

Comprehensive Annual Financial Report

# City of Safety Harbor Florida

Fiscal Year Ended September 30, 2009



Prepared by:  
Finance Department

June Solanes  
Finance Director

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CITY OF SAFETY HARBOR, FLORIDA  
**PRINCIPAL CITY OFFICIALS**  
as of September 30, 2009

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**CITY COMMISSION**  
2009

Andy Steingold, Mayor  
Nina Bandoni, Vice Mayor  
Joseph Ayoub  
Mary Lynda Williams  
Nancy Besore

**ADMINISTRATIVE**  
2009

City Manager  
Matthew Spoor

City Clerk  
Cathy Benson

City Attorney  
Alan S. Zimmet

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CITY OF SAFETY HARBOR, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2009

**TABLE OF CONTENTS**

	Page
Principal City Officials	i
Table of Contents	ii - v

**INTRODUCTORY SECTION**

Letter of Transmittal	vi – viii
Organizational Chart	ix

**FINANCIAL SECTION**

Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 15
Basic Financial Statements	
Statement of Net Assets	16
Statement of Activities	17 – 18
Balance Sheet – Governmental Funds	19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21 – 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Assets – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26 – 27
Statement of Fiduciary Net Assets	28
Statement of Changes in Fiduciary Net Assets	29
Notes to Basic Financial Statements	30 – 57

CITY OF SAFETY HARBOR, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 SEPTEMBER 30, 2009

	Page
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedules –	
Major Governmental Funds –	
General Fund	58 – 60
Parkland Special Revenue Fund	61
Stormwater Utility Fund	62
Community Redevelopment Fund	63
Schedule of Funding Progress – Firefighters’ Retirement Fund	64
Schedule of Funding Contributions from the Employer and Other Contributing Entities – Firefighters’ Retirement Fund	65
Schedule of Employer Contributions – Other Post Employment Benefits	66
Schedule of Funding Progress – Other Post Employment Benefits	67
<b>Combining and Individual Fund Statements and Schedules</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	68 – 69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds	70 – 71
Budgetary Comparison Schedules –	
Major Governmental Funds	
Capital Projects Fund	72
Nonmajor Governmental Funds –	
Public Safety Fund	73
Street Improvements Fund	74
Library Grants Fund	75
Street Assessments Fund	76
Marina Boat Basin Fund	77
Transportation Impact Fund	78
Library Impact Fee Fund	79
Drainage Impact Fee Fund	80
Street Lighting Fund	81
Parking Impact Fee Fund	82
Law Enforcement Fund	83
Debt Service Fund	84

CITY OF SAFETY HARBOR, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 SEPTEMBER 30, 2009

Page

**Other Supplemental Schedules**

Schedule of Revenue and Expenditures – Actual and Budget – Fire District and Emergency Medical Services Sub-Funds	85
Schedule of Revenue and Expenditures– Actual and Budget – Library Sub-Funds	86
Balance Sheet – Community Redevelopment Agency	87
Schedule of Revenue and Expenditures – Actual and Budget – Community Redevelopment Agency	88
Schedule of Operations – Actual and Budget – Solid Waste Fund	89
Schedule of Operations – Actual and Budget – Water and Sewer Fund	90
Reconciliation of Total Fund Balance for the Governmental Funds to Total Net Assets for Governmental Activities	91
Reconciliation of Net Change in Fund Balances for the Governmental Funds to Change in Net Assets for Governmental Activities	92

**STATISTICAL SECTION (UNAUDITED)**

Table 1	General Fund – Expenditures by Type – Last Ten Fiscal Years	93
Table 2	General Fund – Revenues by Source – Last Ten Fiscal Years	94
Table 3	Property Tax Levies, Tax Collections and Assessed Valuations – Last Ten Fiscal Years	95
Table 4	Schedule of Assessed and Taxable Value of Taxable Property – Last Ten Fiscal Years	96
Table 5	Schedule of Property Tax Rates and Tax Levies – Direct and Overlapping Governments – Last Ten Fiscal Years	97
Table 6	Schedule of Principal Taxpayers (Real Property) – Ad Valorem	98
Table 7	Schedule of Principal Taxpayers (Personal Property) – Ad Valorem	99
Table 8	Computation of Legal Debt Margin	100
Table 9	Computation of Direct and Overlapping Debt	101
Table 10	Ratio of Net General Bonded Debt to Assessed Value – and Net Bonded Debt per Capita – Last Ten Fiscal Years	102
Table 11	Ratio of Annual Debt Service Expenditures – Last Ten Fiscal Years – For General Bonded Debt to Total General Expenditures	103

CITY OF SAFETY HARBOR, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 SEPTEMBER 30, 2009

		Page
Table 12	Schedule of Special Assessment Collections – Last Ten Fiscal Years	104
Table 13	Schedule of Water and Sewer Revenue Bond Coverage – Last Ten Fiscal Years	105
Table 14	Water and Sewer Fund Statistical Data – Last Ten Fiscal Years	106
Table 15	Solid Waste Fund Statistical Data – Last Ten Fiscal Years	107
Table 16	Table of Demographic Statistics	108
Table 17	Schedule of Building Permits Issued by the Building Department – Last Ten Fiscal Years	109
Table 18	Schedule of Charges on Building Permits – Last Ten Fiscal Years	110
Table 19	Schedule of Building Permit Valuations – Last Ten Fiscal Years	111
Table 20	Miscellaneous Statistical Data	112
Table 21	Schedule of Miscellaneous Data – Water and Sewer Fund	113
Table 22	Schedule of Water Consumption – Last Ten Fiscal Years	114
Table 23	Schedule of Waste Water Treated at Northeast Regional Waste Water Treatment Plant – Last Ten Fiscal Years	115
Table 24	Schedule of Insurance in Force – Last Ten Fiscal Years	116
Table 25	General Fund – Expenditures by Department – Last Ten Fiscal Years	117
<b><u>REGULATORY REPORTS</u></b>		
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	118 – 120
	“Management Letter” Based on Rule 10.554(1)(i) of the Auditor General of the State of Florida	121 – 125



# 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 21, 2010

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, 2009, 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 and account groups of the government. Staff apologizes for the delay in presenting the Consolidated Annual Financial Report for the 2008/2009 Fiscal Year.

LarsonAllen LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Safety Harbor's financial statements for the year ended September 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

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

The City of Safety Harbor, incorporated on June 17, 1917, is located in the Tampa Bay area and is primarily a bedroom community with a limited amount of supporting commercial and industrial uses. The City is located halfway between the Tampa International Airport and the 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 18,000. The City of Safety Harbor is empowered to levy a property tax on real property located within its boundaries. It also is 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 department. In addition, water, sewer and sanitation 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 therefore, the impact of decreased property tax revenue and state shared revenue has not been overly severe but has certainly been noticeable. To 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 the planned expenditures. Relative to operations and economic conditions, in Fiscal Year 2009/2010, the City budgeted for a decrease of 9.7 percent in revenues based on information provided by the State of Florida for projected state shared revenues, franchise fees and utility taxes. Appropriations in the general fund are budgeted with a .7 percent decrease. The City continues to review revenues and expenditures between available resources to balance out budget requests.

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

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

The Five-year Capital Improvements Plan (CIP) for FY 2009/10 to FY2013/14 is \$26.7 million, of which \$5 million is appropriated in FY 2009/2010.

The largest expenditures includes drainage (erosion control) within the banks of Mullet Creek and design on South Bayshore; heavy equipment and vehicle replacements for the Public Works department; 60 miles of street resurfacing, rehabilitation of brick streets as outlined in the Brick Street Master Plan, and further improvements to the NE Wastewater Treatment Plant.

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

The City utilizes the modified accrual basis of accounting for all governmental fund types, agency and expendable trust funds. Under this modified accrual basis, expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due. Revenues are recognized in the accounting period when they become measurable and available.

Accounting records for the City's proprietary funds, water, sewer and sanitation, 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 amounts and if necessary, budgetary adjustments are made prior to issuing purchase orders. The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between specific classifications of expenditures within a department or office. By Resolution, the City Commission may authorize the transfer of any unencumbered appropriation balance or portion thereof from one office or department to another.

***Major initiatives***

In preparing the Fiscal Year 2009/2010 Budget, the City identified a number of major programs and projects to maintain the City's position of excellent service provision, financial performance, and quality of operational facilities. During the fiscal year, the City expended \$5.3 million in capital improvements for the future benefit of the Community.

The City Commission strives to provide the citizens of Safety Harbor with an improved quality of life through implementation of policies, regulations and the funding of programs.

The City is still active with construction projects in the area of drainage based on the recommendations presented in the City's Stormwater Master Plan as well as identified erosion control projects. Major capital projects completed during the year include the Library renovation and expansion, Brick Street Restoration, improvements at the Northeast Regional Wastewater Treatment Plant, and acquisition of heavy equipment.

***Awards and Acknowledgements***

The preparation of this report would not have been possible without the efficient and dedicated work of LarsonAllen LLP. We thank them for their continued patience and guidance. We wish to express our appreciation to the entire staff of the finance and administration departments and to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Safety Harbor finances.

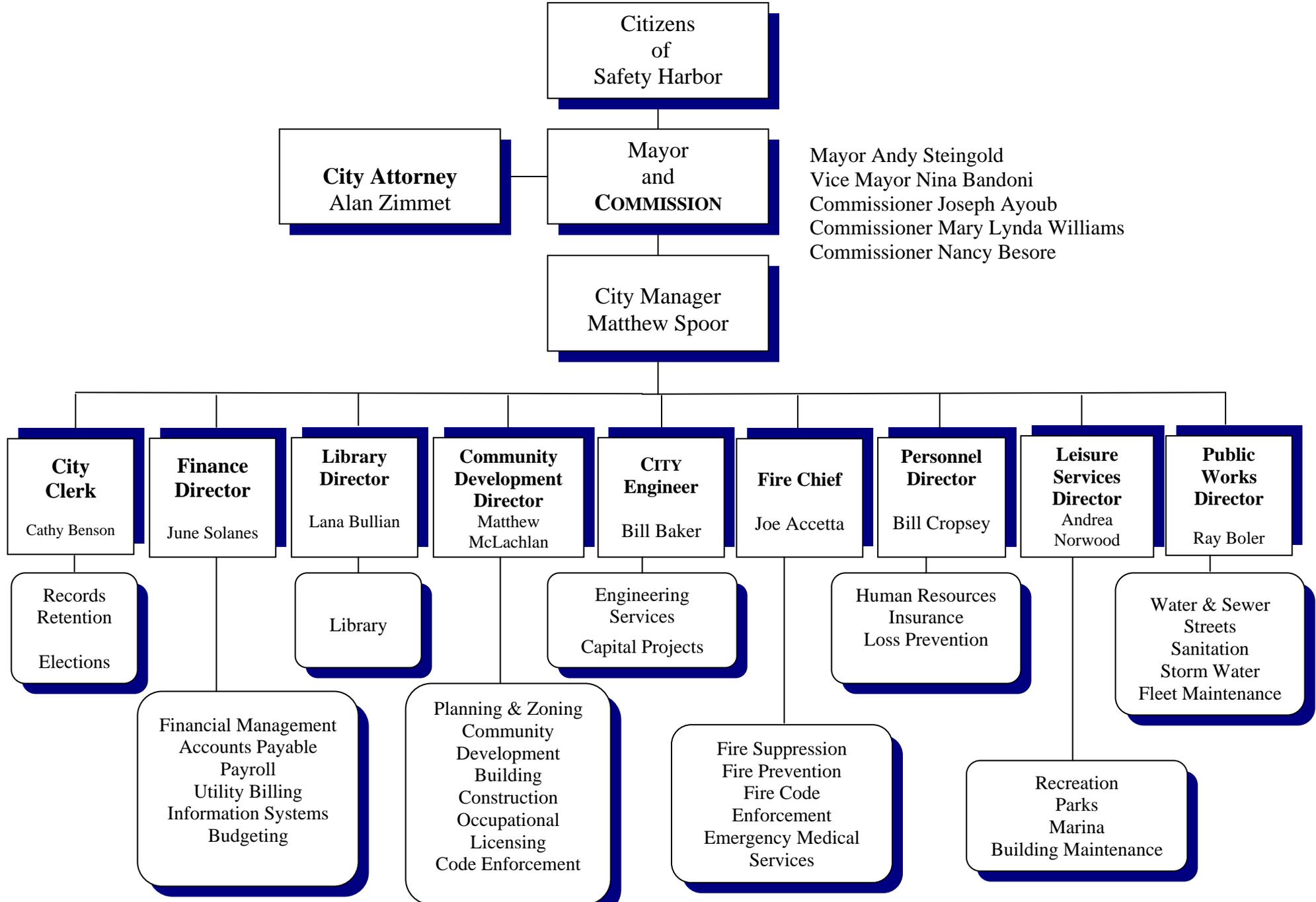
Respectfully submitted,

  
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Matthew Spoor  
City Manager

  
\_\_\_\_\_  
June Solanes  
Finance Director

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CITY OF SAFETY HARBOR ORGANIZATIONAL CHART



Mayor Andy Steingold  
 Vice Mayor Nina Bandoni  
 Commissioner Joseph Ayoub  
 Commissioner Mary Lynda Williams  
 Commissioner Nancy Besore

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## **INDEPENDENT AUDITORS' REPORT**

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

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 September 30, 2009, and for the year then ended, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2009 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.

As discussed in Note 11, Prior Period Adjustment, of the notes to the financial statements, an error relating to excess contributions from the State of Florida to the Retirement Plan for the Firefighters of the City of Safety Harbor had been incorrectly included as allowable contributions for purposes of increasing the net pension asset reported in the City's government-wide financial statements. An adjustment has been made to reduce net assets of the government-wide statement of net assets as of September 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison schedules on pages 58 through 63, and the schedules of funding progress and schedules of funding contributions relating to the Firefighters' Retirement Fund and Retiree Health Plan, as listed in the table of contents, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, budgetary comparison schedules on pages 72 through 84, other supplemental schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, budgetary comparison schedules, other supplemental schedules, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Tampa, Florida  
June 7, 2010

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

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CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

The City of Safety Harbor's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page vi) and the City's financial statements (beginning on page 16).

### **Financial Highlights**

- The assets of the City of Safety Harbor exceeded its liabilities at September 30, 2009 by \$55,824,219 (net assets). Of this amount, \$20,257,477 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased over prior period, as restated, by \$444,372 or .8 percent during the year ended September 30, 2009. Governmental net assets declined by \$480,385 or 1.3 percent while business type net assets increased by \$924,757 or 5.1 percent during the year ended September 30, 2009.
- As of September 30, 2009, the City of Safety Harbor's governmental funds reported combined ending fund balances of \$17,509,712, a decrease of \$2,518,491 in comparison with the prior year. Of this total amount, \$9,051,391 or 52 percent, is available for spending at the City's discretion (unreserved, undesignated fund balance).
- The City of Safety Harbor's total debt increased by \$2,251,475 during the current fiscal year. The net increase is due to the final draw from the 2006 Line of Credit, which was for governmental and enterprise fund infrastructure improvements, a decrease in compensated absences, with increases in termination benefits and other post employment benefits and other outstanding liabilities at year end.

### **Overview of the Financial Statements**

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) 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 are 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.

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

**Government-wide financial statements**

The *government-wide statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements are located on pages 16 through 18 of this report.

*The Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. The focus of the Statement of Net Assets 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 resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net assets 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 assets 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 various governmental services and/or subsidy to various 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 include general government, public safety, streets and transportation, stormwater drainage, capital projects, community redevelopment, library, marina, parks, recreation and assessments. The business-type activities of the City include water, sewer and sanitation.

The government-wide financial statements include the City of Safety Harbor as a whole, including the component unit the Safety Harbor Community Redevelopment Agency.

**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

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. The basic governmental fund financial statements can be found on pages 19 through 23 of this report.

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

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Parkland Fund, Stormwater Utility Fund, Capital Projects Fund, and the Community Redevelopment Agency Fund, which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report, following the Notes to the Financial Statements on pages 67 through 84.

The City adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

***Proprietary funds.*** The City maintains one of the two proprietary type funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations as well as its Sanitation (i.e. solid waste collection) operation. *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.

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 and Sanitation operation, both of which are considered major funds. The basic proprietary fund financial statements can be found on pages 24 through 27 of this report.

***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 firefighter's retirement benefit with the Florida League of Cities. The basic fiduciary fund financial statements can be found on pages 28 through 29 of this report.

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 57 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, parkland and community redevelopment special revenue funds well as the City's progress in funding its obligation to provide pension benefits to the firefighters as well as the funding progress of the retiree health plan. Required supplementary information can be found on pages 58 through 65 of this report.

**Government-wide Financial Analysis**

**Statement of Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceeded liabilities by \$55,824,219. The following table reflects the condensed Statement of Net Assets compared to the prior year. For comparative purposes, 2008 government activities does not reflect the prior period adjustment made in 2009 for correction of an error. Throughout this report, increases and decreases are reflected based on current year impacts.

City of Safety Harbor Statement of Net Assets as of September 30, 2009						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and other assets	\$ 18,501,977	\$ 21,933,125	\$ 10,935,306	\$ 7,663,566	\$ 29,437,283	\$ 29,596,691
Capital Assets	26,942,570	24,561,628	19,441,111	19,326,477	46,383,681	43,888,105
<b>Total assets</b>	<b>45,444,547</b>	<b>46,494,753</b>	<b>30,376,417</b>	<b>26,990,043</b>	<b>75,820,964</b>	<b>73,484,796</b>
<b>Liabilities</b>						
Current and other liabilities	1,167,603	1,352,648	2,015,118	1,319,819	3,182,721	2,672,467
Long-term liabilities	7,677,718	7,796,866	9,136,306	7,369,988	16,814,024	15,166,854
<b>Total liabilities</b>	<b>8,845,321</b>	<b>9,149,514</b>	<b>11,151,424</b>	<b>8,689,807</b>	<b>19,996,745</b>	<b>17,839,321</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	19,665,284	17,632,941	9,965,349	11,937,820	29,630,633	29,570,761
Restricted	1,951,448	2,594,159	3,984,661	1,802,944	5,936,109	4,397,103
Unrestricted (deficit)	14,982,494	17,118,139	5,274,983	4,559,472	20,257,477	21,677,611
<b>Total net assets</b>	<b>\$ 36,599,226</b>	<b>\$ 37,345,239</b>	<b>\$ 19,224,993</b>	<b>\$ 18,300,236</b>	<b># \$ 55,824,219</b>	<b># \$ 55,645,475</b>

For more detailed information see the Statement of Net Assets on page 16.

Fifty three percent of the City's net assets reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

the City's investment in its 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.

Eleven percent of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* or \$20,257,477 may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2009, the City is able to report positive balances in all three categories of net assets, 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.

**Normal Impacts.** There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

- **Net Results of Activities** will impact (increase/decrease) current assets and unrestricted net assets.
- **Borrowing for Capital** will increase current assets and long-term debt.
- **Spending Borrowed Proceeds on New Capital** will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt will not change the invested in capital assets, net of debt.
- **Spending of Non-Borrowed Current Assets on New Capital** will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.
- **Principal Payment on Debt** will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets net of debt.
- **Reduction of Capital assets through Depreciation** will reduce capital assets and invested in capital assets, net of debt.

