	3,387	103,738	(6,337)
Total expenditures	<u>3,842,135</u>	<u>2,642,393</u>	<u>166,222</u>	<u>948,574</u>	<u>3,757,189</u>	<u>84,946</u>
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ 71,439</u>	<u>\$ -</u>	<u>\$ (71,439)</u>	<u>\$ -</u>	<u>\$ -</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, 2016

	<u>Actual Amounts</u>			Total Amounts	Variance Favorable (Unfavorable)
	Library Budget	City Amounts	Library Amounts		
Revenue:					
Municipality - City of Safety Harbor	\$ 1,180,635	\$ 1,081,811	\$ -	\$ 1,081,811	\$ (98,824)
Library impact fees	6,900	11,107	-	11,107	4,207
Intergovernmental	179,840	-	191,331	191,331	11,491
Other revenues	500	-	-	-	(500)
Chrissie Shull Elmore Trust	15,000	15,000	-	15,000	-
<b>Total revenues</b>	<b>1,382,875</b>	<b>1,107,918</b>	<b>191,331</b>	<b>1,299,249</b>	<b>(83,626)</b>
Expenditures:					
Personnel services	853,220	688,413	132,995	821,408	31,812
Contractual/other services	399,303	352,558	-	352,558	46,745
Materials and supplies	34,257	30,503	-	30,503	3,754
Capital outlay	89,195	25,000	58,336	83,336	5,859
<b>Total expenditures</b>	<b>1,375,975</b>	<b>1,096,474</b>	<b>191,331</b>	<b>1,287,805</b>	<b>88,170</b>
Excess of revenues over expenditures before operating transfers	<u>\$ 6,900</u>	<u>\$ 11,444</u>	<u>\$ -</u>	<u>\$ 11,444</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, 2016

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 7,864,250	\$ 7,461,978	\$ (402,272)
Intergovernmental	-	3,020	3,020
Other	634,970	646,013	11,043
Total operating revenue	<u>8,499,220</u>	<u>8,111,011</u>	<u>(388,209)</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	1,993,340	1,682,930	310,410
Materials and supplies	367,160	231,953	135,207
Contractual and other services	5,015,629	5,018,378	(2,749)
Capital outlay	3,499,938	1,143,542	2,356,396
Total operating expenses	<u>10,876,067</u>	<u>8,076,803</u>	<u>2,799,264</u>
Operating income (loss)	<u>(2,376,847)</u>	<u>34,208</u>	<u>2,411,055</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income and net appreciation			
in fair value of investments	290,790	230,368	(60,422)
Interest expense	(210,270)	(158,370)	51,900
Gain on the sale of capital assets	4,500	9,259	4,759
Debt service principal retirement	(428,320)	(434,856)	(6,536)
Total nonoperating revenues (expenses)	<u>(343,300)</u>	<u>(353,599)</u>	<u>(10,299)</u>
Income (loss) before appropriated net assets	(2,720,147)	(319,391)	2,400,756
Appropriated net assets	<u>2,720,147</u>	<u>-</u>	<u>(2,720,147)</u>
Changes in net assets	<u>\$ -</u>	(319,391)	<u>\$ (319,391)</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net assets - proprietary funds			
Depreciation and amortization		(1,143,542)	
Capital outlay		1,143,542	
Debt service principal repayment		<u>434,856</u>	
Change in net assets GAAP basis		<u>\$ 115,465</u>	

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CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
SOLID WASTE FUND  
YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,841,800	\$ 2,923,310	\$ 81,510
Intergovernmental	-	3,021	3,021
Other	<u>35,170</u>	<u>10,352</u>	<u>(24,818)</u>
Total operating revenues	<u>2,876,970</u>	<u>2,936,683</u>	<u>59,713</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	1,278,800	1,085,448	193,352
Materials and supplies	261,366	196,135	65,231
Contractual and other services	902,103	889,023	13,080
Capital outlay	<u>673,000</u>	<u>561,983</u>	<u>111,017</u>
Total operating expenses	<u>3,115,269</u>	<u>2,732,589</u>	<u>382,680</u>
Operating income (loss)	<u>(238,299)</u>	<u>204,094</u>	<u>442,393</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income and net appreciation in fair value of investments	34,370	34,242	(128)
Interest expense	(18,220)	(16,974)	1,246
Intergovernmental	13,470	25,802	12,332
Gain on the sale of capital assets	73,000	28,800	(44,200)
Debt service principal retirement	<u>(34,600)</u>	<u>(35,591)</u>	<u>(991)</u>
Total nonoperating revenues (expenses)	<u>68,020</u>	<u>36,279</u>	<u>(31,741)</u>
Income (loss) before appropriated net assets	(170,279)	240,373	410,652
Appropriated net assets	<u>170,279</u>	<u>-</u>	<u>(170,279)</u>
Changes in net position	<u>\$ -</u>	240,373	<u>\$ 240,373</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(399,122)	
Capital outlay		561,983	
Debt service principal repayment		<u>35,591</u>	
Change in net position GAAP basis		<u>\$ 438,825</u>	

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CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
STORMWATER FUND  
YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 990,000	\$ 1,012,228	\$ 22,228
Intergovernmental grant	-	1,091	1,091
Total operating revenue	<u>990,000</u>	<u>1,013,319</u>	<u>23,319</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	319,650	356,752	(37,102)
Materials and supplies	403,976	84,224	319,752
Contractual and other services	281,990	253,377	28,613
Capital outlay	200,000	277,815	(77,815)
Total operating expenses	<u>1,205,616</u>	<u>972,168</u>	<u>233,448</u>
Operating income (loss)	<u>(215,616)</u>	<u>41,151</u>	<u>256,767</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income and net appreciation			
in fair value of investments	22,700	24,889	2,189
Interest expense	(32,800)	(30,562)	2,238
Debt service principal retirement	(62,300)	(64,083)	(1,783)
Total nonoperating revenues (expenses)	<u>(72,400)</u>	<u>(69,756)</u>	<u>2,644</u>
Income (loss) before appropriated net assets	(288,016)	(28,605)	259,411
Appropriated net assets	<u>288,016</u>	<u>-</u>	<u>(288,016)</u>
Changes in net position	<u>\$ -</u>	(28,605)	<u>\$ (28,605)</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(325,431)	
Capital outlay		277,815	
Debt service principal repayment		<u>64,083</u>	
Change in net position GAAP basis		<u>\$ (12,138)</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, 2016

	<b>Total Governmental Funds</b>	<b>Assets, deferred inflows, long-term liabilities and deferred inflows</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Equity in pooled cash and investments	\$ 13,724,079	\$ -	\$ 13,724,079
Receivables, net:			
Accounts receivable	394,934	-	394,934
Due from other governments	761,948	-	761,948
Inventories	45,442	-	45,442
Prepaid items	9,673	-	9,673
Capital assets:			
Nondepreciable	-	8,932,202	8,932,202
Depreciable, net of accumulated depreciation	-	16,270,552	16,270,552
Pension asset	-	1,224,802	1,224,802
Total assets	<u>14,936,076</u>	<u>26,427,556</u>	<u>41,363,632</u>
<b>Deferred outflows</b>	<u>-</u>	<u>2,409,871</u>	<u>2,409,871</u>
<b>Total assets and deferred outflows</b>	<u>\$ 14,936,076</u>	<u>\$ 28,837,427</u>	<u>\$ 43,773,503</u>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	931,663	-	931,663
Interest payable	-	61,234	61,234
Accrued liabilities	125,870	-	125,870
Customer deposits	17,116	-	17,116
Unearned revenue	1,005,702	-	1,005,702
Pension liability	-	2,205,508	2,205,508
Long-term obligations	-	5,798,507	5,798,507
Total liabilities	<u>2,080,351</u>	<u>8,065,249</u>	<u>10,145,600</u>
<b>Deferred inflows</b>	<u>-</u>	<u>1,074,170</u>	<u>1,074,170</u>
<b>Fund Balances</b>			
Invested in capital assets, net of related debt	-	20,413,796	20,413,796
Nonspendable:			
Inventories and prepaid amounts	55,115	(55,115)	-
Restricted for:			
General government	538,109	-	538,109
Fire protection	23,071	-	23,071
Physical environment	-	-	-
Transportation	353,618	-	353,618
Library	33,705	-	33,705
Parks and recreation	-	-	-
Debt service	155,952	(61,234)	94,718
Capital projects	1,114,992	-	1,114,992
Committed to:			
Emergency/disaster relief stabilization	3,277,514	-	3,277,514
Physical environment	119,264	-	119,264
Public safety	7,929	-	7,929
Capital project (Waterfront Park)	974,786	-	974,786
Assigned to:			
General government	208,413	-	208,413
Fire protection	2,404	-	2,404
Library	337	-	337
Public safety	70	-	70
Physical environment	17,559	-	17,559
Transportation	496,979	-	496,979
Parks and recreation	432,872	-	432,872
Other	-	-	-
Unassigned:	<u>5,043,036</u>	<u>(599,439)</u>	<u>4,443,597</u>
Total fund balances	<u>12,855,725</u>	<u>19,698,008</u>	<u>32,553,733</u>
Total liabilities, deferred inflow and fund balances	<u>\$ 14,936,076</u>	<u>\$ 28,837,427</u>	<u>\$ 43,773,503</u>

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CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF NET CHANGE IN FUND BALANCES  
FOR THE GOVERNMENTAL FUNDS TO CHANGES IN NET POSITION  
FOR GOVERNMENTAL ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2016

	Total Governmental Funds	Depreciation	Capital Outlay	Change in Pension Asset	Compensated Absences	Other Post Employment Benefits (OPEB)	Long-term Debt	Statement of Activities Total
<b>REVENUES</b>								
Property taxes	\$ 4,390,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,390,452
Utility taxes	2,322,071	-	-	-	-	-	-	2,322,071
Local business taxes	141,389	-	-	-	-	-	-	141,389
Local option taxes	2,082,591	-	-	-	-	-	-	2,082,591
Franchise fees	1,347,753	-	-	-	-	-	-	1,347,753
Licenses and permits	244,417	-	-	-	-	-	-	244,417
Impact fees	66,932	-	-	-	-	-	-	66,932
Special assessments	246,523	-	-	-	-	-	-	246,523
Sales tax	1,151,421	-	-	-	-	-	-	1,151,421
Intergovernmental	1,938,918	-	-	-	-	-	-	1,938,918
Charges for services	947,888	-	-	-	-	-	-	947,888
Fines and forfeitures	40,328	-	-	-	-	-	-	40,328
Interest income and net appreciation in fair value of investments	228,367	-	-	-	-	-	-	228,367
Contributions and donations	24,387	-	755,928	-	-	-	-	780,315
Other	1,064,184	-	-	-	-	-	-	1,064,184
Total revenues	<u>16,237,621</u>	<u>-</u>	<u>755,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,993,549</u>
<b>EXPENDITURES</b>								
Current operating:								
General government	2,683,451	287,789	-	2,017	(12,424)	4,761	-	2,965,594
Law enforcement	1,260,277	422	-	-	-	-	-	1,260,699
Fire protection	3,716,483	276,075	-	(38,111)	(19,503)	7,253	-	3,942,197
Building department	386,078	3,972	-	3,699	(4,475)	1,133	-	390,407
Physical environment	469,248	7,611	-	-	(10,522)	680	-	467,017
Transportation	1,096,530	517,956	-	3,699	(6,606)	2,947	-	1,614,526
Library	1,204,159	279,541	-	3,699	8,611	2,720	-	1,498,730
Parks and recreation	2,799,249	452,109	-	3,699	14,773	4,987	-	3,274,817
Capital outlay	2,025,945	-	(2,025,945)	-	-	-	-	-
Debt service:								
Capital lease retirement	5,000	-	-	-	-	-	(5,000)	-
Principal retirement	746,860	-	-	-	-	-	(746,860)	-
Interest and other fiscal charges	129,645	-	-	-	-	-	(10,402)	119,243
Total expenditures	<u>16,522,925</u>	<u>1,825,475</u>	<u>(2,025,945)</u>	<u>(21,298)</u>	<u>(30,146)</u>	<u>24,481</u>	<u>(762,262)</u>	<u>15,533,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(285,304)</u>	<u>(1,825,475)</u>	<u>2,781,873</u>	<u>21,298</u>	<u>30,146</u>	<u>(24,481)</u>	<u>762,262</u>	<u>1,460,319</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	1,158,780	-	-	-	-	-	-	1,158,780
Transfers out	(1,158,780)	-	-	-	-	-	-	(1,158,780)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (285,304)</u>	<u>\$ (1,825,475)</u>	<u>\$ 2,781,873</u>	<u>\$ 21,298</u>	<u>\$ 30,146</u>	<u>\$ (24,481)</u>	<u>\$ 762,262</u>	<u>\$ 1,460,319</u>

See Independent Auditor's Report

**STATISTICAL SECTION**

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

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

**Contents**

**Financial Trends**

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

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

**Revenue Capacity**

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

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

**Debt Capacity**

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

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

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

**Demographic and Economic Information**

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

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

**Operating Information**

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

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

Sources: Unless otherwise noted, the information in this section is derived from the City's comprehensive annual financial reports for the relevant year.

**SCHEDULE 1**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010*	2009	2008	2007
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 20,413,796	\$ 18,705,536	\$ 18,038,191	\$ 18,127,134	\$ 17,747,220	\$ 17,815,778	\$ 18,018,704	\$ 19,665,284	\$ 17,632,941	\$ 21,125,097
Restricted	2,158,213	2,175,369	2,638,130	6,211,733	6,703,478	8,618,746	3,811,514	3,318,189	2,594,159	1,184,718
Unrestricted	9,981,724	10,212,509	8,559,267	4,850,303	4,828,789	4,700,754	9,994,707	13,615,753	17,118,139	14,179,092
Total governmental activities net position	<u>\$ 32,553,733</u>	<u>\$ 31,093,414</u>	<u>\$ 29,235,588</u>	<u>\$ 29,189,170</u>	<u>\$ 29,279,487</u>	<u>\$ 31,135,278</u>	<u>\$ 31,824,925</u>	<u>\$ 36,599,226</u>	<u>\$ 37,345,239</u>	<u>\$ 36,488,907</u>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$ 19,967,583	\$ 19,179,343	\$ 18,085,216	\$ 18,413,858	\$ 16,597,580	\$ 13,561,385	\$ 12,760,978	\$ 9,965,349	\$ 11,937,820	\$ 11,736,926
Restricted	10,231,976	10,538,939	8,685,536	6,854,934	6,065,933	5,249,420	4,832,069	3,984,661	1,802,944	2,327,691
Unrestricted	4,144,658	4,083,783	6,239,990	7,456,566	8,467,665	8,668,700	7,469,063	5,274,983	4,559,472	3,748,015
Total business-type activities net position	<u>\$ 34,344,217</u>	<u>\$ 33,802,065</u>	<u>\$ 33,010,742</u>	<u>\$ 32,725,358</u>	<u>\$ 31,131,178</u>	<u>\$ 27,479,505</u>	<u>\$ 25,062,110</u>	<u>\$ 19,224,993</u>	<u>\$ 18,300,236</u>	<u>\$ 17,812,632</u>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ 40,381,379	\$ 37,884,879	\$ 36,123,407	\$ 36,540,992	\$ 34,344,800	\$ 31,377,163	\$ 30,779,682	\$ 29,630,633	\$ 29,570,761	\$ 32,862,023
Restricted	12,390,189	12,714,308	11,323,666	13,066,667	12,769,411	13,868,166	8,643,583	7,302,850	4,397,103	3,512,409
Unrestricted	14,126,382	14,296,292	14,799,257	12,306,869	13,296,454	13,369,454	17,463,770	18,890,736	21,677,611	17,927,107
Total primary government net position	<u>\$ 66,897,950</u>	<u>\$ 64,895,479</u>	<u>\$ 62,246,330</u>	<u>\$ 61,914,528</u>	<u>\$ 60,410,665</u>	<u>\$ 58,614,783</u>	<u>\$ 56,887,035</u>	<u>\$ 55,824,219</u>	<u>\$ 55,645,475</u>	<u>\$ 54,301,539</u>