**Current Year Impacts.** In governmental activities, net assets decreased 2 percent to \$36.6 million, while in the business-type activities net assets increased 5.1 percent to \$19.2 million. The decrease in governmental activities is due to spending on capital projects and equipment with non-borrowed assets and the depreciation of assets. The increase in business-type activities is due to two factors: a six percent increase in revenues and a minimal increase of less than .5 percent in expenses. A City Commission authorized utility rate study impact was implemented in February 2006. Utility rates were increased by 11.4 percent in water and sewer and 9.5 percent in sanitation and recycling fees. The adopting resolution increased rates by the above percentages in February 2006, October 2006 and October 2007 and will continue to increase rates each October through October 2009.

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

**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 page 17 through 18.

City of Safety Harbor  
Statement of Net Activities  
For the years ended September 2009 and 2008

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,670,153	\$ 1,568,700	\$ 10,573,310	\$ 9,545,610	\$ 12,243,463	\$ 11,114,310
Operating Grants and Contributions	341,125	256,837	-	-	341,125	256,837
Capital Grants and Contributions	11,000	400,126	-	-	11,000	400,126
<b>General Revenues:</b>						
Property Taxes	3,543,283	3,534,380	-	-	3,543,283	3,534,380
Utility taxes	2,591,091	2,402,197	-	-	2,591,091	2,402,197
Franchise Fees	1,570,352	1,453,539	-	-	1,570,352	1,453,539
Sales and Use Tax	857,009	941,432	-	-	857,009	941,432
State/local revenue sharing	3,159,520	3,580,909	-	-	3,159,520	3,580,909
Impact Fees	11,702	27,496	-	-	11,702	27,496
Investment Income	835,294	1,113,049	361,878	354,785	1,197,172	1,467,834
Other Miscellaenous. Revenues	1,907,942	1,354,046	724,992	1,139,362	2,632,934	2,493,408
<b>Total Revenues</b>	<b>16,498,471</b>	<b>16,632,711</b>	<b>11,660,180</b>	<b>11,039,757</b>	<b>28,158,651</b>	<b>27,672,468</b>
<b>EXPENSES</b>						
<b>Function/program Activities</b>						
<b>Primary Government:</b>						
<b>Government Activities:</b>						
General Government	3,307,998	3,830,166	-	-	3,307,998	3,830,166
Law Enforcement	1,336,447	1,278,181	-	-	1,336,447	1,278,181
Fire Protection	4,082,474	3,935,680	-	-	4,082,474	3,935,680
Building Department	293,109	305,203	-	-	293,109	305,203
Physical Environment	1,289,878	1,269,798	-	-	1,289,878	1,269,798
Transportation	2,283,184	2,180,589	-	-	2,283,184	2,180,589
Library	1,670,642	1,361,946	-	-	1,670,642	1,361,946
Parks & Recreation	2,611,334	2,417,586	-	-	2,611,334	2,417,586
Interest on long-term debt	103,790	96,730	-	-	103,790	96,730
<b>Business-Type Activities:</b>						
Water & Wastewater	-	-	7,975,242	7,835,184	7,975,242	7,835,184
Solid Waste/Sanitation	-	-	2,760,181	2,866,134	2,760,181	2,866,134
<b>Total Expenses</b>	<b>16,978,856</b>	<b>16,675,879</b>	<b>10,735,423</b>	<b>10,701,318</b>	<b>27,714,279</b>	<b>27,377,197</b>
Change in net assets	(480,385)	(43,168)	924,757	338,439	444,372	295,271
Net assets, beginning of year as previously stated	37,345,239	35,232,307	18,300,236	17,812,632	55,645,475	53,044,939
Prior period adjustment	(265,628)	899,500	-	149,165	(265,628)	1,048,665
Net assets, beginning of year restated	37,079,611	37,388,407	18,300,236	17,961,797	55,379,847	55,350,204
<b>Net Asset, end of year</b>	<b>\$ 36,599,226</b>	<b>\$ 37,345,239</b>	<b>\$ 19,224,993</b>	<b>\$ 18,300,236</b>	<b>\$ 55,824,219</b>	<b>\$ 55,645,475</b>

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

**Governmental activities.** Revenues for the City's governmental activities decreased by .8 percent, while total expenses increased by 1.8 percent resulting in a decrease in current year net assets of \$480,385. Key elements of the decrease are as follows:

- Program revenues decreased overall by 9.1 percent.
  - Charges for Services increased by \$101,453 or 6.5 percent, primarily due to increases fees generated by leisure services activities and stormwater.
  - Operating and capital grants and contributions decreased by \$304,838 or 46.4 percent decline in funding. There are no current major capital improvements funded by capital grants.
- General revenues recognized a slight increase of .5 percent with increases in utility taxes, franchise fees and miscellaneous revenue, while earnings on investments, state and local revenue sharing and sales tax declined. The increase in miscellaneous revenue is contributed to recoveries from losses that occurred in the prior year and revenues generated by downtown events.

The City's general revenue from property taxes, utility taxes, franchise fees and taxes from the state/local revenue sharing program increased overall by 2.8 percent. However, taxes driven by consumer spending have declined with the economic downturn.

For the most part, increases in expenses occurred in activities providing services to the community, including law enforcement, fire protection, parks and recreation and the library. With expansion of the library complete in the spring of 2009, the Library realized an increase in expenses associated with outlays not meeting the City's capitalization criteria as well as increases in fixed costs such as utilities to meet the needs of a larger facility. The increased cost of providing services to the community was offset by a decrease of 13.6 percent in general government expenditures, with decreases in capital outlay and compensated absences. The City's implementation of an early retirement and separation program has resulted in increases in current year's salaries and fringes but has overall decreased the long-term obligation associated with accrued sick and vacation payable at separation from the City.

**Business-type activities.** Business-type activities increased the City's net assets by \$924,757. Key elements of the increase are as follows:

- Charges for services for business-type activities increased by 10.8 percent or \$1.03 million over the prior year. Of the combined increase, Water and Sewer realized an increase of 11.3 percent, which is consistent with the annual rate increase of 11.4 percent that was implemented in 2006. The increase in revenue for Sanitation of 9.3 percent falls just below the rate increase of 9.5 percent. Both increases in rates over a multi-year period were implemented to cover increased costs incurred by the City to purchase water and wastewater treatment services as well as provide additional resources to meet debt service requirements resulting from infrastructure improvements and capital equipment purchases for solid waste.

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

## Normal Impacts

There are nine basic impacts on revenues and expenses as reflected below.

### Revenues

- **Economic Condition** – which can reflect a declining, stable or growing economic environment and has substantial impact on property, sales, gas or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.
- **Increase/Decrease in Council approved rates** – while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (water, wastewater, sanitation, permitting, impact fee, recreation user fees, etc)
- **Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)** – certain recurring revenues (state revenue sharing, block grant, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- **Contribution from the Water and Sewer Fund** – the City owns the distribution lines of the Water and Wastewater Utility system and operates Sanitation and recycling services within the City. The General Fund provides administrative and support services for the utilities. In return, the City receives payments from the utilities.
- **Market Impacts on Investment income** – due to varying maturities on the City's investments and the varying nature of the market in general, City investment income may fluctuate from year to year.

### Expenses

- **Introduction of New Programs** – within the functional expense categories (General Government, Law Enforcement, Fire Protection, Public Works, Parks and Recreation, etc.) individual programs may be added or deleted to meet changing community needs.
- **Increase in Authorized Personnel** – changes in service demand may cause the Commission to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represented 35% of the City's 2009 adopted budget net of reserves.
- **Salary Increases (merit and market adjustment)** - the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.
- **Inflation** – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals and supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

**Financial Analysis of the Government's Funds**

**Governmental funds.** The focus of the City's 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, unreserved 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, 2009, the City's governmental funds reported combined ending fund balances of \$17,509,712, a decrease of \$2,518,491 in comparison with the prior year. Fifty one percent of this total amount or \$9,051,391 constitutes unreserved, undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$8,458,321 is reserved or designated for specific type of expenditures. Thirty two percent or \$2.7 million of reserved or designated fund balance is not available for new spending because it has already been committed to liquidate purchase orders of the prior period, meet debt service requirements or account for inventory and prepaid items.

The General Fund is the chief operating fund of the City. At September 30, 2009, the unreserved, undesignated fund balance of the General Fund was \$9,051,391 while the total fund balance was \$9,218,614. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 68.7 percent of total General Fund expenditures, while total general fund balance represents 69.9 percent of that same amount.

The Parkland Special Revenue Fund has a total fund balance of \$806,876 at September 30, 2009, of which all of the funds are reserved.

The Stormwater Utility Fund has a total fund balance of \$2,378,588 as of September 30, 2009, of which \$117,258 is not available for new spending as it is reserved to liquidate purchase orders of the prior period and to account for prepaid items.

The Capital Projects Fund has a total fund balance of \$2,187,100 at September 30, 2009, of which \$348,162 is reserved to liquidate purchase orders from the prior period.

The Community Redevelopment Agency has a total fund balance of \$709,809 as of September 30, 2009. Of this amount, \$11,575 is reserved to liquidate purchase orders of the prior period.

In 2009, the City increased the millage rate to 2.7830 due to declines in property values as well as property tax reform that allows for an additional exemption of up to \$25,000 off the assessed value of homesteaded properties and portability of the annual increase that caps the annual increase on the assessed value of homesteaded properties to three percent. General fund ad valorem collections are lower than the prior year's collections by less than 1 percent.

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

General fund expenditures, net transfers to and from other funds, increased by \$440,651. The largest increase in spending is for fire protection services with a 5.4 percent increase over the prior year. The majority of the increase is in salaries and fringes and general liability insurance. Additionally, there is a higher percentage of fleet maintenance reimbursement due to the age of the vehicles in fire protection. As in prior years, operating expenses in the Stormwater fund remain relatively consistent. Spending in the Capital Projects fund declined due to completion of the Library expansion project. Other capital projects completed during the year include Brick Street Restoration and the purchase of a backhoe loader for the Street Division. For other governmental funds, Transportation expenditures represent 55 percent of total expenditures of \$1.646 million.

***Proprietary funds.*** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer fund at the end of the year total \$4.6 million, while in Sanitation unrestricted net assets are \$670,965. Cumulatively, the unrestricted net assets for the Enterprise Funds increased 15.7 percent over prior year. The total change in net assets for both funds is \$924,757, which is an increase of \$586,318 over prior year.

Revenue generated by charges for services is 10.8 percent higher than prior year. This increase is consistent with multi-year rate increases in water, sewer and sanitation services approved in 2006 to generate revenue to cover the cost of services, infrastructure improvements and debt service.

Operating expenses for the City's proprietary funds decreased by 1 percent over the previous fiscal year. Expenses for personal services and depreciation and the amortization of interest increased, while materials and supplies and other operating expenses decreased. Non-operating expense for interest increased during the year consistent with the increase in debt service related to the 2006 revenue note for infrastructure improvements.

### **General Fund Budgetary Highlights**

During the year, general fund appropriations increased \$73,266 between the original and final budget. Transfers from the general fund to the Law Enforcement Trust Fund total \$2,540 with the balance of the increase transferred from contingency to cover unforeseen expenditures for elections and events on Main Street. Revenues are over budget by \$301,077 or 2.2 percent due to higher than anticipated inflows from utility taxes, franchise fees and claims settlements. Total general fund expenditures are \$808,383 or 5.7 percent lower than budget. Total general fund expenditures are 2.4 percent higher than prior year; however, general government expenses are decreased by 1.4 percent over fiscal year 2008. Increases contributing to the overall increase in expenditures of the general fund are in Public Safety with 4.8 percent and Culture and Recreation with 6.5 percent. Transportation and physical environment expenditures increased 5.7 and 2.6 percent, respectively.

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2009, is \$46.3 million, net of accumulated depreciation. As reflected in the following schedule, this investment includes land, buildings, improvements, machinery and equipment, park facilities and roads. The net increase in the City's investment in capital assets is \$2.5 million or 5.7 percent over prior year.

**Capital Assets at Year-end (millions)  
Net of Depreciation**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 3.86	\$ 3.86	\$ 0.40	\$ 0.40	\$ 4.26	\$ 4.26
Construction in progress	0.64	2.92	0.53	0.38	1.17	3.30
Buildings	4.02	4.02	0.23	0.23	4.25	4.25
Improvements other than Buildings	27.34	21.67	25.44	24.95	52.78	46.62
Equipment	6.99	6.52	6.76	6.28	13.75	12.80
Less:						
Accumulated Depreciation	<u>(15.94)</u>	<u>(14.45)</u>	<u>(13.97)</u>	<u>(12.98)</u>	<u>(29.91)</u>	<u>(27.43)</u>
Total	<u>\$ 26.91</u>	<u>\$ 24.54</u>	<u>\$ 19.39</u>	<u>\$ 19.26</u>	<u>\$ 46.30</u>	<u>\$ 43.80</u>

The following reflects major capital asset additions of the current year:

<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>	
Library Addition	\$ 1,972,127	Sanitation Vehicles	\$ 318,684
Brick Street Restoration	648,676	N.E. Wastewater Plant	282,214
Equipment	422,221	Water & Sewer Vehicles	189,787
Mobility Implementation 2nd Street Vehicles	238,739 143,402	Radio Frequency Meters	92,405
Library Books	110,716	SR 590 Utility Location	71,448
Erosion Control Measures	87,482	Bayfront Manor Lift Station	67,560
Park Fence Improvements	69,672	Citywide Sewer Improvements	58,724
Citywide Stormwater Improvements	69,086	Huntington Trails Lift Station	55,413
New Sidewalk Construction	64,064	Brick Street Restoration	32,453
Mobility Implementation Parking	48,037	Citywide Water Improvements	11,069
		Sewer Equipment & Vehicles	4,948

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 44 of the notes to the financial statements.

**Changes in Capital Assets**  
(in 000's)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>Beginning Balance</b>	\$ 24,551	\$ 19,258	\$ 43,809
Additions	6,736	1,422	8,158
Depreciation	(1,703)	(1,102)	(2,805)
Retirement (net of depreciation)	<u>(2,676)</u>	<u>(192)</u>	<u>(2,868)</u>
<b>Ending Balance</b>	<u>\$ 26,908</u>	<u>\$ 19,386</u>	<u>\$ 46,294</u>

**Long-term debt.** As of fiscal year end, the City has \$16.37 million in outstanding long-term debt from revenue notes and bonds compared to \$14.12 in the prior year, which is an increase of \$2.26 million or 15.9 percent.

**Outstanding Debt at Year-end**

	Projects	<b>Totals</b>	
		<u>2009</u>	<u>2008</u>
<b>Governmental Activities</b>			
2008 Capital Improvement Revenue Note	Library Expansion	\$ 5,412,000	\$ 5,412,000
2006 Capital Improvement Revenue Note	Erosion Control	1,810,494	1,506,487
Governmental activities total		<u>7,224,503</u>	<u>6,918,487</u>
<b>Business-Type Activities</b>			
2006 Capital Improvement Revenue Note	Water & Sewer Improvements and Sanitation Equipment	7,183,506	4,953,047
2001 Florida Municipal Loan Council Bonds	Utility System Improvements	<u>1,960,000</u>	<u>2,245,000</u>
Business-type activities total		<u>9,143,506</u>	<u>7,198,047</u>
<b>Total Outstanding Debt</b>		<u>\$ 16,368,009</u>	<u>\$ 14,116,534</u>

CITY OF SAFETY HARBOR, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

**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.) for their governmental activities. There are a limited number of state-shared revenues. Due to the economic downturn, the City has reduced the general fund budget for state-shared intergovernmental revenues and revenues from fees and other taxes by 6.9 percent for fiscal year 2010. The City's early retirement and separation program in 2009 resulted in the reduction of 8.45 full time equivalents in the 2010 budget. Total general fund appropriations in 2010 are reduced by 3.7 percent.

Overall, the economic conditions at the City of Safety Harbor compare favorably in the state and surrounding communities. Even with the decline in taxable property values, the City's increased millage rate of 3.0674 in 2010 still allows for the City to maintain a low millage rate, yet continue to provide the same high level of service to the community. For the business-type and certain governmental activities (permitting, recreational programs, etc.) the user (of services) pays a related fee (or charge) associated with the service provided. As is the case with special events and festivals in the City, revenues generated by the events allow the City to continue to support the events with minimal subsidy. Fiscal year 2010 is the final year of rate increases of 11.4 percent in the Water and Sewer fund and 9.5 percent in the Sanitation fund. The Enterprise funds are continuing to become more financially stable with reserves increasing to meet the demands of providing services with a long range goal of funding the debt service required to meet the needs for infrastructure improvements. The reserves continue at a safe level, with the water and sewer and sanitation funds increasing in this year.

**Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

<b>Assets</b>	Governmental Activities	Business-Type Activities	Total
<b>Current assets:</b>			
Equity in pooled cash and investments	\$ 16,825,209	\$ 5,002,627	\$ 21,827,836
Receivables, net:			
Accounts receivable	583,715	1,042,457	1,626,172
Due from other governments	544,802	-	544,802
Inventories	84,106	280,499	364,605
Prepaid items	69,021	42,430	111,451
Restricted asset			
Equity in pooled cash and investments	-	4,567,293	4,567,293
Pension asset	395,124	-	395,124
Total current assets	<u>18,501,977</u>	<u>10,935,306</u>	<u>29,437,283</u>
<b>Noncurrent assets:</b>			
Capital assets:			
Non depreciable	4,503,704	923,352	5,427,056
Depreciable, net of accumulated depreciation	22,404,186	18,462,837	40,867,023
Unamortized bond issuance costs	34,680	54,922	89,602
Total noncurrent assets	<u>26,942,570</u>	<u>19,441,111</u>	<u>46,383,681</u>
Total assets	<u>45,444,547</u>	<u>30,376,417</u>	<u>75,820,964</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	172,192	703,277	875,469
Accrued liabilities	256,921	79,254	336,175
Customer deposits	81,880	582,632	664,512
Unearned revenue	86,148	-	86,148
Current portion of long-term obligations	570,462	649,955	1,220,417
Total current liabilities	<u>1,167,603</u>	<u>2,015,118</u>	<u>3,182,721</u>
Noncurrent portion of long-term obligations	<u>7,677,718</u>	<u>9,136,306</u>	<u>16,814,024</u>
Total liabilities	<u>8,845,321</u>	<u>11,151,424</u>	<u>19,996,745</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	19,665,284	9,965,349	29,630,633
Restricted for:			
Debt service	112,510	904,105	1,016,615
Capital projects	1,838,938	3,080,556	4,919,494
Unrestricted	<u>14,982,494</u>	<u>5,274,983</u>	<u>20,257,477</u>
Total net assets	<u>\$ 36,599,226</u>	<u>\$ 19,224,993</u>	<u>\$ 55,824,219</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/program activities				
Primary/government:				
Government activities:				
General government	\$ 3,307,998	\$ 132,810	\$ 2,493	\$ -
Law enforcement	1,336,447	92,570	-	1,000
Fire protection	4,082,474	-	-	-
Building department	293,109	256,748	-	-
Physical environment	1,289,878	591,432	-	-
Transportation	2,283,184	-	-	-
Library	1,670,642	30,739	336,695	10,000
Parks and recreation	2,611,334	565,854	1,937	-
Interest and other fiscal charges on long-term debt	103,790	-	-	-
Total governmental activities	16,978,856	1,670,153	341,125	11,000
Business-type activities:				
Water and sewer	7,975,242	7,877,674	-	-
Solid waste	2,760,181	2,695,636	-	-
Total business-type activities	10,735,423	10,573,310	-	-
Total primary government	\$ 27,714,279	\$ 12,243,463	\$ 341,125	\$ 11,000

General Revenues:

  Taxes:

    Property taxes  
    Utility taxes  
    Franchise fees  
    Sales tax

  State and local revenue sharing

  Impact fees

  Interest income and net appreciation in fair value of investments

  Miscellaneous

  Total general revenues

    Change in net assets

Net assets, beginning of year as previously stated

Prior period adjustment

Net assets, beginning of year as restated

Net assets, end of year

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,172,695)	\$ -	\$ (3,172,695)
(1,242,877)	-	(1,242,877)
(4,082,474)	-	(4,082,474)
(36,361)	-	(36,361)
(698,446)	-	(698,446)
(2,283,184)	-	(2,283,184)
(1,293,208)	-	(1,293,208)
(2,043,543)	-	(2,043,543)
<u>(103,790)</u>	<u>-</u>	<u>(103,790)</u>
<u>(14,956,578)</u>	<u>-</u>	<u>(14,956,578)</u>
-	(97,568)	(97,568)
<u>-</u>	<u>(64,545)</u>	<u>(64,545)</u>
-	(162,113)	(162,113)
<u>(14,956,578)</u>	<u>(162,113)</u>	<u>(15,118,691)</u>
3,543,283	-	3,543,283
2,591,091	-	2,591,091
1,570,352	-	1,570,352
857,009	-	857,009
3,159,520	-	3,159,520
11,702	-	11,702
835,294	361,878	1,197,172
<u>1,907,942</u>	<u>724,992</u>	<u>2,632,934</u>
<u>14,476,193</u>	<u>1,086,870</u>	<u>15,563,063</u>
<u>(480,385)</u>	<u>924,757</u>	<u>444,372</u>
37,345,239	18,300,236	55,645,475
<u>(265,628)</u>	<u>-</u>	<u>(265,628)</u>
<u>37,079,611</u>	<u>18,300,236</u>	<u>55,379,847</u>
<u>\$ 36,599,226</u>	<u>\$ 19,224,993</u>	<u>\$ 55,824,219</u>

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

**CITY OF SAFETY HARBOR, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	General	Parkland	Stormwater Utility	Community Redevelop- ment Agency	Capital Projects	Other Government- tal Funds	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 8,767,317	\$ 823,903	\$ 2,411,599	\$ 717,675	\$ 1,855,204	\$ 2,249,511	\$ 16,825,209
Receivables, net:							
Accounts receivable	539,662	2,688	26,161	1,815	6,705	6,684	583,715
Due from other governments	164,152	-	-	-	325,191	55,459	544,802
Inventories	84,106	-	-	-	-	-	84,106
Prepays	66,497	-	2,524	-	-	-	69,021
<b>Total assets</b>	<b>9,621,734</b>	<b>826,591</b>	<b>2,440,284</b>	<b>719,490</b>	<b>2,187,100</b>	<b>2,311,654</b>	<b>18,106,853</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	49,068	19,715	10,113	8,926	-	84,370	172,192
Accrued liabilities	244,847	-	6,724	755	-	4,595	256,921
Customer deposits	76,832	-	-	-	-	5,048	81,880
Deferred revenue	32,373	-	44,859	-	-	8,916	86,148
<b>Total liabilities</b>	<b>403,120</b>	<b>19,715</b>	<b>61,696</b>	<b>9,681</b>	<b>-</b>	<b>102,929</b>	<b>597,141</b>
<b>Fund Balances</b>							
<b>Reserved for:</b>							
Encumbrances	16,620	-	114,734	11,575	348,162	129,948	621,039
Debt service	-	-	-	-	-	112,510	112,510
Prepays	66,497	-	2,524	-	-	-	69,021
Inventories	84,106	-	-	-	-	-	84,106
Public safety	-	-	-	-	-	64,082	64,082
Parkland	-	806,876	-	-	-	-	806,876
Street lighting	-	-	-	-	-	807,963	807,963
Transportation	-	-	-	-	-	470,401	470,401
Library	-	-	-	-	-	21,937	21,937
Parking	-	-	-	-	-	3,445	3,445
Capital projects	-	-	-	-	1,838,938	-	1,838,938
<b>Unreserved:</b>							
Designated for community redevelopment agency	-	-	-	698,234	-	-	698,234
Designated for stormwater	-	-	2,261,330	-	-	-	2,261,330
Designated for special assessment	-	-	-	-	-	9,048	9,048
Designated for library grant	-	-	-	-	-	104,004	104,004
Designated for street improvement	-	-	-	-	-	328,371	328,371
Designated for marina	-	-	-	-	-	156,831	156,831
Designated for drainage	-	-	-	-	-	185	185
Undesignated	9,051,391	-	-	-	-	-	9,051,391
<b>Total fund balances</b>	<b>9,218,614</b>	<b>806,876</b>	<b>2,378,588</b>	<b>709,809</b>	<b>2,187,100</b>	<b>2,208,725</b>	<b>17,509,712</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,621,734</b>	<b>\$ 826,591</b>	<b>\$ 2,440,284</b>	<b>\$ 719,490</b>	<b>\$ 2,187,100</b>	<b>\$ 2,311,654</b>	<b>\$ 18,106,853</b>

The notes to 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 ASSETS  
SEPTEMBER 30, 2009

Fund balances - total governmental funds \$ 17,509,712

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

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

Governmental capital assets	\$ 42,853,951	
Less, accumulated depreciation	<u>15,946,061</u>	26,907,890

The net pension asset related to governmental activities does not  
represent financial resources and is not reported in the funds 395,124

Other assets used in governmental activities are not financial resources  
and, therefore, are not reported in the governmental funds

Deferred charge on issuance cost (to be amortized over the life of the debt)		34,680
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Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the governmental funds.

Revenue note payable	(7,222,494)	
Capital lease	(54,792)	
Compensated absences	(879,232)	
Separation benefits	(44,389)	
Other post employment benefits	<u>(47,273)</u>	<u>(8,248,180)</u>

Net assets of governmental activities		<u><u>\$ 36,599,226</u></u>
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The notes to 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, 2009

	General	Parkland	Stormwater Utility	Community Redevelop- ment Agency	Capital Projects	Other Governmen- tal Funds	Total
<b>Revenues:</b>							
Property taxes	\$ 3,059,206	\$ -	\$ -	\$ 484,077	\$ -	\$ -	\$ 3,543,283
Charges for services	596,594	-	-	-	-	56,163	652,757
Franchise fees	1,570,352	-	-	-	-	-	1,570,352
Utility taxes	2,591,091	-	-	-	-	-	2,591,091
Licenses and permits	256,748	-	-	-	-	-	256,748
Intergovernmental revenues	1,576,359	-	-	-	1,367,599	505,202	3,449,160
Sales tax	857,009	-	-	-	-	-	857,009
Special assessments	-	-	540,216	-	-	447	540,663
Fines and forfeitures	92,570	-	-	-	-	-	92,570
Interest income and net appreciation in fair value of investments	417,370	47,860	100,647	23,432	149,195	96,790	835,294
Impact fees	-	945	-	-	-	10,757	11,702
Miscellaneous	2,097,467	-	-	375	-	-	2,097,842
<b>Total revenues</b>	<b>13,114,766</b>	<b>48,805</b>	<b>640,863</b>	<b>507,884</b>	<b>1,516,794</b>	<b>669,359</b>	<b>16,498,471</b>
<b>Expenditures:</b>							
<b>Current operating:</b>							
General government	2,963,243	-	-	75,629	-	-	3,038,872
Law enforcement	1,334,499	-	-	-	-	-	1,334,499
Fire protection	3,871,968	-	-	-	-	24	3,871,992
Building department	290,657	-	-	-	-	-	290,657
Physical environment	532,372	-	647,353	-	-	26,686	1,206,411
Transportation	907,859	-	-	-	-	904,709	1,812,568
Library	1,101,218	-	-	-	-	212,439	1,313,657
Parks and recreation	2,140,816	-	-	-	-	-	2,140,816
Capital outlay	42,100	84,995	191,043	178,301	3,283,346	402,491	4,182,276
Debt service							
Interest and other fiscal charges	-	-	4,062	-	-	99,728	103,790
<b>Total expenditures</b>	<b>13,184,732</b>	<b>84,995</b>	<b>842,458</b>	<b>253,930</b>	<b>3,283,346</b>	<b>1,646,077</b>	<b>19,295,538</b>
Excess (deficiency) of revenues over (under) expenditures	(69,966)	(36,190)	(201,595)	253,954	(1,766,552)	(976,718)	(2,797,067)

(Continued on next page)

The notes to 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 (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General	Parkland	Stormwater Utility	Community Redevelop- ment Agency	Capital Projects	Other Governmen- tal Funds	Total
Other financing sources (uses):							
Transfers in	753,525	-	500,000	-	-	887,714	2,141,239
Transfers out	(223,700)	(350,000)	-	-	(1,384,014)	(183,525)	(2,141,239)
Principal repayment	-	-	(25,431)	-	-	-	(25,431)
Debt proceeds	-	-	304,007	-	-	-	304,007
Total other financing sources (uses)	<u>529,825</u>	<u>(350,000)</u>	<u>778,576</u>	<u>-</u>	<u>(1,384,014)</u>	<u>704,189</u>	<u>278,576</u>
Net change in fund balances	<u>459,859</u>	<u>(386,190)</u>	<u>576,981</u>	<u>253,954</u>	<u>(3,150,566)</u>	<u>(272,529)</u>	<u>(2,518,491)</u>
Fund balances, beginning of year	<u>8,758,755</u>	<u>1,193,066</u>	<u>1,801,607</u>	<u>455,855</u>	<u>5,337,666</u>	<u>2,481,254</u>	<u>20,028,203</u>
Fund balances, end of year	<u>\$ 9,218,614</u>	<u>\$ 806,876</u>	<u>\$ 2,378,588</u>	<u>\$ 709,809</u>	<u>\$ 2,187,100</u>	<u>\$ 2,208,725</u>	<u>\$ 17,509,712</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds \$ (2,518,491)

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 depreciated over their  
estimated useful lives.

Expenditure for capital assets,	4,060,223	
Less, current year depreciation	<u>1,703,761</u>	2,356,462

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

Current year change in the pension asset		18,000
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The issuance of long-term debt provides current financial resources for  
governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds.  
Neither transaction is reported on the governmental wide financial  
statements.

Increase in bond issuance costs	24,480	
Capital lease	(54,792)	
Debt proceeds	<u>(304,007)</u>	(334,319)

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.

Compensated absences	89,625	
Termination benefits	(44,389)	
Other post employment benefits	<u>(47,273)</u>	<u>(2,037)</u>

Change in net assets of governmental activities		<u>\$ (480,385)</u>
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The notes to basic financial statements are an integral part of this statement.

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
SEPTEMBER 30, 2009

	Water and Sewer Fund	Solid Waste Fund	Total
<b>Assets</b>			
Current assets:			
Equity in pooled cash and investments	\$ 4,229,595	\$ 773,032	\$ 5,002,627
Accounts receivable, net	986,121	56,336	1,042,457
Inventories	280,499	-	280,499
Prepaid items	17,604	24,826	42,430
Restricted assets			
Equity in pooled cash and investments			
Sinking fund	748,619	155,486	904,105
Customer deposits	517,265	65,367	582,632
Capital projects	3,080,556	-	3,080,556
Total current assets	<u>9,860,259</u>	<u>1,075,047</u>	<u>10,935,306</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	923,352	-	923,352
Depreciable, net of accumulated depreciation	17,188,019	1,274,818	18,462,837
Unamortized bond costs	53,273	1,649	54,922
Total noncurrent assets	<u>18,164,644</u>	<u>1,276,467</u>	<u>19,441,111</u>
Total assets	<u>28,024,903</u>	<u>2,351,514</u>	<u>30,376,417</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	661,489	41,788	703,277
Accrued liabilities	52,230	27,024	79,254
Customer deposits, payable with restricted assets	517,265	65,367	582,632
Current portion of long-term obligations	581,306	68,649	649,955
Total current liabilities	<u>1,812,290</u>	<u>202,828</u>	<u>2,015,118</u>
Long-term liabilities			
Noncurrent portion of long-term obligations	8,179,862	956,444	9,136,306
Total liabilities	<u>9,992,152</u>	<u>1,159,272</u>	<u>11,151,424</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	9,599,558	365,791	9,965,349
Restricted for:			
Debt service	748,619	155,486	904,105
Other purposes	3,080,556	-	3,080,556
Unrestricted	4,604,018	670,965	5,274,983
Total net assets	<u>\$ 18,032,751</u>	<u>\$ 1,192,242</u>	<u>\$ 19,224,993</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Operating revenues-			
Charges for services	\$ 7,877,674	\$ 2,695,636	\$ 10,573,310
Operating expenses:			
Personal services	2,120,602	1,216,668	3,337,270
Materials and supplies	238,272	216,676	454,948
Other operating expenses	4,494,180	1,099,615	5,593,795
Depreciation and amortization	898,080	207,864	1,105,944
Total operating expenses	<u>7,751,134</u>	<u>2,740,823</u>	<u>10,491,957</u>
Operating gain (loss)	<u>126,540</u>	<u>(45,187)</u>	<u>81,353</u>
Nonoperating revenues (expenses):			
Interest income and net appreciation in fair value of investments	352,233	9,645	361,878
Interest expense	(224,108)	(19,358)	(243,466)
Miscellaneous	673,245	51,747	724,992
Total nonoperating revenues (expenses)	<u>801,370</u>	<u>42,034</u>	<u>843,404</u>
Changes in net assets	927,910	(3,153)	924,757
Net assets, beginning of year	<u>17,104,841</u>	<u>1,195,395</u>	<u>18,300,236</u>
Net assets, end of year	<u>\$ 18,032,751</u>	<u>\$ 1,192,242</u>	<u>\$ 19,224,993</u>

The notes to 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, 2009

	Water and Sewer Fund	Solid Waste Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 7,764,071	\$ 2,644,707	\$ 10,408,778
Cash paid to suppliers for goods and services	(4,421,486)	(1,306,118)	(5,727,604)
Cash payments to and for the benefit of employees	(2,118,130)	(1,204,891)	(3,323,021)
Cash provided by operating activities	<u>1,224,455</u>	<u>133,698</u>	<u>1,358,153</u>
Cash flows from noncapital financing activities:			
Miscellaneous nonoperating revenue	<u>673,245</u>	<u>51,747</u>	<u>724,992</u>
Cash provided by noncapital financing activities	<u>673,245</u>	<u>51,747</u>	<u>724,992</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	1,434,379	796,080	2,230,459
Principal payments on long-term debt	(285,000)	-	(285,000)
Interest payments on long-term debt	(220,546)	(16,552)	(237,098)
Principal payments on capital leases	(28,230)	(35,547)	(63,777)
Interest payment on capital leases	(3,562)	(2,806)	(6,368)
Acquisition and construction of capital assets	(822,467)	(179,706)	(1,002,173)
Cash provided by capital and related financing activities	<u>74,574</u>	<u>561,469</u>	<u>636,043</u>
Cash flows from investing activity:			
Interest and dividends on investments	<u>352,233</u>	<u>9,645</u>	<u>361,878</u>
Cash provided by investing activity	<u>352,233</u>	<u>9,645</u>	<u>361,878</u>
Net increase in cash and cash equivalents	2,324,507	756,559	3,081,066
Cash and cash equivalents at beginning of year	<u>6,251,528</u>	<u>237,326</u>	<u>6,488,854</u>
Cash and cash equivalents at end of year	<u>\$ 8,576,035</u>	<u>\$ 993,885</u>	<u>\$ 9,569,920</u>

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The notes to 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, 2009

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Reconciliation of cash and investments to balance sheet:			
Total unrestricted equity in pooled cash and investments	\$ 4,229,595	\$ 773,032	\$ 5,002,627
Total restricted equity in pooled cash and investments	<u>4,346,440</u>	<u>220,853</u>	<u>4,567,293</u>
Total equity in pooled cash and investments	<u>\$ 8,576,035</u>	<u>\$ 993,885</u>	<u>\$ 9,569,920</u>
Reconciliation of operating gain (loss) to net cash provided by operating activities:			
Operating gain (loss)	\$ 126,540	\$ (45,187)	\$ 81,353
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities:			
Depreciation and amortization	898,080	207,864	1,105,944
Change in operating assets and liabilities:			
Increase in accounts receivable	(113,603)	(50,929)	(164,532)
Decrease in prepaid items	16,453	14,353	30,806
Increase in inventories	(56,948)	-	(56,948)
Increase (decrease) in accounts payable	347,459	(2,033)	345,426
Increase in accrued liabilities	4,379	2,143	6,522
Increase (decrease) in customer deposits	4,002	(2,147)	1,855
Increase in termination benefits	37,312	629	37,941
Increase in OPEB	10,636	7,091	17,727
Increase (decrease) in accumulated unused compensated absences	<u>(49,855)</u>	<u>1,914</u>	<u>(47,941)</u>
Net cash provided by operating activities	<u>\$ 1,224,455</u>	<u>\$ 133,698</u>	<u>\$ 1,358,153</u>
Noncash investing, capital, and financing activities:			
Amortization of loan and bond premiums	<u>\$ 9,319</u>	<u>\$ -</u>	<u>\$ 9,319</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2009

	Pension Trust Fund
<b>Assets</b>	
Cash and cash equivalents	
Money market	\$ 16,067
Investments, at fair value	
U.S. Treasury Bonds, Notes and Bills	952,562
Equities securities	1,326,702
Total investments	2,279,264
Total assets	\$ 2,295,331
<b>Net assets</b>	
Held in trust for pension benefits	\$ 2,295,331

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

CITY OF SAFETY HARBOR, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Pension Trust Fund
Additions:	
Contributions	
State of Florida	\$ 148,219
Contributions - City	223,229
Contributions - Employee	9,198
Total contributions	380,646
Investment income	
Interest income and net appreciation in fair value of investments	74,272
Total additions	454,918
Deductions:	
Pension distribution	1,647
Other services and charges	17,153
Total deductions	18,800
Increase in net assets	436,118
Net assets, beginning of year	1,859,213
Net assets, end of year	\$ 2,295,331

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**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). The Governmental Accounting Standards Board of the Financial Accounting Foundation, Inc. (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. 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 mayor may not be financially accountable, and, as such, be included in the City’s financial statements. In accordance with GASB Statement No. 14, *The Reporting Entity*, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Management has determined that the Community Redevelopment Agency is the only organization that should be included in the City’s financial statements as a blended component unit.

**Blended Component Unit**

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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional 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 including restricted investment income; 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. 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.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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

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

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

Measurement Focus

The governmental fund measurement focus (in the fund financial statements) is based on determination of financial position and changes in financial position rather than on net income. The proprietary fund measurement focus is on the determination of operating income, changes in net assets, financial 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 resources available, 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, reserves, fund equity, revenues and expenditures or expenses.

The fund financial statements are presented to emphasize the major funds of the City. GASB 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 activity. Based on the criteria of GASB No. 34 the parkland, stormwater utility, capital projects and the community redevelopment agency 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 and solid waste 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.

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

***Major Governmental Fund Types***

Governmental fund types are as follows:

- General Fund – accounts for all unrestricted resources, except those required to be accounted for in another fund.
- Parkland Fund – accounts for financial resources segregated for the acquisition of park facilities and parklands.
- Stormwater Utility Fund – accounts for the operations of the Stormwater Management system.
- Community Redevelopment Agency – accounts for the revenues and expenditures relating to community redevelopment pursuant to the approved community redevelopment plan.
- Capital Projects Fund – accounts for financial resources segregated for the acquisition of major capital facilities.