\*Restated

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

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

**SCHEDULE 2**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 2,965,594	\$ 2,808,975	\$ 2,922,955	\$ 2,931,779	\$ 3,139,084	\$ 3,219,077	\$ 3,474,937	\$ 3,307,998	\$ 3,830,166	\$ 3,447,422
Law enforcement	1,260,699	1,213,281	1,179,493	1,224,491	1,268,788	1,266,876	1,231,263	1,336,447	1,278,181	1,209,614
Fire protection	3,942,197	3,585,085	3,894,577	3,788,045	3,724,329	3,843,029	3,814,874	4,082,474	3,935,680	3,591,781
Building department	390,407	334,862	307,766	290,904	296,574	300,126	305,251	293,109	305,203	276,335
Physical environment	467,017	374,898	423,295	405,422	414,406	483,956	1,347,914	1,289,878	1,269,798	1,294,981
Transportation	1,614,526	1,851,031	1,520,855	1,588,963	2,009,562	1,858,826	2,152,048	2,283,184	2,180,589	1,721,927
Library	1,498,730	1,461,672	1,466,178	1,467,129	1,528,418	1,560,737	1,514,773	1,670,642	1,361,946	1,165,872
Parks and recreation	3,274,817	3,006,095	2,934,957	2,786,955	2,737,957	2,663,696	2,585,030	2,611,334	2,417,586	2,433,918
Interest and other fiscal charges on long-term debt	119,243	239,418	189,032	208,644	183,650	176,977	237,267	103,790	96,730	401
<b>Total governmental activities expenses</b>	<b>15,533,230</b>	<b>14,875,317</b>	<b>14,839,108</b>	<b>14,692,332</b>	<b>15,302,768</b>	<b>15,373,300</b>	<b>16,663,357</b>	<b>16,978,856</b>	<b>16,675,879</b>	<b>15,142,251</b>
<b>Business-type activities:</b>										
Water and wastewater	8,235,173	7,701,878	7,669,583	7,762,326	7,080,853	7,301,156	7,368,967	7,975,242	7,835,184	7,445,253
Solid waste	2,586,702	2,546,132	2,688,181	2,637,708	2,662,998	2,623,957	2,613,310	2,760,181	2,866,134	2,413,274
Stormwater	1,050,346	936,715	871,193	828,019	818,113	814,809	-	-	-	-
<b>Total business-type activities expenses</b>	<b>11,872,221</b>	<b>11,184,725</b>	<b>11,228,957</b>	<b>11,228,053</b>	<b>10,561,964</b>	<b>10,739,922</b>	<b>9,982,277</b>	<b>10,735,423</b>	<b>10,701,318</b>	<b>9,858,527</b>
<b>Total primary government expenses</b>	<b>\$ 27,405,451</b>	<b>\$ 26,060,042</b>	<b>\$ 26,068,065</b>	<b>\$ 25,920,385</b>	<b>\$ 25,864,732</b>	<b>\$ 26,113,222</b>	<b>\$ 26,645,634</b>	<b>\$ 27,714,279</b>	<b>\$ 27,377,197</b>	<b>\$ 25,000,778</b>
<b>Program Revenues (see Schedule 3)</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 78,602	\$ 77,093	\$ 67,995	\$ 129,579	\$ 90,475	\$ 75,110	\$ 46,854	\$ 132,810	\$ 68,943	\$ 46,809
Law enforcement	13,442	11,412	10,381	45,377	77,056	90,658	68,287	94,095	122,118	82,640
Fire protection	31,567	9,450	16,794	23,376	6,845	6,890	1,083	-	-	-
Building department	250,257	222,337	215,144	311,272	169,407	150,485	121,847	113,716	109,987	114,489
Physical environment	39,435	46,166	46,550	42,964	49,913	51,235	508,932	591,432	546,650	500,576
Transportation	282,396	275,797	344,165	343,274	40,550	9,624	20,834	8,083	22,243	33,557
Library	51,460	42,663	49,311	49,077	47,223	55,745	45,613	31,888	47,977	24,270
Parks and recreation	798,929	895,477	854,196	859,165	743,694	736,353	692,506	566,799	535,831	595,991
Operating grants and contributions	1,287,503	1,255,345	1,481,182	1,452,065	1,234,112	1,294,887	1,269,902	1,508,338	256,837	17,116
Capital grants and contributions	868,643	693,263	62,633	42,210	166,567	31,067	194,540	11,000	400,126	950,484
<b>Total governmental activities program revenues</b>	<b>3,702,234</b>	<b>3,529,003</b>	<b>3,148,351</b>	<b>3,298,359</b>	<b>2,625,842</b>	<b>2,502,054</b>	<b>2,970,398</b>	<b>3,058,161</b>	<b>2,110,712</b>	<b>2,365,932</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water and wastewater	7,461,978	7,149,079	7,857,807	8,059,551	7,952,369	8,233,441	8,081,185	7,877,674	7,078,269	6,451,147
Solid waste	2,923,310	2,894,957	2,900,306	2,847,160	2,797,521	2,871,451	2,782,138	2,695,636	2,467,341	2,281,782
Stormwater	1,012,228	1,000,016	996,899	993,034	661,809	667,967	-	-	-	-
Operating grants and contributions	32,934	-	12,988	12,959	13,067	13,457	13,439	13,439	-	-
Capital grants and contributions	-	-	4,839	413,289	1,057,627	240,675	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>11,430,450</b>	<b>11,044,052</b>	<b>11,772,839</b>	<b>12,325,993</b>	<b>12,482,393</b>	<b>12,026,991</b>	<b>10,876,762</b>	<b>10,586,749</b>	<b>9,545,610</b>	<b>8,732,929</b>
<b>Total primary government program revenues</b>	<b>\$ 15,132,684</b>	<b>\$ 14,573,055</b>	<b>\$ 14,921,190</b>	<b>\$ 15,624,352</b>	<b>\$ 15,108,235</b>	<b>\$ 14,529,045</b>	<b>\$ 13,847,160</b>	<b>\$ 13,644,910</b>	<b>\$ 11,656,322</b>	<b>\$ 11,098,861</b>