***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.

***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.

**Noncurrent Governmental Assets and Liabilities**

GASB No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net assets.

**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

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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. Appropriations that have not been expended or lawfully encumbered lapse at year-end.
- 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. There were no supplemental budgetary appropriations during the year ended September 30, 2009.

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.

**Encumbrances**

Encumbrances, representing contractual commitments in the form of purchase orders and contracts, are recorded as incurred in the governmental funds during the year to facilitate

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

budgetary reporting. Such encumbrances are not recorded as expenditures, but rather as reservations of fund balance for subsequent years' appropriation at year-end.

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.

The City has implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures an amendment of GASB No. 3*, which requires more comprehensive disclosure of various, common risks related to deposits and investments.

Cash Equivalents

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

Receivables

Utility (water, sewer, and solid waste) operating revenues are generally recognized on the basis of cycle billings rendered monthly. The City has recorded an allowance for potentially uncollectible water and sewer and solid waste billings. Accounts receivable in the Proprietary Funds are shown net of the allowance; at September 30, 2009 the allowance recorded was \$839,784.

Taxes Receivable

In the governmental funds, delinquent ad valorem taxes receivable are measurable, but not available as of the end of the fiscal year and are shown as deferred revenue if not expected to be collected soon enough after year-end to pay current liabilities. The deferred revenue will be recognized as revenue in the fiscal year that it becomes available.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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, 2009 was 2.7830.

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

Inventories are stated at cost (determined on the first-in, first-out method). Supply inventories in the governmental funds are accounted for by the purchase method where inventories are recorded as expenditures when they are acquired. A portion of fund balance has been reserved 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. No reservation of fund balance is necessary under this method.

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

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

The following is the breakdown in governmental funds inventories at September 30, 2009:

	Amount
Equipment supplies	\$ 59,683
Fuel supplies	22,727
Office supplies	1,696
	\$ 84,106

Capital Assets

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund and combining financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with 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 - 10

Depreciation expense for the year ended September 30, 2009 totaled \$1,703,761 and \$1,102,282 for governmental and business type funds, respectively.

Unamortized Bond Discounts and Issuance Costs

Bond discounts and issuance 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 discounts are presented as a reduction of the face amount of the related bonds payable and issuance costs are recorded as other assets.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

Compensated Absences

The City's reporting of accumulated unused compensated absences has been recorded in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

The City records the vested portion of accumulated unused compensated absences at each year-end based on each employee's accumulated unused hours and current rate of pay. Employees generally use their compensated absences as they are earned and do not require being paid with expendable available financial resources. Accordingly, accumulated annual and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only when they have matured.

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 assets. Bond premiums, discounts, and issuance costs are reported as deferred charges and amortized over the life of the related debt using 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 services expenditures.

Postretirement Health and Life Insurance Benefits

The City makes available healthcare insurance 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. In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Compliance for the City is effective September 30, 2009. The City implemented the provisions of GASB Statement No. 45 prospectively by recognizing annual Other Postemployment Benefits (OPEB) expense and related obligations beginning in fiscal year ended September 30, 2009.

Termination Benefits

The City's reporting of termination benefits is recorded in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. This statement requires the recognition of a liability and expense for voluntary termination benefits (for example, early-retirement incentives) and involuntary termination benefits (for example, severance benefits) when a plan of termination

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

has been approved, the plan has been communicated to the employees and the amount can be estimated.

Termination benefits are recorded as expenditure and liability in the governmental funds only if they are expected to be liquidated with expendable available financial resources; the remainder is recorded as a general long-term liability in the government-wide statement of net assets.

Reserves and Designations

Governmental fund reserves are used to indicate that a portion of the fund balance is not available for appropriation for expenditure or is legally segregated for a specific future use. Designations indicate a portion of the unreserved fund balance that has been earmarked for specific purposes. Usage of reserves and designations has been limited to the following items:

*Governmental Fund Types*

- Reserved for Encumbrances - indicates a portion of the fund balance that has been segregated for expenditure upon vendor performance. This reflects items that have been ordered or committed for at year-end which have not been received or paid for.
- Reserved for Debt Service - indicates a portion of the fund balance that has been restricted by bond ordinance to payment of general long-term debt.
- Reserved for Inventories - indicates a portion of fund balance that has been segregated for inventories which were recorded as expenditures when purchased (supplies inventory). This amount is unavailable for appropriation.
- Reserved for Prepaids – indicates a portion of the fund balance that is not available for appropriations and expenditure at the balance sheet date.
- Reserved for Public Safety - indicates a portion of fund balance that is restricted by City ordinance for public safety related capital improvements limited to facilities, vehicles and equipment for firefighting, fire protection services and emergency medical services.
- Reserved for Parkland - indicates the fund balance of the Parkland Fund which is legally restricted for the purchase of parkland facilities and park land.
- Reserved for Street Lighting - indicates the fund balance of the Street Lighting Fund which is legally restricted for costs associated with street lighting.
- Reserved for Transportation - indicates the fund balance of the Transportation Impact Fee Fund which is legally restricted for roads and streets.
- Reserved for Library - indicates the fund balance of the Library Impact Fee Fund which is legally restricted for the expansion and improvement of the City's library.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

- Reserved for Parking - indicates the fund balance of the Parking Impact Fee Fund which is legally restricted.
- Reserved for Capital Projects - indicates a portion of the fund balance that is restricted for capital projects.
- Designated for Stormwater - indicates the fund balance of the Stormwater Utility Fund which has been designated for specific purposes.
- Designated for Library Grant - indicates the fund balance of the Library Grants Fund which is designated for specific purposes.
- Designated for Street Improvement - indicates a portion of the unreserved fund balance that has been designated for expenditures for street improvements.
- Designated for Special Assessments - indicates the fund balance of the Special Assessments Funds (accounted for as Special Revenue Funds), which accounts for all financial activity generated by special assessments.
- Designated for Marina - represents the fund balance of the Marina Basin Fund which has been designated for a specific purpose.
- Designated for Community Redevelopment Agency - indicates a portion of fund balance that is restricted for funding of community redevelopment projects.

***Restrictions on Net Assets***

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

- Restricted for Renewal and Replacement - restricted for meeting of various contingencies as may be so specified and defined in the indenture.
- Restricted for Capital Projects – indicates a portion of the net assets that has been restricted for local government infrastructure projects funded by the Penny for Pinellas program.
- Restricted for Debt Service - indicates a portion of the net assets that has been restricted for meeting payments of the Proprietary Funds' bonds payable.

***Fiduciary Fund Type***

Fiduciary fund reserves are used to indicate that a portion of the fund balance is not available for appropriation or expenditure or is legally segregated for a specified future use.

- Reserved for Firefighters' Retirement - indicates a portion of the fund balance is legally restricted for the payment of retirement benefits.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

Deposits

At September 30, 2009, the carrying amount of the City's deposits with financial institutions was \$6,737,840. The City's demand 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.

Equity 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;

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

- 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 State of Florida State Board Administration (SBA) Local Government Investment Pool is rated by Standard & Poors with a current rating of AAAm. The SBA Pool experienced a liquidity crisis in November, 2007, which caused the Pool to be frozen, due to downgrades in a portion (approximately 3%) of the Pool's investments. The Pool was eventually divided into two pools, currently Florida PRIME and Fund B.

The SBA Pool Florida PRIME manages \$5.35 billion for State and local governments and purchases investments consistent with Chapter 215.47, Florida Statutes. Florida PRIME operates as a '2a-7 like' fund reporting an average weighted days to maturity at September 30, 2009 of 33 days. The investment policy of Florida PRIME is to manage the weighted average maturity to 60 days or less. Fund B is not rated by any nationally recognized statistical rating agency and consist of restructured or defaulted securities. As Fund B does not meet the requirement of a '2a-7 like' fund, the SBA has provided a Fair Value factor of .54915069 at September 30, 2009. Distributions will be made to participants to the extent that SBA deems the proceeds to be material. The weight average life, based on expected future cash flows, of Fund B at September 30, 2009 is 6.69 years. Participant balances in Fund B at September 30, 2009 totals \$500 million.

The SBA is asserting that a portion of the holdings in Fund B were sold to the SBA as unregistered secured notes that were not exempt from registration. The SBA has filed a creditor's claim on behalf of Fund B, for which there was no response as of September 30, 2009.

On September 30, 2009, the City had \$275,888 invested in Florida PRIME, with no liquidity restrictions and had \$10,852 remaining in Fund B.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single user. Appropriate diversification is maintained between security types and issuers to reduce concentration of credit risk.

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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

Investment Types	Credit Rating	Concentration at Fair Market Value	Percentage Pooled Investments September 30, 2009
Certificates of Deposit	No Rating	\$ 233,414	1.16%
Money Markets	No Rating	42,407	0.21%
SBA Pool A/LGIP	AAAm	275,888	1.38%
SBA Pool B	No Rating	10,852	0.05%
Private Label CMO	Ba2	525,812	2.62%
Private Label CMO	AA	1,281,651	6.39%
Federal Home Loan Bank	AAA Implied	1,321,151	6.59%
Federal Home Loan Mortgage CMO FHLMC	AAA Implied	4,035,917	20.13%
Federal Home Loan Mortgage MBS FHLMC	AAA Implied	2,970,507	14.81%
Government National Mortgage Association CMO GNMA	AAA Implied	2,655,337	13.24%
Federal National Mortgage Association CMO FNMA	AAA Implied	1,816,515	9.06%
Federal National Mortgage Association MBS FNMA	AAA Implied	4,882,326	24.35%
		<u>\$ 20,051,777</u>	<u>100.00%</u>

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages exposure to declines in fair value caused by rising interest rates by purchasing investments with maturities generally with a weighted average of 2.5 years. Investment maturities are also ladder (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 Market Value	0 to 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	More than 4 Years
Certificates of Deposit	\$ 233,414	\$ 233,414	\$ -	\$ -	\$ -	\$ -
Money Markets	42,407	42,407	-	-	-	-
SBA Pool A/LGIP	275,888	275,888	-	-	-	-
SBA Pool B	10,852	-	-	-	-	10,852
Private Label CMO	525,812	-	-	-	-	525,812
Private Label CMO	1,281,651	-	-	1,281,651	-	-
Federal Home Loan Bank	1,321,151	-	-	-	1,321,151	-
Federal Home Loan Mortgage CMO FHLMC	4,035,917	840,484	129,992	1,240,830	-	1,824,611
Federal Home Loan Mortgage MBS FHLMC	2,970,507	-	24,352	617,130	2,329,025	-
Government National Mortgage Association CMO GNMA	2,655,337	-	523,025	567,434	521,315	1,043,563
Federal National Mortgage Association CMO FNMA	1,816,515	279,791	-	1,216,932	319,792	-
Federal National Mortgage Association MBS FNMA	4,882,326	33,717	1,576,698	758,488	844,898	1,668,525
	<u>\$ 20,051,777</u>	<u>\$ 1,705,701</u>	<u>\$ 2,254,067</u>	<u>\$ 5,682,465</u>	<u>\$ 5,336,181</u>	<u>\$ 5,073,363</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 3 – CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the year ended September 30, 2009:

	Balance Sept. 30, 2008	Additions	Disposals	Balance Sept. 30, 2009
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,864,546	\$ -	\$ -	\$ 3,864,546
Construction in progress	2,920,416	394,910	2,676,168	639,158
Depreciable assets:				
Buildings	4,020,976	-	-	4,020,976
Infrastructure	21,671,975	5,666,902	-	27,338,877
Equipment	6,523,707	674,579	207,892	6,990,394
Total at historical cost	<u>39,001,620</u>	<u>6,736,391</u>	<u>2,884,060</u>	<u>42,853,951</u>
Less, accumulated depreciation for:				
Buildings	2,580,711	79,774	-	2,660,485
Infrastructure	7,818,873	1,043,933	-	8,862,806
Equipment	4,050,608	580,054	207,892	4,422,770
Total accumulated depreciation	<u>14,450,192</u>	<u>1,703,761</u>	<u>207,892</u>	<u>15,946,061</u>
Governmental activities capital assets, net	<u>\$ 24,551,428</u>	<u>\$ 5,032,630</u>	<u>\$ 2,676,168</u>	<u>\$ 26,907,890</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 394,541	\$ -	\$ -	\$ 394,541
Construction in progress	376,015	344,489	191,692	528,811
Depreciable assets:				
Buildings	229,719	-	-	229,719
Infrastructure	24,954,160	485,591	-	25,439,751
Equipment	6,284,300	591,510	112,327	6,763,483
Total at historical cost	<u>32,238,735</u>	<u>1,421,590</u>	<u>304,019</u>	<u>33,356,305</u>
Less, accumulated depreciation for:				
Buildings	952,636	231,342	-	1,183,978
Infrastructure	7,843,594	417,434	-	8,261,028
Equipment	4,183,932	453,505	112,327	4,525,110
Total accumulated depreciation	<u>12,980,162</u>	<u>1,102,282</u>	<u>112,327</u>	<u>13,970,116</u>
Business-type activities capital assets, net	<u>\$ 19,258,573</u>	<u>\$ 319,308</u>	<u>\$ 191,692</u>	<u>\$ 19,386,189</u>

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 3 – CAPITAL ASSETS (continued):**

Depreciation expense was charged to governmental functions as follows:

	Amount
General government	\$ 263,859
Law enforcement	1,948
Fire protection	236,449
Building department	421
Transportation	468,707
Library	184,831
Parks and recreation	440,852
Physical environment	106,694
Total depreciation expense	\$ 1,703,761

**NOTE 4 – INTERFUND TRANSFERS:**

Interfund transfers for the year ended September 30, 2009, consisted of the following:

Transfers to General Fund from:	
Capital Projects Fund	\$ 300,000
Parkland	350,000
Nonmajor Fund	103,525
	753,525
Transfers to Stormwater Utility Fund from:	
Capital Projects Fund	500,000
Transfers to Nonmajor governmental funds from:	
General Fund	223,700
Capital Project Fund	584,014
Nonmajor governmental funds	80,000
Total nonmajor interfund transfers	887,714
Total interfund transfers	\$ 2,141,239

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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in the funds in accordance with budgetary authorizations.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5 – LONG TERM LIABILITIES:**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2009:

	Balance October 1, 2008	Increases	Decreases	Balance September 30, 2009	Amount Due Within One Year
<b>Governmental Activities</b>					
2008 Capital Improvement					
Revenue Note	\$ 5,412,000	\$ -	\$ -	\$ 5,412,000	\$ 374,000
2006 Capital Improvement					
Line of Credit	1,506,487	304,007	-	1,810,494	56,067
Capital lease	-	80,224	25,431	54,792	26,719
Accrued compensated absences	968,857	383,323	472,948	879,232	79,131
Termination benefits	-	246,490	202,101	44,389	34,545
OPEB liability	-	47,273	-	47,273	-
Government activities total	<u>\$ 7,887,344</u>	<u>\$ 1,061,316</u>	<u>\$ 700,480</u>	<u>\$ 8,248,180</u>	<u>\$ 570,462</u>
<b>Business-Type Activities</b>					
Series 2001 A Florida Municipal					
Loan Council Revenue Bonds	\$ 2,245,000	\$ -	\$ 285,000	\$ 1,960,000	\$ 300,000
Plus deferred amount					
for issuance premium	122,704	-	9,320	113,384	9,320
Total bond payable	2,367,704	-	294,320	2,073,384	309,320
2006 Capital Improvement					
Line of Credit	4,953,047	2,230,459	-	7,183,506	222,457
Capital leases	-	227,638	63,687	163,950	62,202
Accrued compensated absences	357,696	127,774	175,718	309,752	27,878
Termination benefits	-	131,604	93,662	37,942	28,098
OPEB liability	-	17,727	-	17,727	-
Business-type activities totals	<u>\$ 7,678,447</u>	<u>\$ 2,735,202</u>	<u>\$ 627,388</u>	<u>\$ 9,786,261</u>	<u>\$ 649,955</u>
Total all activities	<u>\$ 15,565,791</u>	<u>\$ 3,796,518</u>	<u>\$ 1,327,868</u>	<u>\$ 18,034,441</u>	<u>\$ 1,220,417</u>

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

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 5 – LONG-TERM LIABILITIES (continued):**

**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.

**Florida Municipal Loan Council Revenue Bonds Series 2001A** – On November 15, 2001, the City issued a \$3,610,000 Revenue Bond, series 2001A, at a variable rate with the Florida Municipal Loan Council and maturing on November 1, 2021. The bonds were issued to refund series 1993 bonds and fund utility system improvements. Debt service payments are made annually. The loan repayment obligations of the City are payable from and secured by a lien upon and pledge of the net revenues of the City’s potable water and wastewater system.

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

**DEBT SERVICE REQUIREMENTS**

The annual debt service requirement for the governmental activities long-term debt as of September 30, 2009 is as follow:

Year Ending September 30,	Governmental Activities		
	2008 Capital Improvement Revenue Note		
	Principal	Interest	Total
2010	374,000	174,494	548,494
2011	387,000	161,787	548,787
2012	399,000	148,662	547,662
2013	413,000	135,104	548,104
2014	427,000	121,077	548,077
2015 - 2018	1,853,000	334,545	2,187,545
2019 - 2021	1,559,000	79,231	1,638,231
	<u>\$ 5,412,000</u>	<u>\$ 1,154,900</u>	<u>\$ 6,566,900</u>

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5 – LONG-TERM LIABILITIES (continued):**

Year Ending September 30,	Governmental Activities 2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2010	56,067	64,869	120,936
2011	70,760	50,177	120,937
2012	72,783	48,153	120,936
2013	74,864	46,071	120,936
2014	77,007	43,930	120,937
2015 - 2020	419,350	185,328	604,679
2021 - 2025	482,847	121,831	604,679
2026 - 2030	556,816	48,720	605,536
Total debt service	<u>\$ 1,810,494</u>	<u>\$ 609,080</u>	<u>\$ 2,419,574</u>

The annual debt service requirement for the business-type activities long-term debt as of September 30, 2009 is as follow:

Year Ending September 30,	Business - Type Activities 2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2010	222,457	257,381	479,838
2011	280,751	199,086	479,837
2012	288,781	191,056	479,838
2013	297,040	182,798	479,838
2014	305,535	174,302	479,837
2015 - 2020	1,663,861	735,329	2,399,189
2021 - 2025	1,915,797	483,392	2,399,189
2026 - 2030	2,209,283	193,308	2,402,591
Total debt service	<u>\$ 7,183,506</u>	<u>\$ 2,416,652</u>	<u>\$ 9,600,158</u>

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 5 – LONG-TERM LIABILITIES (continued):**

Year Ending September 30,	Business-Type Activities		
	2001 Florida Municipal Loan Council Revenue Bond		
	Principal	Interest	Total
2010	300,000	98,750	398,750
2011	105,000	83,750	188,750
2012	110,000	78,500	188,500
2013	115,000	73,000	188,000
2014 - 2018	660,000	270,361	930,361
2019 - 2022	670,000	82,237	752,237
Total debt service	\$ 1,960,000	\$ 686,598	\$ 2,646,598

Capital Leases

The City has entered into lease agreements for financing the acquisition of stormwater equipment, water and sewer equipment and a sanitation vehicle. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments.