**SCHEDULE 2**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (11,830,996)	\$ (11,346,314)	\$ (11,690,757)	\$ (11,393,973)	\$ (12,676,926)	\$ (12,871,246)	\$ (13,692,959)	\$ (13,920,695)	\$ (14,565,167)	\$ (12,776,319)
Business-type activities	(441,771)	(140,673)	543,882	1,097,940	1,920,429	1,287,069	894,485	(148,674)	(1,155,708)	(1,125,598)
Total primary government net expense	<u>\$ (12,272,767)</u>	<u>\$ (11,486,987)</u>	<u>\$ (11,146,875)</u>	<u>\$ (10,296,033)</u>	<u>\$ (10,756,497)</u>	<u>\$ (11,584,177)</u>	<u>\$ (12,798,474)</u>	<u>\$ (14,069,369)</u>	<u>\$ (15,720,875)</u>	<u>\$ (13,901,917)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 4,390,452	\$ 4,193,398	\$ 3,722,248	\$ 3,215,616	\$ 3,267,040	\$ 3,454,605	\$ 3,493,007	\$ 3,543,283	\$ 3,534,380	\$ 3,585,742
Utility taxes	2,322,071	2,423,913	2,459,059	2,386,797	2,473,714	2,427,378	2,624,901	2,591,091	2,402,197	2,439,157
Local business tax	141,389	162,446	135,802	150,074	154,396	146,230	144,522	143,032	142,447	158,996
Local option tax	2,082,591	2,039,692	1,884,907	1,798,283	1,721,958	1,632,711	1,506,577	1,587,588	1,787,124	1,757,699
Franchise fees	1,347,753	1,462,318	1,473,646	1,361,010	1,435,731	1,463,744	1,629,370	1,570,352	1,453,539	1,454,358
Sales tax	1,151,421	1,018,441	980,143	928,330	889,029	874,854	847,342	857,009	941,432	1,003,087
Intergovernmental	568,087	554,343	529,971	494,362	469,506	472,827	468,225	404,719	1,793,785	1,460,577
Interest income and net appreciation in										
fair value of investments	228,367	260,606	204,396	(44,637)	198,116	507,216	844,977	835,294	1,113,049	716,601
Other	1,059,184	968,183	898,056	916,748	1,018,166	1,202,034	1,122,522	1,907,942	1,354,046	1,456,702
Gain on sale of capital assets	-	-	-	18,632	-	-	6,992	-	-	-
Expense allocation business-type activities	-	-	-	-	-	-	-	-	-	-
Transfers	-	120,800	120,800	120,800	(806,520)	-	-	-	-	-
Total governmental activities	<u>13,291,315</u>	<u>13,204,140</u>	<u>12,409,028</u>	<u>11,346,015</u>	<u>10,821,136</u>	<u>12,181,599</u>	<u>12,688,435</u>	<u>13,440,310</u>	<u>14,521,999</u>	<u>14,032,919</u>
Business-type activities:										
Franchise fees	-	-	-	-	-	-	29,928	38,290	-	-
Interest income and net appreciation in										
fair value of investments	289,499	322,693	247,524	(48,331)	209,919	438,080	475,634	361,878	354,785	251,076
Other	656,365	706,309	698,586	722,038	696,670	680,091	657,841	673,263	1,139,362	949,217
Proceeds from sale of capital assets	38,059	23,794	14,305	(1,791)	18,135	12,155	9,455	-	-	-
Transfers	-	(120,800)	(120,800)	(120,800)	806,520	-	-	-	-	-
Total business-type activities	<u>983,923</u>	<u>931,996</u>	<u>839,615</u>	<u>551,116</u>	<u>1,731,244</u>	<u>1,130,326</u>	<u>1,172,858</u>	<u>1,073,431</u>	<u>1,494,147</u>	<u>1,200,293</u>
Total primary government	<u>\$ 14,275,238</u>	<u>\$ 14,136,136</u>	<u>\$ 13,248,643</u>	<u>\$ 11,897,131</u>	<u>\$ 12,552,380</u>	<u>\$ 13,311,925</u>	<u>\$ 13,861,293</u>	<u>\$ 14,513,741</u>	<u>\$ 16,016,146</u>	<u>\$ 15,233,212</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,460,319	\$ 1,857,826	\$ 718,271	\$ (47,958)	\$ (1,855,790)	\$ (689,647)	\$ (1,004,524)	\$ (480,385)	\$ (43,168)	\$ 1,256,600
Business-type activities	542,152	791,323	1,383,497	1,649,056	3,651,673	2,417,395	2,067,343	924,757	338,439	74,695
Total primary government	<u>\$ 2,002,471</u>	<u>\$ 2,649,149</u>	<u>\$ 2,101,768</u>	<u>\$ 1,601,098</u>	<u>\$ 1,795,883</u>	<u>\$ 1,727,748</u>	<u>\$ 1,062,819</u>	<u>\$ 444,372</u>	<u>\$ 295,271</u>	<u>\$ 1,331,295</u>

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

**SCHEDULE 3**

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental activities:</b>										
General government	\$ 83,602	\$ 87,093	\$ 77,995	\$ 129,579	\$ 240,475	\$ 75,110	\$ 61,854	\$ 197,786	\$ 68,943	\$ 205,805
Law enforcement	13,442	11,412	12,492	45,377	77,056	94,936	72,302	95,095	125,885	82,640
Fire protection	1,103,427	1,099,660	1,286,708	1,277,703	1,013,478	1,062,292	991,055	1,104,730	-	-
Building department	250,257	222,337	215,144	311,272	169,407	150,485	266,369	256,748	252,434	114,489
Physical environment	39,435	46,166	46,550	42,964	49,913	51,235	699,457	591,432	894,454	1,468,176
Transportation	290,095	281,295	349,283	348,022	46,986	9,624	20,834	8,083	73,390	33,557
Library	257,791	251,109	287,149	284,277	278,199	293,653	310,543	378,583	302,222	24,270
Parks and recreation	1,664,185	1,529,931	873,030	859,165	750,328	764,719	692,506	568,736	535,831	595,991
<b>Total governmental activities program revenues</b>	<b>3,702,234</b>	<b>3,529,003</b>	<b>3,148,351</b>	<b>3,298,359</b>	<b>2,625,842</b>	<b>2,502,054</b>	<b>3,114,920</b>	<b>3,201,193</b>	<b>2,253,159</b>	<b>2,524,928</b>
<b>Business-type activities:</b>										
Water and wastewater	7,464,998	7,149,079	7,857,807	8,059,551	7,952,369	8,233,441	8,081,185	7,877,674	7,078,269	6,451,147
Solid waste	2,952,133	2,894,957	2,913,294	2,860,119	2,810,588	2,884,908	2,795,577	2,709,075	2,467,341	2,281,782
Stormwater	1,013,319	1,000,016	1,001,738	1,406,323	1,719,436	908,642	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>11,430,450</b>	<b>11,044,052</b>	<b>11,772,839</b>	<b>12,325,993</b>	<b>12,482,393</b>	<b>12,026,991</b>	<b>10,876,762</b>	<b>10,586,749</b>	<b>9,545,610</b>	<b>8,732,929</b>
<b>Total primary government program revenues</b>	<b>\$ 15,132,684</b>	<b>\$ 14,573,055</b>	<b>\$ 14,921,190</b>	<b>\$ 15,624,352</b>	<b>\$ 15,108,235</b>	<b>\$ 14,529,045</b>	<b>\$ 13,991,682</b>	<b>\$ 13,787,942</b>	<b>\$ 11,798,769</b>	<b>\$ 11,257,857</b>

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

**SCHEDULE 4**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund</b>										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 2,606,544	\$ 2,886,389	\$ 282,576	\$ 167,223	\$ 260,271	\$ 124,501
Unrestricted	-	-	-	-	5,829,922	6,081,005	8,515,866	9,051,391	8,498,484	8,721,789
Nonspendable	\$ 55,115	\$ 70,326	\$ 32,752	\$ 34,784	\$ 33,461	\$ 193,576	-	-	-	-
Restricted	-	-	-	-	-	22,755	-	-	-	-
Committed	3,277,514	2,941,837	2,593,469	2,580,409	2,573,083	2,670,058	-	-	-	-
Assigned	-	-	1,626,050	68,270	397,680	833,730	-	-	-	-
Unassigned	5,043,036	4,835,512	4,539,230	5,637,597	5,432,242	5,247,275	-	-	-	-
Total general fund	<u>\$ 8,375,665</u>	<u>\$ 7,847,675</u>	<u>\$ 8,791,501</u>	<u>\$ 8,321,060</u>	<u>\$ 8,436,466</u>	<u>\$ 8,967,394</u>	<u>\$ 8,798,442</u>	<u>\$ 9,218,614</u>	<u>\$ 8,758,755</u>	<u>\$ 8,846,290</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 3,699,254	\$ 4,229,317	\$ 3,528,938	\$ 4,733,095	\$ 8,510,572	\$ 6,532,749
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	669,310	3,859,731	3,558,003	2,758,876	238,219
Restricted	\$ 2,219,447	\$ 2,247,003	\$ 2,638,130	\$ 2,536,772	\$ 2,700,566	\$ 4,229,317	-	-	-	-
Committed	1,101,979	1,865,060	278,536	267,150	265,067	231,984	-	-	-	-
Assigned	1,158,634	1,181,291	907,201	724,348	733,621	437,326	-	-	-	-
Total all other governmental funds	<u>\$ 4,480,060</u>	<u>\$ 5,293,354</u>	<u>\$ 3,823,867</u>	<u>\$ 3,528,270</u>	<u>\$ 3,699,254</u>	<u>\$ 4,898,627</u>	<u>\$ 7,388,669</u>	<u>\$ 8,291,098</u>	<u>\$ 11,269,448</u>	<u>\$ 6,770,968</u>

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

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

**SCHEDULE 5**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Property taxes	\$ 4,390,452	\$ 4,193,398	\$ 3,722,248	\$ 3,215,616	\$ 3,267,040	\$ 3,454,605	\$ 3,493,007	\$ 3,543,283	\$ 3,534,380	\$ 3,585,742
Utility taxes	2,322,071	2,423,913	2,459,059	2,386,797	2,473,714	2,427,378	2,624,901	2,591,091	2,402,197	2,439,157
Local business tax	141,389	162,446	135,802	150,074	154,396	146,230	144,522	143,032	142,447	158,996
Local option tax	2,082,591	2,039,692	1,884,907	1,798,283	1,721,958	1,632,711	1,506,577	1,587,588	1,787,124	1,757,699
Franchise fees	1,347,753	1,462,318	1,473,646	1,361,010	1,435,731	1,463,744	1,629,370	1,570,352	1,453,539	1,454,358
Licenses and permits	244,417	219,997	215,144	311,272	169,407	150,485	121,847	113,716	109,987	114,489
Impact fees	66,932	42,030	44,430	59,875	43,729	5,738	6,988	11,702	27,496	47,407
Special assessments	246,523	247,516	317,863	312,657	10,696	991	468,479	540,663	498,033	500,635
Sales tax	1,151,421	1,018,441	980,143	928,330	889,029	874,854	847,342	857,009	941,432	1,003,087
Intergovernmental	1,938,918	1,844,722	1,982,488	1,967,332	1,850,861	1,779,621	1,932,667	1,861,572	2,450,747	2,837,597
Charges for services	947,888	1,021,620	995,188	1,037,575	860,674	885,181	879,969	652,757	628,977	640,640
Fines and forfeitures	40,328	49,232	31,911	77,530	140,659	127,865	28,673	92,570	189,258	95,895
Interest income and net appreciation in fair value of investments	228,367	260,606	204,396	(44,637)	198,116	507,216	844,977	835,294	1,113,050	716,602
Contributions and donations	24,387	648,229	81,298	-	-	25,000	-	-	-	-
Other	1,064,184	978,183	908,056	961,860	1,037,488	1,202,034	1,122,522	2,097,842	1,354,046	1,046,549
<b>Total revenues</b>	<b>16,237,621</b>	<b>16,612,343</b>	<b>15,436,579</b>	<b>14,523,574</b>	<b>14,253,498</b>	<b>14,683,653</b>	<b>15,651,841</b>	<b>16,498,471</b>	<b>16,632,713</b>	<b>16,398,853</b>
<b>Expenditures</b>										
General government	2,683,451	2,505,098	2,591,242	2,584,760	2,798,564	2,969,719	3,223,596	3,307,998	3,102,319	3,178,784
Law enforcement	1,260,277	1,211,298	1,177,579	1,221,973	1,264,935	1,260,120	1,228,769	1,336,447	1,277,100	1,208,207
Fire protection	3,716,483	3,703,257	3,726,465	3,672,859	3,566,685	3,673,446	3,615,892	4,082,474	3,679,384	3,318,354
Building department	386,078	360,833	302,451	288,643	293,273	295,895	300,581	293,109	295,879	268,376
Physical environment	469,248	390,432	406,815	425,653	403,240	484,875	1,219,847	1,289,878	1,184,793	973,168
Transportation	1,096,530	1,324,730	972,351	1,051,453	1,466,218	1,327,636	1,652,066	2,283,184	1,732,432	1,375,531
Library	1,204,159	1,187,566	1,141,108	1,095,553	1,157,376	1,190,494	1,163,288	1,670,642	1,186,319	1,027,308
Parks and recreation	2,799,249	2,570,983	2,477,869	2,329,512	2,287,102	2,210,288	2,158,588	2,611,334	2,045,159	1,955,310
Capital outlay	2,025,945	2,058,101	1,098,447	1,422,734	4,096,731	1,183,334	1,716,128	4,182,276	5,213,631	4,918,909
Debt service										
Principal retirement	746,860	722,400	702,982	628,982	414,062	401,643	467,878	-	-	-
Principal repayment	5,000	5,000	5,000	-	-	-	-	(25,431)	-	-
Interest and other fiscal charges	129,645	167,784	189,032	208,644	179,572	174,431	234,801	103,790	96,730	401
<b>Total expenditures</b>	<b>16,522,925</b>	<b>16,207,482</b>	<b>14,791,341</b>	<b>14,930,766</b>	<b>17,927,758</b>	<b>15,171,881</b>	<b>16,981,434</b>	<b>21,135,701</b>	<b>19,813,746</b>	<b>18,224,348</b>
Excess (deficiency) of revenues over (under) expenditures	(285,304)	404,861	645,238	(407,192)	(3,674,260)	(488,228)	(1,329,593)	(4,637,230)	(3,181,033)	(1,825,495)
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,158,780	2,662,020	1,018,770	1,104,830	921,720	889,080	924,684	2,141,239	2,685,436	916,461
Transfers out	(1,158,780)	(2,541,220)	(897,970)	(984,030)	(1,728,240)	(889,080)	(924,684)	(2,141,239)	(2,685,436)	(916,461)
Sale of capital assets	-	-	-	-	-	-	6,992	-	-	-
Bond Issuance Costs	-	-	-	-	(24,521)	-	-	-	-	-
Debt proceeds	-	-	-	-	2,775,000	-	-	304,007	6,908,287	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>120,800</b>	<b>120,800</b>	<b>120,800</b>	<b>1,943,959</b>	<b>-</b>	<b>6,992</b>	<b>304,007</b>	<b>6,908,287</b>	<b>-</b>
Special item	-	-	-	-	-	-	-	(265,628)	(216,212)	-
<b>Net change in fund balances</b>	<b>\$ (285,304)</b>	<b>\$ 525,661</b>	<b>\$ 766,038</b>	<b>\$ (286,392)</b>	<b>\$ (1,730,301)</b>	<b>\$ (488,228)</b>	<b>\$ (1,322,601)</b>	<b>\$ (4,598,851)</b>	<b>\$ 3,727,254</b>	<b>\$ (1,825,495)</b>
Debt service as a percentage of noncapital expenditures	6.08%	6.33%	6.55%	6.20%	4.29%	4.12%	4.60%	0.46%	0.66%	0.00%

SCHEDULE 6

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

Fiscal Year	Tax Year	Direct Rate	Estimated Actual Value			Exemptions <sup>a</sup>			Taxable Assessed Value			Total	Total Direct Tax Rate
			Real Property	Personal Property	Centrally Assessed Property	Real Property	Personal Property	Centrally Assessed Property	Real Property	Personal Property	Centrally Assessed Property		
2016	2015	4.0479	\$ 1,470,927,244	\$ 77,370,817	\$ 677,057	\$ 445,683,442	\$ 35,182,791	\$ 82,188	\$ 1,025,243,802	\$ 42,188,026	\$ 594,869	\$ 1,068,026,697	4.0479
2015	2014	4.0479	\$ 1,416,453,116	\$ 80,194,102	\$ 660,616	\$ 440,330,500	\$ 37,192,041	\$ 76,876	\$ 976,122,616	\$ 43,002,061	\$ 583,740	\$ 1,019,708,417	4.0479
2014	2013	3.7343	\$ 1,350,918,291	\$ 87,330,535	\$ 322,856	\$ 430,748,290	\$ 41,114,325	\$ 36,904	\$ 920,170,001	\$ 46,216,210	\$ 285,952	\$ 966,672,163	3.7343
2013	2012	3.3808	\$ 1,325,154,475	\$ 86,034,159	\$ 305,709	\$ 422,178,220	\$ 41,069,670	\$ 33,173	\$ 902,976,255	\$ 44,964,489	\$ 272,536	\$ 948,213,280	3.3808
2012	2011	3.3808	\$ 1,332,938,921	\$ 85,821,501	\$ 299,945	\$ 419,300,089	\$ 41,271,998	\$ 32,050	\$ 913,638,832	\$ 44,549,503	\$ 267,895	\$ 958,456,230	3.3808
2011	2010	3.3808	\$ 1,372,646,748	\$ 91,774,019	\$ 274,392	\$ 430,162,090	\$ 44,668,976	\$ 34,697	\$ 942,484,658	\$ 47,105,043	\$ 239,695	\$ 989,829,396	3.3808
2010	2009	3.0674	\$ 1,669,297,187	\$ 107,537,652	\$ 278,640	\$ 632,609,905	\$ 55,012,410	\$ 41,544	\$ 1,036,687,282	\$ 52,525,242	\$ 237,096	\$ 1,089,449,620	3.0674
2009	2008	2.7830	\$ 1,958,533,900	\$ 103,893,250	\$ 261,021	\$ 812,959,674	\$ 48,958,026	\$ 40,443	\$ 1,145,574,226	\$ 54,935,224	\$ 220,578	\$ 1,200,730,028	2.7830
2008	2007	2.5140	\$ 2,109,555,400	\$ 104,481,050	\$ 502,966	\$ 841,641,252	\$ 43,058,180	\$ -	\$ 1,267,914,148	\$ 61,422,870	\$ 502,966	\$ 1,329,839,984	2.5140
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