The future minimum lease payments and the net present value of the minimum lease payments as of September 30, 2009, were as follows:

Year ending September 30,	Governmental	Enterprise Funds		
	Fund Stormwater	Water & Sewer	Sanitation	Total
2010	\$ 29,494	\$ 32,352	\$ 38,263	\$ 70,614
2011	29,494	31,621	38,099	69,720
2012	-	-	38,262	38,262
Total minimum lease payments	58,988	63,973	114,623	178,596
Less: amount representing interest costs	4,196	3,649	10,997	14,646
Present value of minimum lease payments	\$ 54,792	\$ 60,324	\$ 103,626	\$ 163,950

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 6 – PENSION PLANS:**

A. Florida Retirement System

The City contributes to the Florida Retirement System (the “System”), a cost-sharing multiple employer Public Employees Retirement System (PERS) defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Administration, Division of Retirement, which covers substantially all of the City's full-time employees. The System provides retirement and disability benefits, annual cost-of-living adjustments, a health insurance subsidy, and survivor benefits to plan members and beneficiaries, respectively. The System was established in 1970 by Chapter 121, Florida Statutes. Changes to the law can be made only by an act of the Florida Legislature. Rules governing the operations and administration of the System may be found in Chapter 60S of the Florida Administrative Code. The Florida Retirement System Annual Report is a document printed for members of the Legislature and the public, reflecting the financial operation and condition of the state-administered retirement systems. The publication contains financial statements, actuarial comments, investment information, and statistical data on the System. A copy can be obtained by writing to Division of Retirement, Research, Education & Policy Section, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or by calling (850) 488-5706.

Presently, the System does not require contributions from covered members. The City is required to contribute an actuarially determined rate. The current rates, based upon employees' gross earnings, are: regular employees, 9.85%; special risk, 20.92%. The contribution requirements of the City are established and may be amended by the State Legislature. The City's contributions to the System for the fiscal years ending September 30, 2009, 2008 and 2007 were approximately \$546,000, \$516,000 and \$492,000 respectively, equal to the required contributions for each year.

B. Defined Contribution Plan

The City contributes to one defined contribution plan established by City Resolutions for employees starting after January 1, 1996 (Opt Out Plan). 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 to the 401(a) plan accounts for participants at a rate of deferred salary of 8%. Employer contributions are recognized in the period that the contributions are due. The total City contributions to the 401(a) plans for general employees were approximately \$272,490 for the year ended September 30, 2009. Employees are not permitted to contribute to this plan. For the City Manager hired on April 1, 2008, retirement participation is in a 401(a) plan with the ICMA. The total plan contribution for fiscal year 2009 for the City Manager was \$14,368, which represents 5.3% of the City's total 401(a) contribution.

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 6 – PENSION PLANS (continued):**

C. Firefighters' Pension Plan

The City's Retirement Plan and Trust for Firefighters of the City of Safety Harbor ("Firefighters Plan") has been established to conform to the Retirement Trust Fund provisions of Chapter 175 of the State of Florida Statutes, as modified by local ordinance. The Firefighters' Plan is a defined benefit plan, which is administered by the Board of Trustees, which was established by City Ordinance and covers all full-time firefighters.

The Firefighters' Plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Their reports may be obtained by writing or calling the Retirement Plan and Trust for Firefighters of the City of Safety Harbor, 750 Main Street, Safety Harbor, Florida 34695 (727) 724-1555.

The City's contribution to the fund is determined by actuarial valuation. The contribution of \$223,229 for 2009 is reflected in the departmental expenditures section of the General Fund. The State of Florida's contribution to the retirement trust fund for 2009 amounted to \$148,219.

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CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 6 – PENSION PLANS (continued):**

The following schedule is derived from the respective actuarial report and City information and reflects accounting policies, plan provisions, assumptions and liabilities, and funding provisions for the retirement plan as of October 1, 2009:

	Firefighters' Pension Plan
Actuarial valuation date	10/1/2009
Contribution rates:	
City	Actuarially determined
State	*
Plan members	1%
Annual required contributions	\$ 237,677
Contributions made	\$ 255,718
Actuarial cost method	Aggregate **
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.68%
Cost-of-living adjustments	2.00%

\* A portion of employer contributions are funded by a tax on property insurance premiums collected by the State of Florida within the City limits.

\*\* The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

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CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 6 – PENSION PLANS (continued):**

The City’s annual pension cost and net pension obligation to the defined benefit plans for the current year were as follows:

	<u>Firefighters'</u>
Annual required contribution	\$ 237,677
Interest on net pension obligation	(28,284)
Adjustment to annual required contribution	28,325
Annual pension cost	237,718
Contributions made	(255,718)
Increase in net pension obligation (asset)	(18,000)
Net pension obligation beginning of the year (as restated)	377,124
Net pension obligation end of the year (asset)	\$ 395,124

Three Year Trend Information			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2009	\$ 237,718	166%	\$ (395,124)
9/30/2008	237,677	159%	(377,124)
9/30/2007	191,912	195%	(375,068)
9/30/2006	182,347	198%	(360,989)

A schedule of funding progress for this retirement plan is presented in the required supplementary information on page 64.

**NOTE 7 – 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, 2009.

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 8 – 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.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), 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 thirty 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	\$	112,000
Interest on Net OPEB Obligation		-
Adjustment to Annual Required Contribution		-
Annual OPEB Cost (Expense)		112,000
Contributions Made		(47,000)
Increase in Net OPEB Obligation		65,000
Net OPEB Obligation - Beginning of Year		-
Net OPEB Obligation - End of Year	\$	65,000

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Fiscal Year End	Annual OPEB Cost	% of Annual OPEB Cost Contribution	Net OPEB Obligation
9/30/2009	\$ 112,000	42%	\$ 65,000

CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued):**

Funding Status and Funding Progress

As of September 30, 2009, the actuarial accrued liability for benefits was \$778,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$778,000. The covered payroll (annual payroll of active employees covered by the plan) was \$7,569,000, and the ratio of the UAAL to the covered payroll was 10.3 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 assumption about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to constant revision as actual experience are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based upon the types of benefits provided under the terms of the plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial Methods and Assumptions

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

The projected unit credit actuarial cost method was used in the actuarial valuation. Other actuarial assumptions included a 4% investment rate of return, with 2.75% of this amount being attributed to inflation. The investment return assumption is based on the expected long-term return on the assets which will be used to provide the OPEB benefits being valued. Since there are no invested assets in this plan (as there is not a benefit trust designated to pay the promised benefits), the actuary analyzes the expected long-term return on the City's surplus funds. The annual healthcare cost rate was 10% initially, grading down to a rate of 6% by fiscal years 2017/18. The City's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The amortization period at September 30, 2009, was 15 years.

CITY OF SAFETY HARBOR, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

**NOTE 9 – TERMINATION BENEFITS:**

The City offered a voluntary retirement and separation incentive program to employees electing to terminate employment from the City on or before May 1, 2009. The program was offered for employees with a minimum of eight years of service and for employees with less than eight years of service with the City. Employees with a minimum of eight years of service were eligible for six (6) months of regular pay and twelve (12) months of health insurance or three (3) months of regular pay and (24) months of health insurance. Employees with less than eight years of service were eligible for three (3) months of regular pay and six (6) months of health insurance. Eleven employees elected to participate in the program. The City recorded a liability for healthcare benefits as of September 30, 2009 using an average healthcare cost trend rate of 9.75 percent.

<u>Fiscal</u> <u>Year End</u>	<u>Termination</u> <u>Benefits</u>	<u>Termination</u> <u>Benefits Paid</u>	Net <u>Termination</u> <u>Obligation</u>
9/30/2009	\$378,093	\$295,763	\$82,330

**NOTE 10 – 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, employee 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, 2009. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2009. In addition, there have been no settlements that exceeded the City's insurance coverage in any of the past three fiscal years.

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

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CITY OF SAFETY HARBOR, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE 11 – PRIOR PERIOD ADJUSTMENT:**

Net assets as of September 30, 2008 have been restated to reflect a correction to recognize a reduction of \$265,628 in the net pension obligation (asset) for the Firefighter’s Pension Fund. The net pension obligation had included the State of Florida Excess Chapter 175/185 contribution, which is ineligible for recognition by the City, per the provisions of Chapter 175, Florida Statutes.

This condition required restatement of previously issued financial statements as of September 30, 2008 and an adjustment to the net assets within the governmental activities column of the government-wide statement of net assets as of September 30, 2008, as follows:

	<u>Governmental Activities</u>
Net assets, September 30, 2008, as originally stated	\$ 37,345,239
To decrease beginning net assets relating to overstated pension obligation (asset) from the prior year	<u>(265,628)</u>
Net assets, September 30, 2008, as restated	<u><u>\$ 37,079,611</u></u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		2009 Actual	Variance with
	Original	Final	Amount	Final Budget
Resources (inflows):				
Property taxes	\$ 3,178,950	\$ 3,178,950	\$ 3,059,206	\$ (119,744)
Charges for services	540,775	550,775	596,594	45,819
Franchise fees	1,487,403	1,487,403	1,570,352	82,949
Utility taxes	2,490,500	2,490,500	2,591,091	100,591
Licenses and permits	240,300	240,300	256,748	16,448
Intergovernmental revenues	2,571,660	2,571,660	2,433,368	(138,292)
Fines and forfeitures	90,000	90,000	92,570	2,570
Interest income and net appreciation in fair value of investments	423,000	423,000	417,370	(5,630)
Miscellaneous revenue	1,541,566	1,646,706	2,097,467	450,761
Transfers from other funds	887,920	887,920	753,525	(134,395)
	<u>13,452,074</u>	<u>13,567,214</u>	<u>13,868,291</u>	<u>301,077</u>
Amounts available for appropriation				
General government:				
City Commission	176,056	176,056	146,091	29,965
City Manager	267,748	267,748	266,876	872
City Clerk	202,409	202,409	181,035	21,374
Finance	419,911	419,911	382,398	37,513
Personnel	308,095	308,095	288,819	19,276
Planning	379,427	379,427	354,804	24,623
City Attorney	108,900	108,900	91,311	17,589
Nondepartmental	426,490	437,036	363,936	73,100
Maintenance	730,626	730,626	688,902	41,724
Nonoperating	199,071	199,071	199,071	-
	<u>3,218,733</u>	<u>3,229,279</u>	<u>2,963,243</u>	<u>266,036</u>
Total general government				

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		2009	Variance with Final Budget
	Original	Final	Actual Amount	
Public Safety:				
Law enforcement	1,334,547	1,334,547	1,334,499	48
Fire	3,997,366	3,997,366	3,871,968	125,398
Building department	303,245	303,245	290,657	12,588
Total public safety	<u>5,635,158</u>	<u>5,635,158</u>	<u>5,497,124</u>	<u>138,034</u>
Transportation	<u>944,927</u>	<u>944,927</u>	<u>907,859</u>	<u>37,068</u>
Physical environment	<u>566,622</u>	<u>563,312</u>	<u>532,372</u>	<u>30,940</u>
Capital outlay	<u>49,400</u>	<u>52,710</u>	<u>42,100</u>	<u>10,610</u>
Culture and recreation:				
Library	1,191,077	1,191,077	1,101,218	89,859
Parks and recreation	<u>2,316,512</u>	<u>2,376,652</u>	<u>2,140,816</u>	<u>235,836</u>
Total culture and recreation	<u>3,507,589</u>	<u>3,567,729</u>	<u>3,242,034</u>	<u>325,695</u>
Transfers to other funds	<u>221,160</u>	<u>223,700</u>	<u>223,700</u>	<u>-</u>
Total charges to appropriations	<u>14,143,589</u>	<u>14,216,815</u>	<u>13,408,432</u>	<u>808,383</u>
(Deficiency) excess of resources (under) over charges to appropriations	(691,515)	(649,601)	459,859	1,109,460
Appropriated fund balance	<u>691,515</u>	<u>649,601</u>	<u>-</u>	<u>649,601</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,859</u>	<u>\$ 459,859</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2009

Explanation of differences between budgetary inflows and GAAP expenditures:	
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule	\$ 13,868,291
Differences - budget to GAAP	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>753,525</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds	<u><u>\$ 13,114,766</u></u>
Explanation of differences between budgetary outflows and GAAP expenditures:	
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule	13,408,432
Differences - budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>223,700</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds	<u><u>\$ 13,184,732</u></u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – PARKLAND SPECIAL REVENUE FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (Inflows):				
Revenues:				
Impact fees	\$ 2,000	\$ 2,000	\$ 945	\$ (1,055)
Interest income and net Appreciation in fair value of investments	<u>50,000</u>	<u>50,000</u>	<u>47,860</u>	<u>(2,140)</u>
Amounts available for appropriation	<u>52,000</u>	<u>52,000</u>	<u>48,805</u>	<u>(3,195)</u>
Charges to appropriations (outflows)-				
Park and recreation	-	-	-	-
Capital outlay	170,000	170,000	84,995	85,005
Transfers to other funds	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total charges to appropriations	<u>520,000</u>	<u>520,000</u>	<u>434,995</u>	<u>85,005</u>
(Deficiency) excess of resources (under) over charges to appropriations	(468,000)	(468,000)	(386,190)	81,810
Appropriated fund balance	<u>468,000</u>	<u>468,000</u>	<u>-</u>	<u>(468,000)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$(386,190)</u>	<u>\$ (386,190)</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule				\$ 434,995
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposed				<u>350,000</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 84,995</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – STORMWATER UTILITY FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (Inflows):				
Interest income and net appreciation in fair value of investments	\$ 49,000	\$ 49,000	\$ 100,647	\$ 51,647
Intergovernmental revenues	400,000	400,000	-	(400,000)
Special assessments	561,000	561,000	540,216	(20,784)
Other proceeds	-	-	304,007	304,007
Transfers from other funds	500,000	500,000	500,000	-
Amounts available for appropriation	<u>1,510,000</u>	<u>1,510,000</u>	<u>1,444,870</u>	<u>(65,130)</u>
Charges to appropriations (outflows)-				
Physical environment	729,091	758,584	676,846	81,738
Capital outlay	985,404	955,911	191,043	764,868
Total charges to appropriations	<u>1,714,495</u>	<u>1,714,495</u>	<u>867,889</u>	<u>846,606</u>
(Deficiency) excess of resources (under) over charges to appropriation	(204,495)	(204,495)	576,981	781,476
Appropriated fund balance	<u>204,495</u>	<u>204,495</u>	-	<u>(204,495)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576,981</u>	<u>\$ 576,981</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 1,444,870
Differences - budget to GAAP				
Transfers from other funds and other proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes				<u>804,007</u>
Total revenues as reported on the statement of revenues and expenditures and changes in fund balances governmental funds				<u>\$ 640,863</u>
Explanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 867,889
Differences - budget to GAAP				
Capital lease principal payments are outflows of budgetary resources but are not expenditures for financial reporting purposes				<u>25,431</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 842,458</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – COMMUNITY REDEVELOPMENT FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget
	Original	Final	(Budgetary Basis)	
Resources (inflows):				
Property taxes	\$ 465,828	\$ 465,282	\$ 484,077	18,795
Interest income and net appreciation in fair value of investments	4,000	4,000	23,432	19,432
Miscellaneous	-	-	375	375
Amounts available for appropriation	<u>469,828</u>	<u>469,282</u>	<u>507,884</u>	<u>38,602</u>
Charges to appropriations (outflows) -				
General government	172,397	154,416	75,629	78,787
Capital outlay	<u>338,582</u>	<u>435,703</u>	<u>178,301</u>	<u>257,402</u>
Total charges to appropriations	<u>510,979</u>	<u>590,119</u>	<u>253,930</u>	<u>336,189</u>
(Deficiency) excess of resources (under) over charges to appropriations	(41,151)	(120,837)	253,954	374,791
Appropriated fund balance	<u>41,151</u>	<u>120,837</u>	<u>-</u>	<u>(120,837)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,954</u>	<u>\$ 253,954</u>

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

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF FUNDING PROGRESS – FIREFIGHTERS’ RETIREMENT FUND  
YEAR ENDED SEPTEMBER 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2009	\$ 1,810,225	\$ 1,763,773	\$ (46,452)	102.63%	\$ 971,356	-4.78%
10/1/2008	1,097,648	N/A	N/A	N/A	N/A	N/A
10/1/2007	1,099,877	1,150,883	51,006	95.57%	759,761	6.71%
10/1/2006	756,431	756,431	-	100.00%	-	0.00%
10/1/2005	498,560	498,560	-	100.00%	564,028	0.00%
10/1/2004	335,351	335,351	-	100.00%	-	0.00%
10/1/2003	220,713	220,713	-	100.00%	272,200	0.00%
10/1/2002	371,736	371,736	-	100.00%	370,628	0.00%

See Independent Auditors’ Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF FUNDING CONTRIBUTIONS FROM THE EMPLOYER  
 AND OTHER CONTRIBUTING ENTITIES – FIREFIGHTERS’ RETIREMENT FUND  
 YEAR ENDED SEPTEMBER 30, 2009

Year ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contribution
2009	\$ 237,677	\$ 223,299	\$ 148,219	156%
2008	237,677	207,244	146,206	149%
2007	191,812	173,502	119,357	153%
2006	182,347	140,391	81,269	122%
2005	87,553	120,365	69,231	217%
2004	83,015	101,216	57,376	191%
2003	69,369	76,688	45,103	176%

See Independent Auditors’ Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS -  
 OTHER POST EMPLOYMENT BENEFITS  
 YEAR ENDED SEPTEMBER 30, 2009

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>% Contribution</u>	<u>Annual OPEB Cost</u>	<u>% Contribution</u>
2009	\$ 112,000	42%	\$ 112,000	42%
2010	113,000	42%	110,000	44%

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 SCHEDULE OF FUNDING PROGRESS -  
 OTHER POST EMPLOYMENT BENEFITS  
 YEAR ENDED SEPTEMBER 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Entry Age (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2009	\$ -	\$ 778,000	\$ 778,000	0.00%	\$ 7,569,000	10.28%

See Independent Auditors' Report.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

CITY OF SAFETY HARBOR, FLORIDA  
 COMBINING BALANCE SHEET –  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2009

Special Revenue Funds

	Public Safety	Street Improvements	Library Grants	Street Assess- ments	Marina Boat Basin	Transportation Impact
<b>Assets</b>						
Equity in pooled cash and investments	\$ 63,874	\$ 272,056	\$ 108,252	\$ 19,013	\$ 159,448	\$ 492,975
Special assessments receivable (net)	208	856	-	(1,049)	1,579	1,741
Due from other governments	-	55,459	-	-	-	-
Total assets	<u>\$ 64,082</u>	<u>\$ 328,371</u>	<u>\$ 108,252</u>	<u>\$ 17,964</u>	<u>\$ 161,027</u>	<u>\$ 494,716</u>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 141	\$ -	\$ (1,340)	\$ 8,215
Current liabilities	-	-	4,107	-	488	-
Customer deposits	-	-	-	-	5,048	-
Deferred revenue	-	-	-	8,916	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>4,248</u>	<u>8,916</u>	<u>4,196</u>	<u>8,215</u>
Fund Balances (Deficit)						
Reserved for:						
Encumbrances	-	-	-	-	-	16,100
Public safety	64,082	-	-	-	-	-
Debt service	-	-	-	-	-	-
Library	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-
Parking	-	-	-	-	-	-
Transportation	-	-	-	-	-	470,401
Unreserved designated:						
Designated for special assessment	-	-	-	9,048	-	-
Designated for library grant	-	-	104,004	-	-	-
Designated for street improvement	-	328,371	-	-	-	-
Designated for marina	-	-	-	-	156,831	-
Designated for drainage	-	-	-	-	-	-
Total fund balances (deficit)	<u>64,082</u>	<u>328,371</u>	<u>104,004</u>	<u>9,048</u>	<u>156,831</u>	<u>486,501</u>
Total liabilities and fund balances	<u>\$ 64,082</u>	<u>\$ 328,371</u>	<u>\$ 108,252</u>	<u>\$ 17,964</u>	<u>\$ 161,027</u>	<u>\$ 494,716</u>

Special Revenue Funds

Library Impact Fee	Drainage Impact Fee	Street Lighting	Parking Impact Fee	Law Enforcement	Debt Service Fund	Total Other Governmental Funds
\$ 21,866	\$ 172	\$ 826,678	\$ 172,667	\$ -	\$ 112,510	\$ 2,249,511
71	13	2,702	563	-	-	6,684
-	-	-	-	-	-	55,459
<u>\$ 21,937</u>	<u>\$ 185</u>	<u>\$ 829,380</u>	<u>\$ 173,230</u>	<u>\$ -</u>	<u>\$ 112,510</u>	<u>\$ 2,311,654</u>
\$ -	\$ -	\$ 21,417	\$ 55,937	\$ -	\$ -	\$ 84,370
-	-	-	-	-	-	4,595
-	-	-	-	-	-	5,048
-	-	-	-	-	-	8,916
-	-	21,417	55,937	-	-	102,929
-	-	-	113,848	-	-	129,948
-	-	-	-	-	-	64,082
-	-	-	-	-	112,510	112,510
21,937	-	-	-	-	-	21,937
-	-	807,963	-	-	-	807,963
-	-	-	3,445	-	-	3,445
-	-	-	-	-	-	470,401
-	-	-	-	-	-	9,048
-	-	-	-	-	-	104,004
-	-	-	-	-	-	328,371
-	-	-	-	-	-	156,831
-	185	-	-	-	-	185
<u>21,937</u>	<u>185</u>	<u>807,963</u>	<u>117,293</u>	<u>-</u>	<u>112,510</u>	<u>2,208,725</u>
<u>\$ 21,937</u>	<u>\$ 185</u>	<u>\$ 829,380</u>	<u>\$ 173,230</u>	<u>\$ -</u>	<u>\$ 112,510</u>	<u>\$ 2,311,654</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds					
	Public Safety	Street Improvements	Library Grants	Street Assessments	Marina Boat Basin	Transportation Impact
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	50,768	-
Intergovernmental revenue	-	229,990	274,212	-	-	-
Special assessments	-	-	-	447	-	-
Interest income and net appreciation in fair value	3,056	10,296	-	1,168	7,047	26,429
Impact fees	1,525	-	-	-	-	8,083
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>4,581</u>	<u>240,286</u>	<u>274,212</u>	<u>1,615</u>	<u>57,815</u>	<u>34,512</u>
Expenditures						
Fire protection	24	-	-	-	-	-
Physical environment	-	-	-	-	26,686	-
Transportation	-	661,547	-	-	-	-
Library	-	-	212,439	-	-	-
Capital outlay	10,009	158,348	107,973	-	-	55,310
Debt service:						
Interest and other fiscal charges	-	-	-	-	-	-
Total expenditures	<u>10,033</u>	<u>819,895</u>	<u>320,412</u>	<u>-</u>	<u>26,686</u>	<u>55,310</u>
Excess of (deficiency) revenues over (under) expenditures	<u>(5,452)</u>	<u>(579,609)</u>	<u>(46,200)</u>	<u>1,615</u>	<u>31,129</u>	<u>(20,798)</u>
Other financing sources and (uses):						
Transfers in	-	480,000	-	-	-	-
Transfers out	-	-	-	(15,000)	-	(75,000)
Total other financing sources (uses)	<u>-</u>	<u>480,000</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(75,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(5,452)</u>	<u>(99,609)</u>	<u>(46,200)</u>	<u>(13,385)</u>	<u>31,129</u>	<u>(95,798)</u>
Fund balances, beginning of year	<u>69,534</u>	<u>427,980</u>	<u>150,204</u>	<u>22,433</u>	<u>125,702</u>	<u>582,299</u>
Fund balances, end of the year	<u>\$ 64,082</u>	<u>\$ 328,371</u>	<u>\$ 104,004</u>	<u>\$ 9,048</u>	<u>\$ 156,831</u>	<u>\$ 486,501</u>

Special Revenue Funds							Total Other Governmental Funds
Library Impact Fee	Drainage Impact Fee	Street Lighting	Parking Impact Fee	Law Enforcement	Debt Service Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,395	-	-	-	-	56,163
-	-	-	-	1,000	-	-	505,202
-	-	-	-	-	-	-	447
995	505	38,463	8,064	-	767	-	96,790
1,149	-	-	-	-	-	-	10,757
-	-	-	-	-	-	-	-
<u>2,144</u>	<u>505</u>	<u>43,858</u>	<u>8,064</u>	<u>1,000</u>	<u>767</u>		<u>669,359</u>
-	-	-	-	-	-	-	24
-	-	-	-	-	-	-	26,686
-	-	243,162	-	-	-	-	904,709
-	-	-	-	-	-	-	212,439
-	13,094	-	55,937	1,820	-	-	402,491
-	-	-	-	-	99,728	-	99,728
-	13,094	243,162	55,937	1,820	99,728	-	1,646,077
<u>2,144</u>	<u>(12,589)</u>	<u>(199,304)</u>	<u>(47,873)</u>	<u>(820)</u>	<u>(98,961)</u>		<u>(976,718)</u>
-	-	221,160	-	2,540	184,014	-	887,714
-	-	-	-	-	(93,525)	-	(183,525)
-	-	221,160	-	2,540	90,489	-	704,189
<u>2,144</u>	<u>(12,589)</u>	<u>21,856</u>	<u>(47,873)</u>	<u>1,720</u>	<u>(8,472)</u>		<u>(272,529)</u>
<u>19,793</u>	<u>12,774</u>	<u>786,107</u>	<u>165,166</u>	<u>(1,720)</u>	<u>120,982</u>		<u>2,481,254</u>
<u>\$ 21,937</u>	<u>\$ 185</u>	<u>\$ 807,963</u>	<u>\$ 117,293</u>	<u>\$ -</u>	<u>\$ 112,510</u>		<u>\$ 2,208,725</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MAJOR GOVERNMENTAL FUND – CAPITAL PROJECTS FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Interest income and net appreciation in fair value of investments	\$ 100,000	\$ 100,000	\$ 149,195	\$ 49,195
Intergovernmental revenue	<u>1,636,988</u>	<u>1,636,988</u>	<u>1,367,598</u>	<u>(269,390)</u>
Amounts available for appropriation	<u>1,736,988</u>	<u>1,736,988</u>	<u>1,516,793</u>	<u>(220,195)</u>
Charges to appropriations (outflows) -				
Capital Outlay	213,228	213,228	3,283,346	(3,070,118)
Transfers to other funds	<u>1,384,014</u>	<u>1,384,014</u>	<u>1,384,014</u>	<u>-</u>
Total charges to appropriations	<u>1,597,242</u>	<u>1,597,242</u>	<u>4,667,360</u>	<u>(3,070,118)</u>
(Deficiency) excess of resources (under) over charges to appropriations	139,746	139,746	(3,150,567)	(3,290,313)
Appropriated fund balance	<u>(139,746)</u>	<u>(139,746)</u>	<u>-</u>	<u>139,746</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,150,567)</u>	<u>\$ (3,150,567)</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 4,667,360
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes				<u>1,384,014</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 3,283,346</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – PUBLIC SAFETY FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (Inflows):				
Impact fees	\$ 3,000	\$ 3,000	\$ 1,525	\$ (1,475)
Interest income and net appreciation in fair value of investments	<u>2,500</u>	<u>2,500</u>	<u>3,056</u>	<u>556</u>
Amounts available for appropriation	<u>5,500</u>	<u>5,500</u>	<u>4,581</u>	<u>(919)</u>
Charges to appropriations (outflows) -				
Fire protection	-	-	24	(24)
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>10,009</u>	<u>(9)</u>
Total charges to appropriations	<u>10,000</u>	<u>10,000</u>	<u>10,033</u>	<u>(33)</u>
(Deficiency) excess of resources (under) over charges to appropriations	(4,500)	(4,500)	(5,452)	(952)
Appropriated fund balance	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,452)</u>	<u>\$ (5,452)</u>

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

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – STREET IMPROVEMENTS FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (Inflows):				
Intergovernmental revenue	\$ 230,000	\$ 230,000	\$ 229,990	\$ (10)
Interest income and net appreciation in fair value of investments	22,000	22,000	10,296	(11,704)
Transfers from other funds	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>-</u>
Amounts available for appropriation	<u>732,000</u>	<u>732,000</u>	<u>720,286</u>	<u>(11,714)</u>
Charges to appropriations (outflows) -				
Transportation	676,144	676,144	661,547	14,597
Capital outlay	<u>219,680</u>	<u>219,680</u>	<u>158,348</u>	<u>61,332</u>
Total charges to appropriations	<u>895,824</u>	<u>895,824</u>	<u>819,895</u>	<u>75,929</u>
(Deficiency) excess of resources (under) over charges to appropriations	(163,824)	(163,824)	(99,609)	64,215
Appropriated fund balance	<u>163,824</u>	<u>163,824</u>	-	<u>(163,824)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,609)</u>	<u>\$ (99,609)</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 720,286
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes				<u>480,000</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 240,286</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – LIBRARY GRANTS FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (Inflows):				
Intergovernmental revenue	\$ 274,165	\$ 274,165	\$ 274,212	\$ 47
Charges to appropriations (outflows) -				
Library	242,518	257,518	212,439	45,079
Capital outlay	<u>207,719</u>	<u>192,719</u>	<u>107,973</u>	<u>84,746</u>
Total charges to appropriations	<u>450,237</u>	<u>450,237</u>	<u>320,412</u>	<u>129,825</u>
(Deficiency) excess of resources (under) over charges to appropriations	(176,072)	(176,072)	(46,200)	129,872
Appropriated fund balance	<u>176,072</u>	<u>176,072</u>	<u>-</u>	<u>(176,072)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,200)</u>	<u>\$ (46,200)</u>

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

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – STREET ASSESSMENTS FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (inflows):				
Special assessments	\$ 650	\$ 650	\$ 447	\$ (203)
Interest income and net appreciation in fair value of investments	<u>1,000</u>	<u>1,000</u>	<u>1,168</u>	<u>168</u>
Amounts available for appropriation	<u>1,650</u>	<u>1,650</u>	<u>1,615</u>	<u>(35)</u>
Charges to appropriations (outflows) -				
Transfers to other funds	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total charges to appropriations	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
(Deficiency) excess of resources (under) over charges to appropriations	(13,350)	(13,350)	(13,385)	(35)
Appropriated fund balance	<u>13,350</u>	<u>13,350</u>	<u>-</u>	<u>(13,350)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,385)</u>	<u>\$ (13,385)</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

\$ 15,000

Differences - budget to GAAP

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

15,000

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

\$ -

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – MARINA BOAT BASIN FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	<u>Final Budget</u>
Resources (inflows):				
Revenues:				
Charges for services	\$ 51,612	\$ 51,612	\$ 50,769	\$ (843)
Interest income and net appreciation in fair value of investments	<u>4,000</u>	<u>4,000</u>	<u>7,047</u>	<u>3,047</u>
Amounts available for appropriations	<u>55,612</u>	<u>55,612</u>	<u>57,816</u>	<u>2,204</u>
Charges to appropriations (outflows)-				
Physical environment	28,400	28,400	26,686	1,714
Capital Outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total charges to appropriations	<u>58,400</u>	<u>58,400</u>	<u>26,686</u>	<u>31,714</u>
(Deficiency) excess of resources (under) over charges to appropriations	(2,788)	(2,788)	31,130	33,918
Appropriated fund balance	<u>2,788</u>	<u>2,788</u>	<u>-</u>	<u>(2,788)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,130</u>	<u>\$ 31,130</u>

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

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – TRANSPORTATION IMPACT FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (Inflows):				
Impact fees	\$ 22,000	\$ 22,000	\$ 8,083	\$ (13,917)
Interest income and net appreciation in fair value of investments	30,000	30,000	26,429	(3,571)
Amounts available for appropriation	52,000	52,000	34,512	(17,488)
Charges to appropriations (outflows) -				
Capital outlay	373,336	373,336	55,310	318,026
Transfers to other funds	75,000	75,000	75,000	-
Total charges to appropriations	448,336	448,336	130,310	318,026
(Deficiency) excess of resources (under) over charges to appropriations	(396,336)	(396,336)	(95,798)	300,538
Appropriated fund balance	396,336	396,336	-	(396,336)
Deficiency of resources under charges to appropriations	\$ -	\$ -	\$ (95,798)	\$ (95,798)

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	\$ 130,310
Differences - budget to GAAP	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposed	75,000
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds	\$ 55,310

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – LIBRARY IMPACT FEE FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (inflows):				
Interest income and net appreciation in fair value of investments	\$ 100	\$ 100	\$ 995	\$ 895
Impact fees	-	-	1,149	1,149
Amounts available for appropriation	<u>100</u>	<u>100</u>	<u>2,144</u>	<u>2,044</u>
Charges to appropriations (outflows) - Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Deficiency) excess of resources (under) over charges to appropriations	100	100	2,144	2,044
Appropriated fund balance	<u>(100)</u>	<u>(100)</u>	<u>-</u>	<u>100</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,144</u>	<u>\$ 2,144</u>

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

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – DRAINAGE IMPACT FEE FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (inflows):				
Interest income and net appreciation in fair value of investments	\$ 300	\$ 300	\$ 505	\$ 205
Impact fees	-	-	-	-
Amounts available for appropriation	<u>300</u>	<u>300</u>	<u>505</u>	<u>205</u>
Charges to appropriations (outflows) - Physical environment	<u>300</u>	<u>13,094</u>	<u>13,094</u>	<u>-</u>
(Deficiency) excess of resources (under) over charges to appropriations	-	(12,794)	(12,589)	205
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ (12,794)</u>	<u>\$ (12,589)</u>	<u>\$ 205</u>

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

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – STREET LIGHTING FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (inflows):				
Revenues:				
Interest income and net appreciation in fair value of investments	\$ 25,000	\$ 25,000	\$ 38,463	\$ 13,463
Miscellaneous revenue	-	-	5,395	5,395
Transfers from other funds	<u>221,160</u>	<u>221,160</u>	<u>221,160</u>	<u>-</u>
Amounts available for appropriations	<u>246,160</u>	<u>246,160</u>	<u>265,018</u>	<u>18,858</u>
Charges to appropriations (outflows) - Transportation	<u>265,278</u>	<u>265,278</u>	<u>243,162</u>	<u>22,116</u>
Total charges to appropriations	<u>265,278</u>	<u>265,278</u>	<u>243,162</u>	<u>22,116</u>
(Deficiency) excess of resources (under) over charges to appropriations	(19,118)	(19,118)	21,856	40,974
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of resources over charges to appropriations	<u>\$ (19,118)</u>	<u>\$ (19,118)</u>	<u>\$ 21,856</u>	<u>\$ 40,974</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 265,018
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes				<u>221,160</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 43,858</u>

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – PARKING IMPACT FEE FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Interest income and net appreciation in fair value of investments	\$ 2,000	\$ 4,620	\$ 8,064	\$ 3,444
Transfers from other funds	-	-	-	-
Amounts available for appropriations	2,000	4,620	8,064	3,444
Charges to appropriations (outflows) - Capital Outlay	-	169,785	55,937	113,848
(Deficiency) excess of resources (under) over charges to appropriations	2,000	(165,165)	(47,873)	(110,404)
Appropriated fund balance	-	-	-	-
Deficiency of resources under charges to appropriations	<u>\$ 2,000</u>	<u>\$ (165,165)</u>	<u>\$ (47,873)</u>	<u>\$ (110,404)</u>

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

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – LAW ENFORCEMENT FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget Amounts</u>		Actual Amount	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Resources (inflows):				
Revenues:				
Intergovernmental revenue	\$ -	\$1,000	\$ 1,000	\$ -
Transfers from other funds	-	900	2,540	1,640
Amounts available for appropriations	-	1,900	3,540	1,640
Charges to appropriations (outflows)-				
Capital Outlay	-	1,900	1,820	80
Total charges to appropriations	-	1,900	1,820	80
(Deficiency) excess of resources (under) over charges to appropriations	-	-	1,720	1,720
Appropriated fund balance	-	-	-	-
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720</u>	<u>\$ 1,720</u>

Explanation of differences between  
 budgetary inflows and GAAP revenues:

Actual amounts (budgetary basis)  
 available for appropriation from  
 the budgetary comparison schedule \$ 3,540

Differences - budget to GAAP

Transfers from other funds are inflows of  
 budgetary resources but are not revenues  
 for financial reporting purposed 2,540

Total revenues as reported on the statement  
 of revenues, expenditures and changes in  
 fund balances governmental funds \$ 1,000

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CITY OF SAFETY HARBOR, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUND  
 YEAR ENDED SEPTEMBER 30, 2009

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Resources (inflows):				
Revenues:				
Interest income and net appreciation in fair value of investments	\$ -	\$ -	\$ 767	\$ 767
Transfers from other funds	184,014	184,014	184,014	-
Amounts available for appropriations	<u>184,014</u>	<u>184,014</u>	<u>184,781</u>	<u>767</u>
Charges to appropriations (outflows) -				
Transfers to other funds	227,920	227,920	93,525	(134,395)
Debt service interest	254,014	254,014	99,728	154,286
Total charges to appropriations	<u>481,934</u>	<u>481,934</u>	<u>193,253</u>	<u>19,891</u>
(Deficiency) excess of resources (under over charges to appropriations	(297,920)	(297,920)	(8,472)	289,448
Appropriated fund balance	<u>297,920</u>	<u>297,920</u>	<u>-</u>	<u>(297,920)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,472)</u>	<u>\$ (8,472)</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 184,781
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes				<u>184,014</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 767</u>
Explanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				193,253
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes				<u>93,525</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 99,728</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, 2009

	<u>Fire Budget</u>	<u>Actual Amounts</u>			<u>Total Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>City Amounts</u>	<u>Fire District Amounts</u>	<u>EMS Amounts</u>		
Revenue:						
Municipality - City of Safety Harbor	\$ 2,942,780	\$ 2,790,362	\$ -	\$ -	\$ 2,790,362	\$ (152,418)
EMS District funds	904,630	-	-	904,630	904,630	-
Safety Harbor Fire District	202,030	-	200,100	-	200,100	(1,930)
<b>Total revenues</b>	<u>4,049,440</u>	<u>2,790,362</u>	<u>200,100</u>	<u>904,630</u>	<u>3,895,092</u>	<u>(154,348)</u>
Expenditures:						
Personnel services	3,582,344	2,383,397	200,100	904,630	3,488,127	94,217
Contractual/other services	321,990	314,062	-	-	314,062	7,928
Materials and supplies	93,032	69,802	-	-	69,802	23,230
Capital outlay	52,074	23,100	-	-	23,100	28,974
<b>Total expenditures</b>	<u>4,049,440</u>	<u>2,790,362</u>	<u>200,100</u>	<u>904,630</u>	<u>3,895,092</u>	<u>154,348</u>
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL AND BUDGET  
LIBRARY SUB-FUNDS  
YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual Amounts</u>			Total Amounts	Variance Favorable (Unfavorable)
	<u>Library Budget</u>	<u>City Amounts</u>	<u>Library Amounts</u>		
Revenue:					
Municipality - City of Safety Harbor	\$ 3,925,288	\$ 3,509,422	\$ -	\$ 3,509,422	\$ (415,866)
Library impact revenue	-	1,149	-	1,149	1,149
Intergovernmental	274,165	-	274,212	274,212	47
Chrissie Shull Elmore Trust	80,000	62,483	-	62,483	(17,517)
<b>Total revenues</b>	<b><u>4,279,453</u></b>	<b><u>3,573,054</u></b>	<b><u>274,212</u></b>	<b><u>3,847,266</u></b>	<b><u>(432,187)</u></b>
Expenditures:					
Personnel services	802,304	641,817	139,635	781,453	20,851
Contractual/other services	576,013	428,193	59,570	487,763	88,250
Materials and supplies	70,278	31,207	13,233	44,440	25,838
Capital outlay	2,830,858	2,471,837	107,973	2,579,810	251,048
<b>Total expenditures</b>	<b><u>4,279,453</u></b>	<b><u>3,573,054</u></b>	<b><u>320,412</u></b>	<b><u>3,893,466</u></b>	<b><u>385,987</u></b>
Deficiency of revenues and other financing sources under expenditures and other financing use	-	-	(46,200)	(46,200)	-
Fund balance beginning of year	-	-	147,358	147,358	-
Fund balance surplus, end of year, reserved for future expenditures	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 101,158</u></b>	<b><u>\$ 101,158</u></b>	<b><u>\$ -</u></b>