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

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

**SCHEDULE 7**

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

Fiscal Year	Taxable Year	Direct Rate	Overlapping Rates					Total
		City of Safety Harbor Operating	Pinellas County	School District	Emergency Medical Services <sup>a</sup>	Transit District <sup>a</sup>	Other <sup>b</sup>	
2016	2015	4.0479	5.2755	7.7700	0.9158	0.7305	1.3251	20.0648
2015	2014	4.0479	5.2755	7.8410	0.9158	0.7305	1.3421	20.1528
2014	2013	3.7343	5.2755	8.0600	0.9158	0.7305	1.3581	20.0742
2013	2012	3.3808	5.0105	8.3020	0.9158	0.7305	1.3656	19.7052
2012	2011	3.3808	4.8730	8.3850	0.8506	0.7305	1.2390	19.4589
2011	2010	3.3808	4.8730	8.3400	0.5832	0.5601	1.4410	19.1781
2010	2009	3.0674	4.8730	8.3460	0.5832	0.5601	1.5106	18.9403
2009	2008	2.7830	4.8730	8.0610	0.5832	0.5601	1.5551	18.4154
2008	2007	2.5140	4.8730	7.7310	0.5832	0.5601	1.5121	17.7734
2007	2006	2.7391	5.4700	8.2100	0.6300	0.6074	1.6378	19.2943

Source: Pinellas County Tax Collector's Office

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

<sup>b</sup> Other includes:

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

**SCHEDULE 8**

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

Taxpayer	2016		2007	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Safety Harbor Spa & Resort, LLC	\$ 16,427,440	1.60%	\$ 18,898,100	1.65%
Mease Hospital, Inc	16,303,000	1.59%	23,920,500	2.09%
Preedom Land Trust	15,919,270	1.55%	19,171,000	1.67%
Safety Harbor Multifamily Partners LLC	9,200,000	0.90%	-	0.00%
E C A Elle Northwood Partners LLC	8,975,000	0.88%	-	0.00%
Northwood Pinellas, LLC	7,235,000	0.71%	-	0.00%
Leisure Associates Ltd Partnership	6,699,649	0.65%	6,300,000	0.55%
Health Care Property Investment, Inc	5,862,831	0.57%	6,382,000	0.56%
Safety Harbor Investment Properties	5,100,000	0.50%	8,300,000	0.72%
ARHC CSCLWFL01 LLC	4,900,000	0.48%	-	0.00%
Northwood Oaks, LLC	-	0.00%	10,000,000	0.87%
Northwood Commons LLC	-	0.00%	8,225,000	0.72%
Bayshore Palms Apartments Inc	-	0.00%	8,200,000	0.72%
Capstone Capital Corp	-	0.00%	5,500,000	0.48%
	<u>\$ 96,622,190</u>	<u>9.42%</u>	<u>\$ 114,896,600</u>	<u>10.03%</u>
Total Taxable Assessed Value	<u>\$ 1,025,243,802</u>		<u>\$ 1,145,574,226</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 Ten Years Ago

Taxpayer	2016		2007	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Duke Energy Florida	\$ 8,944,773	21.20%	\$ -	0.00%
Mastercut Tool Corp	4,900,017	11.61%	4,345,310	7.91%
Florida Gas Transmission	3,498,056	8.29%	-	0.00%
Bright House Networks LLC	2,862,141	6.78%	2,116,242	3.85%
Frontier Communications	1,872,669	4.44%	-	0.00%
Angelica Textile Services	1,435,455	3.40%	-	0.00%
Countryside Surgi-Center	910,084	2.16%	-	0.00%
Wow! Internet, Cable & Phone	908,458	2.15%	-	0.00%
Alliance Healthcare Services	902,911	2.14%	-	0.00%
JP Morgan Chase Bank NA	-	0.00%	-	0.00%
Diagnostic Clinic Medical Group Inc	817,340	1.94%	-	0.00%
Florida Power Corp	-	0.00%	7,191,101	13.09%
Verizon Florida LLC	-	0.00%	4,018,622	7.32%
National Linen Service #495	-	0.00%	3,029,130	5.51%
Safety Harbor Resort and Spa	-	0.00%	2,820,050	5.13%
US Bancorp Equipment Fin	-	0.00%	2,554,259	4.65%
Countryside Cancer Center	-	0.00%	1,550,350	2.82%
H I P Paving, LLC	-	0.00%	1,202,190	2.19%
Center Capital Corporation	-	0.00%	1,058,170	1.93%
	<u>\$ 27,051,904</u>	<u>64.12%</u>	<u>\$ 29,885,424</u>	<u>54.40%</u>
Total Taxable Assessed Value	<u>\$ 42,188,026</u>		<u>\$ 54,935,224</u>	

Source: Pinellas County Property Appraiser

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

**SCHEDULE 10**

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

Fiscal Year	Taxable Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Delinquent Tax Collections <sup>b</sup>	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2016	2015	\$ 4,323,266	\$ 4,012,278	92.81%	\$ 8,072	\$ 4,020,350	92.99%
2015	2014	4,127,679	3,840,246	93.04%	15,908	3,856,154	93.42%
2014	2013	3,610,112	3,358,137	93.02%	70,048	3,428,185	94.96%
2013	2012	3,217,132	2,945,922	91.57%	5,509	2,951,431	91.74%
2012	2011	3,243,229	3,015,807	92.99%	4,367	3,020,174	93.12%
2011	2010	3,346,414	3,087,460	92.26%	60,336	3,147,796	94.06%
2010	2009	3,341,778	3,064,109	91.69%	20,859	3,084,968	92.32%
2009	2008	3,341,632	3,080,653	92.19%	2,547	3,083,200	92.27%
2008	2007	3,343,218	3,218,471	96.27%	17,810	3,236,281	96.80%
2007	2006	3,410,980	3,167,153	92.85%	-	3,167,153	92.85%

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

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

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

**SCHEDULE 11**

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Debt as a Ratio to Personal Income <sup>a</sup>	Debt per Capita <sup>a</sup>
	Public Improvement Revenue Bonds	Capital Improvement Revenue Bonds	Capital Leases	Water and Wastewater Refunding Bond	Capital Improvement Revenue Bond	Capital Leases			
2016	\$ 1,775,000	\$ 2,783,958	\$ 230,000	\$ 935,000	\$ 6,135,453	\$ -	\$ 11,859,411	1.88%	679
2015	2,050,000	3,255,818	235,000	1,075,000	6,520,665	-	13,136,483	2.07%	753
2014	2,315,000	3,713,218	240,000	1,215,000	6,895,187	-	14,378,405	2.93%	839
2013	2,575,000	4,156,290	245,000	1,355,000	7,259,260	-	15,590,550	2.51%	891
2012	2,775,000	4,585,182 <sup>b</sup>	-	1,500,000 <sup>b</sup>	7,612,848	-	16,473,030	2.94%	976
2011	-	4,999,244	-	1,649,748	7,957,023	37,935	14,643,950	2.64%	867
2010	-	6,780,150	29,132	1,764,064	6,912,338	104,864	15,590,548	2.67%	880
2009	-	7,222,494	54,792	2,073,384	7,183,506	163,950	16,698,126	2.76%	937
2008	-	6,918,487 <sup>c</sup>	-	2,367,704	4,953,047	-	14,239,238	2.39%	798
2007	-	10,200	-	2,647,025	3,106,688 <sup>d</sup>	-	5,763,913	0.96%	323

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

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

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

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

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

**SCHEDULE 12**

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

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

**SCHEDULE 13**

**City of Safety Harbor, Florida**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 As of September 30, 2016

Government Unit	Debt Outstanding	Applicable to City of Safety Harbor	
		Percent <sup>a</sup>	Amount
<b>Bonded Debt:</b>			
Pinellas County School Board <sup>b</sup>	\$ 11,571,920	1.53%	\$ 177,260
Pinellas County <sup>b</sup>	11,208,241	1.68%	188,221
<b>Capital Leases:</b>			
Pinellas County School Board <sup>b</sup>	7,319,097	1.53%	112,115
Pinellas County <sup>b</sup>	<u>21,863</u>	1.68%	<u>367</u>
Total Overlapping Debt	\$ 30,121,121		\$ 477,962
Total Direct Debt <sup>c</sup>			<u>5,305,818</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 5,783,780</u></u>
Total Direct and Overlapping Governmental Activities Debt Per Capita <sup>d</sup>			<u><u>\$ 331.37</u></u>

Source: Pinellas County, Florida

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

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

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

<sup>d</sup> 2015 permanent Safety Harbor population is estimated at 17,454.

**SCHEDULE 14**

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

Fiscal Year	Governmental Activities							Coverage
	Gross Revenues <sup>a</sup>	Operating Expenses <sup>b</sup>	Net Revenue Available for Debt Service	Debt Service Requirements				
				Principal	Interest	Total		
2016	11,190,207	7,521,407	3,668,800	746,860	129,645	\$ 876,505	4.19	
2015	11,143,161	7,319,171	3,823,990	722,400	167,784	890,184	4.30	
2014	11,005,175	7,347,963	3,657,212	702,982	187,865	890,847	4.11	
2013	10,403,622	7,944,315	2,459,307	628,892	208,644	837,536	2.94	
2012	10,199,565	7,403,103	2,796,462	414,062	179,572	593,634	4.71	
2011	10,508,546	7,732,700	2,775,846	401,643	174,431	576,074	4.82	
2010	10,450,030	7,894,869	2,555,161	467,878	234,801	702,679	3.64	
2009	11,088,277	8,169,710	2,918,567	-	99,728	99,728	29.27	
2008	10,439,013	7,955,066	2,483,947	-	96,730	96,730	25.68	
2007	-	-	-	-	-	-	-	

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

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

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

**SCHEDULE 15**

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

Business-type Activities							
Fiscal Year	Gross Revenues <sup>a</sup>	Operating Expenses Less Depreciation <sup>b</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$ 12,343,380	\$ 9,798,220	\$ 2,545,160	\$ 525,211	\$ 209,229	\$ 734,440	3.47
2015	\$ 11,750,361	\$ 9,205,579	\$ 2,544,782	\$ 514,522	\$ 223,980	\$ 738,502	3.45
2014	\$ 12,453,598	\$ 9,127,514	\$ 3,326,084	\$ 504,072	\$ 237,716	\$ 741,788	4.48
2013	\$ 12,621,783	\$ 9,373,205	\$ 3,248,578	\$ 495,588	\$ 251,525	\$ 747,113	4.35
2012	\$ 12,108,369	\$ 8,971,037	\$ 3,137,332	\$ 454,175	\$ 299,044	\$ 753,219	4.17
2011	\$ 12,452,950	\$ 9,172,140	\$ 3,280,810	\$ 439,578	\$ 321,884	\$ 761,462	4.31
2010 <sup>c</sup>	\$ 12,331,500	\$ 9,266,213	\$ 3,065,287	\$ 596,702	\$ 303,880	\$ 900,582	3.40
2009 <sup>c</sup>	\$ 11,214,173	\$ 10,033,366	\$ 1,180,807	\$ 285,000	\$ 241,160	\$ 526,160	2.24
2008 <sup>c</sup>	\$ 10,311,716	\$ 10,195,059	\$ 116,657	\$ 276,000	\$ 123,659	\$ 399,659	0.29
2007 <sup>c</sup>	\$ 10,036,627	\$ 9,340,017	\$ 696,610	\$ 260,000	\$ 136,246	\$ 396,246	1.76

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

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

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

<sup>c</sup> FY 2007 - FY 2010 restated to reflect Stormwater as Enterprise fund.

**SCHEDULE 16**

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

<u>Fiscal Year</u>	<u>Population <sup>a</sup></u>	<u>Estimated Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Median Age <sup>c</sup></u>	<u>Public School Enrollment <sup>d</sup></u>	<u>Unemployment Rate <sup>e</sup></u>
2016	17,454	632,498,052	\$ 36,238	50.8	2,073	4.7%
2015	17,454	635,744,496	36,424	48.6	2,073	6.4%
2014	17,139	490,723,848	28,632	49.6	2,073	6.2%
2013	17,496	621,265,464	35,509	48.0	2,073	6.4%
2012	16,884	559,721,484	33,151	47.7	2,073	8.8%
2011	16,881	554,962,875	32,875	46.5	4,219	10.8%
2010	16,884	582,936,984	34,526	47.7	3,891	12.1%
2009	17,708	604,374,040	34,130	45.6	3,891	11.0%
2008	17,825	596,335,375	33,455	45.1	3,891	6.6%
2007	17,844	597,310,056	33,474	44.6	3,891	4.2%

Sources:

<sup>a</sup> Office of Economic and Demographic Research (edr.state.fl.us) (2007-2009, 2011); 2010 U.S. Census (2010); U.S. Census Bureau (2012-2016)

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

<sup>c</sup> Claritas (Nielsen) Profile Reports provided by Pinellas County Economic Development Department (2007-2011; 2013-2014); U.S. Census Bureau (2014-2016)

<sup>d</sup> 2000 U.S. Census (2007-2010); Pinellas County Schools (www.pcsb.org) (2011); Public Schools K12 (2012-2016)

<sup>e</sup> U.S. Census Bureau (2012-2014); Bureau of Labor Statistics (www.bls.gov) Local Area Unemployment Statistics (2007-2011, 2015-2016). The unemployment rates listed are for the Tampa-St.Petersburg-Clearwater, FL Metropolitan Statistical Area. Rates are not available for the City of Safety Harbor.

**SCHEDULE 17**

**City of Safety Harbor, Florida**

**PRINCIPAL EMPLOYERS**

Current Year <sup>a</sup>

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Mease Countryside Hospital	550	11.11%
Angelica Corporation	250	5.05%
Medsource travelers	201	4.06%
Jacobsen Manufacturing, Inc.	200	4.04%
Safety Harbor Resort and Spa	200	4.04%
Safety Harbor Middle School	130	2.63%
Firmenich Citrus Center	100	2.02%
MCT Engineering	100	2.02%
Safety Harbor Elementary School	85	1.72%
Espiritu Santo Catholic School	68	1.37%
Total Employed Population	4,951	

Source: Info USA

<sup>a</sup> Current year only, 2016.