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CITY OF SAFETY HARBOR, FLORIDA  
BALANCE SHEET  
COMMUNITY REDEVELOPMENT AGENCY  
SEPTEMBER 30, 2009

	Community Redevelopment Agency (CRA)
<b>Assets</b>	
Equity in pooled cash and investments	\$ 717,675
Accounts receivable	1,815
Total assets	\$ 719,490
<b>Liabilities and Fund Equity</b>	
Liabilities:	
Accounts payable	9,681
Total liabilities	9,681
Fund balances	
Reserved for:	
Encumbrances	11,575
Unreserved:	
Designated for community redevelopment agency	698,233
Total fund balance	709,809
Total liabilities and fund balance	\$ 719,490

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL AND BUDGET  
COMMUNITY REDEVELOPMENT AGENCY  
YEAR ENDED SEPTEMBER 30, 2009

	CRA Budget	CRA Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 465,828	\$ 484,077	\$ 18,249
Interest income and appreciation in fair value of investments	4,000	23,432	19,432
Miscellaneous	-	375	375
<b>Total revenues</b>	<b>469,828</b>	<b>507,884</b>	<b>38,056</b>
Expenditures:			
Contractual services	154,416	75,629	78,787
Capital expenditures	435,703	178,301	257,402
<b>Total expenditures</b>	<b>590,119</b>	<b>253,930</b>	<b>336,189</b>
Excess (deficiency) of revenues Over (under) expenditures	(120,291)	253,954	374,245
Other financing sources and (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(120,291)	253,954	374,245
Fund balance (deficit), beginning of year	120,291	455,855	335,564
Fund balance (deficit), end of year, reserved for encumbrances	\$ -	\$ 709,809	\$ 709,809

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CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
SOLID WASTE FUND  
YEAR ENDED SEPTEMBER 30, 2009

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues-			
Charges for services	\$ 2,690,261	\$ 2,695,636	\$ 5,375
Operating expenses:			
Personal services	1,227,751	1,216,668	11,083
Materials and supplies	352,761	216,676	136,085
Other operating expenses	1,810,781	1,099,615	711,166
Capital outlay	189,479	178,105	11,374
Total operating expenses	<u>3,580,772</u>	<u>2,711,064</u>	<u>869,708</u>
Operating loss	<u>(890,511)</u>	<u>(15,428)</u>	<u>875,083</u>
Nonoperating revenues (expenses):			
Interest income and net appreciation in fair value of investments	56,000	9,645	(46,355)
Interest expense	(34,408)	(19,358)	15,050
Miscellaneous	20,569	51,747	31,178
Total nonoperating revenues (expenses)	<u>42,161</u>	<u>42,034</u>	<u>(127)</u>
Gain (loss) before appropriated net assets	<u>(848,350)</u>	<u>26,606</u>	<u>874,956</u>
Appropriated net assets	848,350	-	(848,350)
Changes in net assets	<u>\$ -</u>	<u>\$ 26,606</u>	<u>\$ 26,606</u>
Adjustments to reconcile to combining statement of revenues, expenses and changes in net assets - proprietary funds			
Depreciation and amortization		(207,864)	
Capital outlay		<u>178,105</u>	
Change in net assets GAAP basis		<u>\$ (3,153)</u>	

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET  
WATER AND SEWER FUND  
YEAR ENDED SEPTEMBER 30, 2009

	Budget	Budgetary Basis Actual	Variance Favorable (Unfavorable)
Operating revenues-			
Charges for services	\$ 8,000,720	\$ 7,877,674	\$ (123,046)
Operating expenses:			
Personal services	2,170,964	2,120,602	50,362
Materials and supplies	343,006	238,272	104,734
Other operating expenses	5,717,783	4,494,180	1,223,603
Capital outlay	1,899,619	812,154	1,087,465
Total operating expenses	10,131,372	7,665,208	2,466,164
Operating loss	(2,130,652)	212,466	2,343,118
Nonoperating revenues (expenses):			
Interest income and net appreciation in fair value of investments	175,000	352,233	177,233
Grants	13,500	-	(13,500)
Interest expense	(710,587)	(224,108)	486,479
Miscellaneous	653,588	673,245	19,657
Debt service principal retirement	(285,000)	(285,000)	-
Total nonoperating revenues (expenses)	(153,499)	516,370	669,869
Gain (loss) before appropriated net assets	(2,284,151)	728,836	3,012,987
Appropriated net assets	2,284,151	-	(2,284,151)
Changes in net assets	\$ -	\$ 728,836	\$ 728,836
Adjustments to reconcile to combining statement of revenues, expenses and changes in net assets - proprietary funds			
Depreciation and amortization		(898,080)	
Capital outlay		812,154	
Debt service principal payment		285,000	
Change in net assets GAAP basis		\$ 927,910	

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUNDS TO  
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2009

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassess and Eliminations	Statement of Net Assets Totals
<b>Assets</b>				
Equity in pooled cash and investments	\$ 16,825,209	\$ -	\$ -	\$ 16,825,209
Receivables, net:				
Accounts receivable	583,715	-	-	583,715
Due from other governments	544,802	-	-	544,802
Inventories	84,106	-	-	84,106
Prepaid	69,021	-	-	69,021
Capital assets:				
Nondepreciable	-	4,503,704	-	4,503,704
Depreciable, net of accumulated depreciation	-	22,404,186	-	22,404,186
Unamortized bond issuance costs	-	34,680	-	34,680
Pension asset	-	395,124	-	395,124
<b>Total assets</b>	<b>\$ 18,106,853</b>	<b>\$ 27,337,694</b>	<b>\$ -</b>	<b>\$ 45,444,547</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	172,192	-	-	172,192
Accrued liabilities	256,921	-	-	256,921
Customer deposits	81,880	-	-	81,880
Deferred revenue	86,148	-	-	86,148
Long-term obligations	-	8,248,180	-	8,248,180
<b>Total liabilities</b>	<b>597,141</b>	<b>8,248,180</b>	<b>-</b>	<b>8,845,321</b>
<b>Fund Balances</b>				
Invested in capital assets, net of related debt	-	19,665,284	-	19,665,284
Reserved for:				
Encumbrances	621,039	-	(621,039)	-
Debt service	112,510	-	-	112,510
Prepays	69,021	-	(69,021)	-
Inventories	84,106	-	(84,106)	-
Public safety	64,082	-	(64,082)	-
Parkland	806,876	-	(806,876)	-
Street lighting	807,963	-	(807,963)	-
Transportation	470,401	-	(470,401)	-
Law enforcement	-	-	-	-
Library	21,937	-	(21,937)	-
Drainage	-	-	-	-
Parking	3,445	-	(3,445)	-
Capital projects	1,838,938	-	-	1,838,938
Unreserved:				
Designated for community redevelopment agency	698,234	-	(698,234)	-
Designated for stormwater	2,261,330	-	(2,261,330)	-
Designated for library grant	104,004	-	(104,004)	-
Designated for special revenue funds	494,250	-	(494,250)	-
Designated for drainage	185	-	(185)	-
Undesignated	9,051,391	(575,770)	6,506,873	14,982,494
<b>Total fund balances/net assets</b>	<b>17,509,712</b>	<b>19,089,514</b>	<b>-</b>	<b>36,599,226</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,106,853</b>	<b>\$ 27,337,694</b>	<b>\$ -</b>	<b>\$ 45,444,547</b>

See Independent Auditors' Report.

CITY OF SAFETY HARBOR, FLORIDA  
RECONCILIATION OF NET CHANGE IN FUND BALANCES  
FOR THE GOVERNMENTAL FUNDS TO CHANGE IN NET ASSETS  
FOR GOVERNMENTAL ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2009

	Total Governmental Funds	Depreciation	Capital Outlay	Change in Pension Asset	Long-term Debt	Reclasses and Eliminations	Statement of Activities Total
<b>Revenues:</b>							
Property taxes	\$ 3,543,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,543,283
Charges for services	652,757	-	-	-	-	-	652,757
Franchise fees	1,570,352	-	-	-	-	-	1,570,352
Utility taxes	2,591,091	-	-	-	-	-	2,591,091
Licenses and permits	256,748	-	-	-	-	-	256,748
Intergovernmental revenues	4,306,169	-	-	-	-	-	4,306,169
Special assessments	540,663	-	-	-	-	-	540,663
Fines and forfeitures	92,570	-	-	-	-	-	92,570
Interest income and net appreciation in fair value of investments	835,294	-	-	-	-	-	835,294
Impact fees	11,702	-	-	-	-	-	11,702
Miscellaneous	2,097,842	-	-	-	-	-	2,097,842
<b>Total revenues</b>	<b>16,498,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,498,471</b>
<b>Expenditures:</b>							
<b>Current operating:</b>							
General government	3,038,872	263,859	(961)	(18,000)	24,228	-	3,307,998
Law enforcement	1,334,499	1,948	-	-	-	-	1,336,447
Fire protection	3,871,992	236,449	23,100	-	(49,067)	-	4,082,474
Building department	290,657	421	-	-	2,031	-	293,109
Physical environment	1,206,411	106,694	(3,728)	-	(19,499)	-	1,289,878
Transportation	1,812,568	468,707	-	-	1,909	-	2,283,184
Library	1,313,657	184,831	186,177	-	(14,023)	-	1,670,642
Parks and recreation	2,140,816	440,852	27,183	-	2,483	-	2,611,334
Capital outlay	4,182,276	-	(4,060,223)	-	-	(122,053)	-
Debt service							
Interest and other fiscal charges	103,790	-	-	-	-	-	103,790
<b>Total expenditures</b>	<b>19,295,538</b>	<b>1,703,761</b>	<b>(3,828,452)</b>	<b>(18,000)</b>	<b>(51,938)</b>	<b>(122,053)</b>	<b>16,978,856</b>
Excess (deficiency) of revenues over (under) expenditures	(2,797,067)	(1,703,761)	3,828,452	18,000	51,938	122,053	(480,386)
<b>Other financing sources (uses):</b>							
Transfers in	2,141,239	-	-	-	-	(2,141,239)	-
Transfers out	(2,141,239)	-	-	-	-	2,141,239	-
Capital lease	(54,792)	-	-	-	54,792	-	-
Debt proceeds	304,007	-	-	-	(304,007)	-	-
<b>Total other financing sources (uses)</b>	<b>249,215</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(249,215)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (2,547,852)</b>	<b>\$ (1,703,761)</b>	<b>\$ 3,828,452</b>	<b>\$ 18,000</b>	<b>\$ (197,277)</b>	<b>\$ 122,053</b>	<b>\$ (480,385)</b>

See Independent Auditors' Report.

## **STATISTICAL SECTION**

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**Table 1 (Unaudited)**  
**City of Safety Harbor, Florida**  
**General Fund - Expenditures by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Expenditures</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Physical Environment</b>	<b>Transportation (Streets)</b>	<b>Culture &amp; Recreation</b>
2000	\$ 7,378,732	\$ 2,055,748	\$ 2,898,544	\$ 268,478	\$ 508,767	\$1,647,195
2001	\$ 7,723,973	\$ 2,138,159	\$ 2,963,734	\$ 241,106	\$ 522,687	\$1,858,287
2002	\$ 8,223,715	\$ 2,130,050	\$ 3,155,461	\$ 291,899	\$ 546,561	\$2,099,744
2003	\$ 8,771,928	\$ 2,414,171	\$ 3,414,929	\$ 268,491	\$ 603,071	\$2,071,266
2004	\$ 9,126,347	\$ 2,454,716	\$ 3,646,803	\$ 276,803	\$ 692,506	\$2,055,519
2005	\$ 9,398,441	\$ 2,314,836	\$ 3,925,717	\$ 295,061	\$ 684,819	\$2,178,009
2006	\$ 11,106,174	\$ 3,259,887	\$ 4,278,917	\$ 342,123	\$ 688,581	\$2,536,666
2007	\$ 11,929,901	\$ 3,352,765	\$ 4,525,547	\$ 411,023	\$ 797,270	\$2,843,296
2008	\$ 12,744,081	\$ 3,027,994	\$ 4,957,967	\$ 814,735	\$ 890,917	\$3,052,468
2009	\$ 13,184,732	\$ 3,005,343	\$ 5,497,124	\$ 532,372	\$ 907,859	\$3,242,034

Note: Excludes transfers out

**Table 2 (Unaudited)**  
**City of Safety Harbor, Florida**  
**General Fund - Revenues by Source**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Revenues</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Intergovernmental</b>	<b>Charges for Services</b>	<b>Fines &amp; Forfeitures</b>	<b>Miscellaneous</b>
2000	\$ 7,612,848	\$ 3,628,143	\$261,334	\$2,054,743	\$469,449	\$ 63,213	\$ 1,135,966
2001	\$ 8,343,350	\$ 3,811,834	\$317,270	\$2,159,968	\$536,641	\$ 71,735	\$ 1,445,902
2002	\$ 8,411,696	\$ 4,300,274	\$267,335	\$2,151,487	\$422,675	\$ 70,496	\$ 1,199,429
2003	\$ 8,515,860	\$ 4,445,571	\$397,472	\$2,115,355	\$502,808	\$ 74,604	\$ 980,050
2004	\$ 9,151,269	\$ 4,659,943	\$312,737	\$2,367,996	\$460,060	\$ 349,799	\$ 1,000,734
2005	\$ 10,589,554	\$ 5,961,312	\$259,966	\$2,731,939	\$490,064	\$ 73,828	\$ 1,072,445
2006	\$ 11,463,556	\$ 6,634,557	\$259,690	\$2,602,275	\$564,613	\$ 90,331	\$ 1,312,090
2007	\$ 12,102,975	\$ 7,064,394	\$273,485	\$2,624,995	\$598,885	\$ 95,895	\$ 1,445,321
2008	\$ 12,450,004	\$ 6,933,399	\$252,434	\$2,514,704	\$581,689	\$ 189,258	\$ 1,978,520
2009	\$ 13,114,766	\$ 7,220,649	\$256,748	\$2,433,368	\$596,594	\$ 92,570	\$ 2,514,837

Note: Excludes transfers in

**Table 3 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Property Tax Levies, Tax Collections and Assessed Valuations**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>(1) Gross Taxable Property Value</b>	<b>(2) Actual Millage Rate</b>	<b>(3) Gross Ad Valorem Proceeds</b>	<b>Current Collection Tax</b>	<b>Percentage of Levies Collected</b>	<b>Delinquent Taxes Collected</b>	<b>Total Tax Collections</b>
2000	\$ 658,508,724	3.4018	\$ 2,240,115	\$ 2,179,390	97.29%	\$ 889	\$2,180,279
2001	\$ 704,122,008	3.3429	\$ 2,353,809	\$ 2,289,720	97.28%	\$ 741	\$2,290,461
2002	\$ 767,360,791	3.1071	\$ 2,384,267	\$ 2,276,142	95.47%	\$ -	\$2,276,142
2003	\$ 818,914,566	2.9668	\$ 2,429,556	\$ 2,309,641	95.06%	\$ 1,395	\$2,311,036
2004	\$ 887,762,015	2.9668	\$ 2,633,812	\$ 2,505,705	95.14%	\$ 6,407	\$2,512,112
2005	\$ 991,660,899	2.7391	\$ 2,716,258	\$ 2,550,991	93.92%	\$ -	\$2,550,991
2006	\$ 1,101,410,706	2.7391	\$ 3,016,874	\$ 2,822,065	93.54%	\$ -	\$2,822,065
2007	\$ 1,249,133,488	2.7391	\$ 3,421,502	\$ 3,167,153	92.57%	\$ -	\$3,167,153
2008	\$ 1,331,055,598	2.5140	\$ 3,346,274	\$ 3,218,471	96.18%	\$ 17,810	\$3,236,281
2009	\$ 1,090,915,582	3.0674	\$ 3,346,274	\$ 3,080,653	92.06%	\$ 2,547	\$3,083,200

Sources:

- (1) Maximum Millage Levy Calculation Final Disclosure (DR-420M) - Line 2
- (2) Maximum Millage Levy Calculation Final Disclosure (DR-420M) - Line 9
- (3) Maximum Millage Levy Calculation Final Disclosure (DR-420M) - Line 10

**Table 4 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Assessed and Taxable Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gross Taxable Value (1)</b>	<b>Effective Taxable Value (2)</b>	<b>Addition (3)</b>	<b>New Construction</b>	<b>Adjusted Taxable Value (4)</b>
2000	\$ 658,508,724	\$ 658,508,724	\$ 11,366,100	\$ -	\$ 647,142,624
2001	\$ 704,122,008	\$ 702,419,597	\$ 15,260,300	\$ -	\$ 688,861,708
2002	\$ 767,350,791	\$ 765,436,050	\$ 11,612,700	\$ -	\$ 755,738,091
2003	\$ 818,914,566	\$ 817,796,839	\$ 17,272,500	\$ -	\$ 801,642,066
2004	\$ 887,762,015	\$ 891,321,442	\$ 23,752,800	\$ -	\$ 864,009,215
2005	\$ 991,660,899	\$ 989,079,783	\$ 26,250,300	\$ -	\$ 965,410,599
2006	\$ 1,101,410,706	\$ 1,101,543,672	\$ 16,132,300	\$ -	\$ 1,085,278,406
2007	\$ 1,249,113,488	\$ 1,245,424,160	\$ 5,257,300	\$ -	\$ 1,243,856,188
2008	\$ 1,331,055,598	\$ 1,329,939,984	\$ 14,986,208	\$ -	\$ 1,316,069,390
2009	\$ 1,090,915,582	\$ 1,200,730,028	\$ 6,284,955	\$ -	\$ 1,084,630,627

Sources:

- (1) Certification of Taxable Value (DR-420) - Line 4
- (2) Certification of Taxable Value (DR-420) - Line 4
- (3) Certification of Taxable Value (DR-420) - Line 4
- (4) Certification of Taxable Value (DR-420) - Line 4

**Table 5 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Assessed and Taxable Value of Taxable Property**  
**Last Ten Fiscal Years**