**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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government</b>										
City Manager	1.30	1.30	1.30	3.18	1.95	1.95	1.95	2.20	2.20	2.00
City Clerk	1.35	1.35	1.35	1.38	1.30	2.00	2.00	2.00	2.00	2.00
Human Resources	2.00	2.00	1.88	2.00	3.50	3.50	3.50	3.50	3.50	3.00
Finance	3.00	3.00	3.00	3.50	3.50	4.00	5.50	5.50	5.50	5.50
Water & Wastewater Finance	9.00	10.00	9.70	9.20	9.35	9.85	8.25	8.25	8.25	7.50
Economic Dev. Director	-	-	-	-	-	-	-	-	-	1.00
Planning	3.30	3.70	3.45	3.30	3.15	3.65	3.40	4.00	4.00	4.00
Fleet Maintenance	3.10	3.05	3.15	3.15	3.15	4.05	4.05	4.05	4.05	4.05
Building Maintenance	5.95	5.70	5.70	5.80	5.80	5.80	5.80	5.55	5.55	5.55
CRA	0.30	0.30	0.30	0.30	0.60	0.60	0.60	1.00	1.00	-
<b>Total General Government</b>	<b>29.30</b>	<b>30.40</b>	<b>29.83</b>	<b>31.81</b>	<b>32.30</b>	<b>35.40</b>	<b>35.05</b>	<b>36.05</b>	<b>36.05</b>	<b>34.60</b>
<b>Public Safety</b>										
Building Department	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fire Control and EMS	30.00	29.00	32.00	32.00	29.50	31.20	32.00	34.50	34.50	34.50
<b>Total Public Safety</b>	<b>35.00</b>	<b>34.00</b>	<b>36.00</b>	<b>36.00</b>	<b>33.50</b>	<b>35.20</b>	<b>36.00</b>	<b>38.50</b>	<b>38.50</b>	<b>38.50</b>
<b>Physical Environment</b>										
Engineering	4.50	4.30	4.30	4.30	4.30	5.80	6.55	6.50	6.50	5.50
Information Systems	4.00	4.00	4.00	4.00	4.00	3.50	3.50	4.50	4.00	4.00
Water	7.40	7.20	7.60	7.60	8.60	8.20	8.20	8.20	8.20	8.20
Stormwater	5.40	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20
Wastewater	8.40	8.20	8.60	8.60	8.60	8.20	8.20	10.20	10.20	11.20
Sanitation	19.30	19.15	18.15	19.35	19.35	19.15	19.15	20.15	20.15	19.15
<b>Total Physical Environment</b>	<b>49.00</b>	<b>48.05</b>	<b>47.85</b>	<b>49.05</b>	<b>50.05</b>	<b>50.05</b>	<b>50.80</b>	<b>54.75</b>	<b>54.25</b>	<b>53.25</b>
<b>Transportation</b>										
Streets	10.40	10.20	10.30	10.30	10.30	12.20	13.20	13.20	13.20	13.20
<b>Culture and Recreation</b>										
Library	18.09	17.66	17.44	17.45	17.90	17.40	16.70	16.70	16.45	16.45
Parks	13.90	13.93	13.93	10.55	10.55	10.55	8.30	8.30	8.30	8.30
Recreation	24.91	22.07	21.63	19.93	18.75	19.05	16.00	17.00	17.00	17.50
<b>Total Culture and Recreation</b>	<b>56.90</b>	<b>53.66</b>	<b>53.00</b>	<b>47.93</b>	<b>47.20</b>	<b>47.00</b>	<b>41.00</b>	<b>42.00</b>	<b>41.75</b>	<b>42.25</b>
<b>Total City</b>	<b>180.60</b>	<b>176.31</b>	<b>176.98</b>	<b>175.09</b>	<b>173.35</b>	<b>179.85</b>	<b>176.05</b>	<b>184.50</b>	<b>183.75</b>	<b>181.80</b>

Source: City of Safety Harbor Annual Budget, Fiscal Years 2007-2016

**SCHEDULE 19**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Public Safety</b>										
<b>Fire Control and EMS</b>										
Inspections	715	715	715	715	715	715	715	715	715	665
Investigations	22	20	20	12	10	10	10	10	10	5
Fire responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EMS responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Building Department</b>										
Building permits issued	1,903	1,924	1,935	1,700	1,823	1,658	1,508	1,304	1,627	1,717
Occupational licenses issued	1,296	1,246	1,110	1,267	1,375	1,325	1,225	1,155	1,106	1,019
<b>Stormwater</b>										
Storm drain/pipe cleaned (miles)	0.34	0.36	0.39	0.15	1.14	1.07	0.06	0.30	5.50	5.50
Ditches/creeks cleaned (miles)	13.00	13.81	18.03	13.88	25.76	25.76	25.76	38.64	38.64	38.64
<b>Water</b>										
Customer accounts	7,560	7,477	7,456	7,586	7,506	7,488	7,493	7,470	7,447	7,417
Average daily water consumption in millions of gallons	1.39	1.38	1.43	1.40	1.37	1.70	1.37	1.57	1.80	1.91
<b>Wastewater</b>										
Customer accounts	8,943	8,918	8,903	8,946	8,871	8,856	8,897	8,745	8,796	8,741
Average daily sewage flow in millions of gallons	1.53	1.52	1.11	1.40	1.44	1.20	1.49	1.51	1.55	1.51
<b>Sanitation (solid waste)</b>										
Refuse collected (tons)	10,800	11,309	10,923	12,016	12,618	12,604	13,000	13,769	15,501	16,424
Recyclables collected (tons)	3,185	3,396	3,299	2,600	2,141	1,741	2,266	1,955	1,801	2,649
<b>Streets</b>										
Streets swept (curb miles)	920	918	918	918	938	938	918	918	918	918
Curb/gutter/sidewalks replaced (cubic yds)	202	270	260	320	325	350	318	300	275	253
Pothole repairs (asphalt tons)	32	32	23	16	32	25	18	36	25	33
<b>Culture and Recreation</b>										
<b>Recreation - Persons listed in programs</b>										
Trips	2,520	2,400	2,666	2,355	2,445	1,588	1,965	1,079	516	339
Classes	35,805	34,100	29,680	33,630	26,377	21,254	22,474	14,197	11,702	6,526
Camps/After-school	28,766	27,397	28,452	35,257	19,617	20,503	16,092	25,436	19,641	1,608
Special events	3,734	3,558	6,252	3,761	843	786	723	373	1,089	1,233
Parks - Acres maintained	123.93	123.89	103.89	93.99	88.99	73.88	72.47	72.47	72.04	72.04
Library circulation	275,000	273,568	262,455	287,052	296,348	272,761	287,003	206,030	224,808	262,503
Library registered borrowers	14,900	14,844	10,082	10,043	10,056	9,700	9,641	14,303	15,650	19,290

Source: City of Safety Harbor Annual Budget, Fiscal Years 2007-2016

N/A - Information not available

**SCHEDULE 20**

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government</b>										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	18	17	17	17	17	13	12	12	11	11
<b>Public Safety</b>										
Fire stations	2	2	2	2	2	2	2	2	2	2
Vehicles	11	11	11	11	11	13	12	12	11	11
<b>Physical Environment</b>										
Vehicles	35	35	35	35	36	51	49	50	46	44
Stormwater										
Drainage basins/creeks (sq. miles)	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Water										
Pipeline (miles)	76.5	76.5	76.3	76.3	76.0	75.8	75.7	75.7	75.7	75.4
Fire hydrants maintained	554	554	552	552	548	542	540	540	539	539
Wastewater										
Lift stations	25	25	25	25	25	25	25	25	25	25
Mains in collection system (miles)	66.3	66.3	66.3	66.3	66.3	66.3	66.3	66.3	66.3	66.3
Sanitation (solid waste)										
Collection vehicles	21	21	19	21	20	14	14	13	13	13
<b>Streets</b>										
Curb miles of street	100	100	100	100	100	100	100	153	153	153
Vehicles	17	17	17	17	16	17	16	15	12	12
<b>Culture and Recreation</b>										
Parks	16	16	12	12	11	11	11	11	11	11
Dog park	2	2	1	1	1	1	1	1	0	0
Skate park	1	1	1	1	1	1	1	1	1	1
Playgrounds	7	7	6	5	5	5	5	5	5	5
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Recreation centers	2	2	2	2	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Marina	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	12	12	12	12	10	10	10	10	9	9
Baseball fields	4	4	4	4	4	4	4	4	4	4
Softball fields	1	1	1	1	1	1	1	1	1	1
Tennis courts	4	4	4	4	4	4	4	4	4	4
Racquetball courts	2	2	2	2	2	2	2	2	2	2
Restroom facilities	16	16	16	14	8	8	8	8	8	8
Basketball courts										
Outdoor	4	4	4	4	4	4	4	4	4	4
Indoor	3	3	3	3	3	3	3	3	3	3
Vehicles	17	14	12	12	13	12	12	9	9	9
Museum/Cultural Center	1	1	1	1	-	-	-	-	-	-

Sources: City of Safety Harbor Annual Budget, Fiscal Years 2007-2016; Various City departments

## **REGULATORY REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2017.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Tampa, Florida  
June 22, 2017



CliftonLarsonAllen

CliftonLarsonAllen LLP  
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## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City of Safety Harbor, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Tampa, Florida  
June 22, 2017

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

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

**Report on the Financial Statements**

We have audited the financial statements of the City of Safety Harbor, Florida (the City), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 22, 2017.

**Auditors' Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report and schedule, which are dated June 22, 2017, should be considered in conjunction with this management letter.

**Audit Findings**

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

**Official Title and Legal Authority**

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

### **Financial Condition**

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

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

### **Special District Component Units**

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

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such findings.

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

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

**Purpose of this letter**

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Tampa, Florida  
June 22, 2017

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

<b>Prior Year Findings</b>		<b>Current Year Status</b>		
<b>Finding Reference #</b>	<b>Comment</b>	<b>Cleared</b>	<b>Partially Cleared</b>	<b>Not Cleared</b>
MLC 2015-001	Noncompliance Purchasing Card Policy	X		





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