**TAX RATES**

<b>Fiscal Year</b>	<b>Safety Harbor</b>	<b>Pinellas County</b>	<b>School</b>	<b>Emergency Medical Services</b>	<b>Planning Council</b>	<b>Transit District</b>
2000	3.3429	6.0040	8.4330	0.7470	0.0225	0.6501
2001	3.1071	6.1410	8.4870	0.6600	0.0225	0.6501
2002	2.9668	6.1410	8.4490	0.6600	0.0225	0.6319
2003	2.9668	6.1410	8.2430	0.6600	0.0225	0.6319
2004	2.7391	6.1410	8.1220	0.6600	0.0220	0.6377
2005	2.7391	6.1410	8.3900	0.6600	0.0218	0.6377
2006	2.7391	5.4700	8.2100	0.6300	0.0195	0.6074
2007	2.5140	4.8730	7.7310	0.5832	0.0170	0.5601
2008	2.7830	4.8730	8.0610	0.5832	0.0170	0.5601
2009	3.0674	4.873	8.3460	0.5832	0.0125	0.5601

**TAX LEVIES**

<b>Fiscal Year</b>	<b>Safety Harbor</b>	<b>Pinellas County</b>	<b>School</b>	<b>Emergency Medical Services</b>	<b>Planning Council</b>	<b>Transit District</b>
2000	\$2,348,118	\$4,217,327	\$ 5,923,504	\$ 524,707	\$ 15,804	\$ 456,643
2001	\$2,378,286	\$4,700,543	\$ 6,496,256	\$ 505,188	\$ 17,222	\$ 497,610
2002	\$2,426,240	\$5,022,090	\$ 6,909,565	\$ 539,746	\$ 18,400	\$ 516,766
2003	\$2,644,603	\$5,474,083	\$ 7,347,804	\$ 588,323	\$ 20,056	\$ 563,275
2004	\$2,712,906	\$6,082,274	\$ 8,044,329	\$ 653,688	\$ 21,790	\$ 631,602
2005	\$3,018,962	\$6,768,444	\$ 9,247,231	\$ 727,434	\$ 24,027	\$ 702,856
2006	\$3,410,980	\$6,811,748	\$10,223,848	\$ 784,534	\$ 24,283	\$ 756,390
2007	\$3,130,664	\$6,068,308	\$ 9,627,353	\$ 726,254	\$ 21,170	\$ 697,488
2008	\$3,341,632	\$5,851,157	\$10,703,840	\$ 700,266	\$ 20,412	\$ 672,529
2009	\$3,341,778	\$5,308,888	\$10,145,211	\$ 635,367	\$ 1,362	\$ 610,201

**Table 6 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Principal Taxpayers (Real Property) - Ad Valorem**  
**Last Ten Fiscal Years**

<b>TAXPAYER</b>	<b>Taxable Assessed Value 2009 Tax Roll</b>	<b>Percentage</b>	<b>Ad Valorem Taxes 2009 Tax Roll</b>	<b>Percentage</b>
Mease Hospital Inc	\$ 20,479,474	1.98%	\$ 56,994.38	1.79%
Safety Harbor Spa & Resort LLC	\$ 18,239,219	1.76%	\$ 50,759.75	1.60%
Freedom Land Trust	\$ 14,432,028	1.39%	\$ 40,164.33	1.26%
Northwood Oaks, LLC	\$ 8,800,000	0.85%	\$ 24,490.40	0.77%
Northwood Commons LLC	\$ 7,500,000	0.72%	\$ 20,872.50	0.66%
Safety Harbor Investment Properties	\$ 7,100,000	0.68%	\$ 19,759.30	0.62%
Bayshore Palms apartments, Inc	\$ 7,000,000	0.68%	\$ 19,481.00	0.61%
Leisure Associates Ltd Partnership	\$ 6,000,000	0.58%	\$ 16,698.00	0.53%
Health Care Property Investment, Inc	\$ 5,500,000	0.53%	\$ 15,306.50	0.48%
Capstone Capital corp	\$ 4,900,000	0.47%	\$ 13,637	0.43%
<b>TOTAL OF TEN LARGEST TAXPAYERS</b>	\$ 99,950,721	9.64%	\$ 278,163	8.75%
<b>TOTAL OF OTHER TAXPAYERS</b>	\$ 936,736,561	90.36%	\$ 2,900,797	91.25%
<b>TOTAL OF ALL TAXPAYERS</b>	\$ 1,036,687,282	100.00%	\$ 3,178,960	100.00%

Source: Pinellas County Tax Rolls

**Table 7 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Principal Taxpayers (Personal Property) - Ad Valorem**  
**Last Ten Fiscal Years**

TAXPAYER	Taxable		Ad Valorem Taxes	
	Assessed Value 2009 Tax Roll	Percentage	2009 Tax Roll	Percentage
Florida Power Corp	\$ 7,060,929	13.44%	\$ 21,659	13.44%
Mastercut Tool Corp	\$ 2,347,558	4.47%	\$ 7,201	4.47%
Verizon Florida LLC	\$ 4,833,348	9.20%	\$ 14,826	9.20%
National Linen Svc 495	\$ 2,733,821	5.20%	\$ 8,386	5.20%
Safety Harbor Resort and Spa	\$ 2,574,251	4.90%	\$ 7,896	4.90%
US Bancorp Equipment Fin	\$ 2,605,204	4.96%	\$ 7,991	4.96%
Bright House Networks LLC	\$ 3,210,247	6.11%	\$ 9,847	6.11%
Countryside Cancer Center	\$ 992,942	1.89%	\$ 3,046	1.89%
Diagnostic Clinic	\$ 1,265,488	2.41%	\$ 3,882	2.41%
Florida Gas Transmission	\$ 2,772,264	5.28%	\$ 8,504	5.28%
<b>TOTAL OF TEN LARGEST TAXPAYERS</b>	<b>\$ 30,396,052</b>	<b>57.87%</b>	<b>\$ 93,237</b>	<b>57.87%</b>
<b>TOTAL OF OTHER TAXPAYERS</b>	<b>\$ 22,129,190</b>	<b>42.13%</b>	<b>\$ 67,879</b>	<b>42.13%</b>
<b>TOTAL OF ALL TAXPAYERS</b>	<b>\$ 52,525,242</b>	<b>100.00%</b>	<b>\$ 161,116</b>	<b>100.00%</b>

Source: Pinellas County Tax Rolls

**Table 8 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Computation of Legal Debt Margin**  
**As of September 30, 2009**

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.

**Table 9 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Computation of Direct and Overlapping Debt**  
**As of September 30, 2009**

Name of Government Unit	Bond Payable Net	Percentage Applicable to City of Safety Harbor	Percentage Applicable to City of Safety Harbor
Direct Debt			
City of Safety Harbor (Acct # 095-0000-231-2100)		0%	-
Overlapping Debt			
School Board of Pinellas County Pinellas County Board of Commissioners			<hr/> <hr/>
<u>Ratios</u>			
Overall debt to taxable valuation			-
Overall debt per capita			-

**Table 10 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Ratio of Net General Bonded Debt to Assessed Value**  
**and Net Bonded Debt per Capita**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Assessed Value for Debt Service</b>	<b>Gross Bonded Debt</b>	<b>Less Debt Sinking</b>	<b>Net Bonded Debt</b>	<b>Percentage of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2000	\$ 658,508,724	\$1,210,000	\$229,500	\$ 980,500	0.15%	\$ 57
2001	\$ 702,419,597	\$1,030,000	\$229,500	\$ 800,500	0.11%	\$ 46
2002	\$ 765,436,050	\$ 840,000	\$229,500	\$ 610,500	0.08%	\$ 35
2003	\$ 817,796,839	\$ 640,000	\$229,500	\$ 410,500	0.05%	\$ 23
2004	\$ 891,399,242	\$ 435,000	\$229,500	\$ 205,500	0.02%	\$ 12
2005	\$ 990,436,983	\$ 220,000	\$229,500	\$ -	0.00%	\$ -
2006	\$ 1,102,172,972	\$ -	\$ -	\$ -	0.00%	\$ -
2007	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2008	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2009	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -

**Table 11 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Ratio of Annual Debt Service Expenditures**  
**For General Bonded Debt to Total General Expenditures**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Expenditures</b>	<b>Percentage of Debt Service to Expenditures</b>
2000	\$ 175,000	\$ 62,869	\$ 237,869	\$ 8,452,701	2.81%
2001	\$ 180,000	\$ 55,521	\$ 235,521	\$ 9,691,858	2.43%
2002	\$ 190,000	\$ 47,778	\$ 237,778	\$ 11,518,837	2.06%
2003	\$ 200,000	\$ 39,419	\$ 239,419	\$ 12,488,393	1.92%
2004	\$ 205,000	\$ 30,419	\$ 235,419	\$ 11,838,719	1.99%
2005	\$ 215,000	\$ 20,938	\$ 235,938	\$ 9,671,270	2.44%
2006	\$ -	\$ -	\$ -	\$ -	0.00%
2007	\$ -	\$ -	\$ -	\$ -	0.00%
2008	\$ -	\$ 96,730	\$ 96,730	\$ 12,744,081	0.76%
2009	\$ -	\$ 99,728	\$ 99,728	\$ 12,721,827	0.78%

Includes General, Special Revenue and Debt Service Funds

**Table 12 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Special Assessment Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Billing on Street Assessments</b>	<b>Collection on Street Assessments</b>	<b>Billing on Sewer Assessments</b>	<b>Collection on Sewer Assessments</b>	<b>Total Billings</b>	<b>Total Collections</b>
2000	\$ 598	\$ 1,498	\$ -	\$ 4,167	\$ 598	\$ 5,665
2001	\$ -	\$ 4,452	\$ -	\$ 2,631	\$ -	\$ 7,083
2002	\$ 43,488	\$ 25,449	\$ -	\$ 280	\$ 43,488	\$ 25,729
2003	\$ 2,199	\$ 15,600	\$ 1,855	\$ 3,484	\$ 4,054	\$ 19,084
2004	\$ 1,599	\$ 11,173	\$ 1,540	\$ -	\$ 3,139	\$ 11,173
2005	\$ 1,120	\$ 6,497	\$ 1,680	\$ -	\$ 2,800	\$ 6,497
2006	\$ 888	\$ 8,131	\$ 1,548	\$ 3,336	\$ 2,436	\$ 11,467
2007	\$ 621	\$ 1,922	\$ 1,521	\$ 50	\$ 2,142	\$ 1,972
2008	\$ 537	\$ 1,663	\$ 1,521	\$ 100	\$ 2,058	\$ 1,763
2009	\$ 447	\$ 2,676	\$ 1,521	\$ -	\$ 1,968	\$ 2,676

Sources:

Miscellaneous Receivable Reports:

1. Billing on Street Assessments: Charge/Payment Report for Customer Types AS, 1A, 3A, A2 Interest Billing Only
2. Collection on Street Assessment: Payment/Charge Report for Customer Types AS, 1A, 3A, A2 Payments Only
3. Billing on Street Assessments: Charge/Payment Report for Customer Type S1 Interest Billing Only
4. Collection on Street Assessment: Payment/Charge Report for Customer Type S1 Payments Only

**Table 13 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Water and Sewer Revenue Bond Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Operating Expenses Less Depreciation	New Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 6,080,835	\$ 4,063,768	\$ 2,017,067	\$235,000	\$167,593	\$402,593	5.01
2001	\$ 5,723,429	\$ 4,358,957	\$ 1,364,472	\$245,000	\$155,843	\$400,843	3.40
2002	\$ 5,809,259	\$ 4,533,473	\$ 1,275,786	\$ -	\$215,621	\$215,621	5.92
2003	\$ 5,534,478	\$ 5,067,774	\$ 466,704	\$110,000	\$169,014	\$279,014	1.67
2004	\$ 5,669,835	\$ 5,184,598	\$ 485,237	\$235,000	\$165,338	\$400,338	1.21
2005	\$ 5,773,925	\$ 5,340,788	\$ 433,137	\$240,000	\$156,414	\$396,414	1.09
2006	\$ 6,541,811	\$ 6,084,599	\$ 457,212	\$250,000	\$145,624	\$395,624	1.16
2007	\$ 7,886,340	\$ 6,538,563	\$ 1,347,777	\$260,000	\$133,981	\$393,981	3.42
2008	\$ 8,080,684	\$ 6,897,073	\$ 1,183,611	\$270,000	\$123,659	\$393,659	3.01
2009	\$ 8,903,152	\$ 6,853,054	\$ 2,050,098	\$285,000	\$224,109	\$509,109	4.03

(1) Column 2 is comprised of the following types of revenues:

- Charges for services
- Interest income
- Miscellaneous income

(2) Column 3 is comprised of the following types of expenses:

- Personal services
- Material and supplies
- Other operating expenses

**Table 14 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Water and Sewer Fund Statistical Data**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Number of Water Customers</b>	<b>Number of Sewer Customers</b>	<b>Total Operating Revenues</b>	<b>Net Operating Income/(Loss) After Depreciation</b>	<b>Net Income/(Loss)</b>
2000	7,206	8,495	\$ 5,212,425	\$ 613,754	\$ 1,314,571
2001	7,276	8,524	\$ 4,989,880	\$ 74,478	\$ 652,184
2002	7,292	8,592	\$ 5,093,616	\$ (40,874)	\$ 459,148
2003	7,308	8,626	\$ 5,024,798	\$ (684,981)	\$ (344,315)
2004	7,316	8,631	\$ 5,217,285	\$ (676,359)	\$ (389,115)
2005	7,426	8,643	\$ 5,314,876	\$ (780,017)	\$ (477,382)
2006	7,545	8,673	\$ 5,949,010	\$ (867,408)	\$ (420,232)
2007	7,489	8,781	\$ 6,451,147	\$ (860,124)	\$ 441,088
2008	7,407	8,664	\$ 7,078,271	\$ (633,254)	\$ 640,856
2009	7,470	8,745	\$ 7,877,674	\$ 126,540	\$ 927,909

Source: Water & Sewer Revenue Reports - Total Units / 12 months

**Table 15 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Sanitation Fund Statistical Data**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Number of Water Customers</b>	<b>Total Operating Revenues</b>	<b>Net Operating Income/(Loss) After Depreciation</b>	<b>Net Income/(Loss)</b>
2000	7,589	\$ 1,707,068	\$ 269,445	\$ 262,862
2001	7,659	\$ 1,747,123	\$ 186,727	\$ 241,331
2002	7,798	\$ 1,734,622	\$ 86,396	\$ 79,475
2003	7,867	\$ 1,791,966	\$ (11,632)	\$ (149,243)
2004	7,896	\$ 1,798,470	\$ (330,652)	\$ (548,008)
2005	7,906	\$ 1,801,651	\$ (324,566)	\$ (552,823)
2006	7,943	\$ 1,916,239	\$ (237,686)	\$ (471,391)
2007	8,013	\$ 2,281,792	\$ (129,228)	\$ (399,393)
2008	7,936	\$ 2,467,341	\$ (398,794)	\$ (302,417)
2009	7,945	\$ 2,695,636	\$ (45,187)	\$ (3,153)

Source: Sanitation Revenue Report - Total Units / 12 months

**Table 16 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Table of Demographic Statistics**  
**As of September 30, 2009**

<b>Year</b>	<b>Population</b>	<b>Population Change</b>	<b>% Change</b>
2000 (1)	17,203	(29)	-0.17%
2001 (2)	17,383	180	1.05%
2002 (2)	17,479	96	0.55%
2003 (2)	17,602	123	0.70%
2004 (2)	17,800	198	1.12%
2005 (2)	17,892	92	0.52%
2006 (2)	17,838	(54)	-0.30%
2007 (2)	17,844	6	0.03%
2008 (2)	17,825	(19)	-0.11%
2009 (2)	17,708	(117)	-0.66%

Sources: (1) 2000 U.S. Bureau of Census  
(2) University of Florida, Bureau of Economic and Business Research as of April 1st each year

<b>Age of Population</b>	<b>City of Safety Harbor</b>	<b>Pinellas County</b>	<b>Per Capita Income</b>	<b>Median Household Income</b>
Median Age	42.2	43.0	1979 \$ 7,109	Safety Harbor \$ 51,378
Percent Under 18	21.8%	19.3%	1981 \$ 8,922	Pinellas County \$ 37,111
Percent Over 65	17.3%	22.5%	1983 \$ 10,483	
			1990 \$ 17,838	
			2000 \$ 28,632	

Source: 2000 Census

<b>Occupancy Rate</b>	<b>Persons Per Occupied Unit</b>
92.5 - 1990 Census	2.37 - 1990 Census
94.7 - 2000 Census	2.30 - 2000 Census

**Housing Units:**

2,836	1980 Census
6,373	1990 Census
7,483	2000 Census
7,558	2001 - Estimated by City of Safety Harbor Building Dept
7,558	2002 - Estimated by City of Safety Harbor Building Dept
7,703	2003 - Estimated by City of Safety Harbor Building Dept
7,783	2004 - Estimated by City of Safety Harbor Building Dept
7,800	2005 - Estimated by City of Safety Harbor Building Dept
7,824	2006 - Estimated by City of Safety Harbor Building Dept
7,834	2007 - Estimated by City of Safety Harbor Building Dept
7,839	2008 - Estimated by City of Safety Harbor Building Dept
7,843	2009 - Estimated by City of Safety Harbor Building Dept

**Table 17 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Building Permits Issued by the Building Department**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<b>Total Annual</b>
2000	242	260	356	221	1,079
2001	253	263	299	222	1,037
2002	272	266	301	239	1,078
2003	268	396	367	375	1,406
2004	291	345	338	239	1,213
2005	299	287	336	273	1,195
2006	245	262	340	237	1,084
2007	232	228	285	249	994
2008	190	196	224	160	770
2009	138	95	187	192	612

Source: City of Safety Harbor Building Dept Cash Receipts Report

**Table 18 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Charges for Building Permits**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<b>Total Annual</b>
2000	\$ 40,647	\$ 47,147	\$ 67,668	\$ 40,801	\$ 196,263
2001	\$ 81,655	\$ 85,587	\$ 62,934	\$ 42,034	\$ 272,210
2002	\$ 52,296	\$ 45,505	\$ 39,539	\$ 54,565	\$ 191,905
2003	\$ 50,761	\$ 64,783	\$ 193,370	\$ 79,962	\$ 388,876
2004	\$ 53,654	\$ 44,634	\$ 48,015	\$ 67,665	\$ 213,968
2005	\$ 32,597	\$ 33,996	\$ 31,864	\$ 38,864	\$ 137,321
2006	\$ 35,824	\$ 35,990	\$ 49,893	\$ 42,175	\$ 163,882
2007	\$ 41,148	\$ 35,814	\$ 35,594	\$ 36,648	\$ 149,204
2008	\$ 38,289	\$ 36,492	\$ 39,914	\$ 25,194	\$ 139,889
2009	\$ 15,627	\$ 9,283	\$ 23,359	\$ 16,536	\$ 64,805

Source: City of Safety Harbor Building Dept Cash Receipts Report

**Table 19 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Building Permit Valuations**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<b>Total Annual</b>
2000	\$4,336,584	\$ 4,779,726	\$ 5,954,350	\$ 4,163,427	\$19,234,087
2001	\$3,798,990	\$14,870,882	\$ 9,702,184	\$ 4,443,024	\$32,815,080
2002	\$7,560,482	\$ 5,266,308	\$ 3,768,825	\$ 6,246,795	\$22,842,410
2003	\$5,804,004	\$ 6,959,937	\$42,874,798	\$11,321,562	\$66,960,301
2004	\$5,576,446	\$ 4,330,821	\$ 5,237,823	\$15,364,008	\$30,509,098
2005	\$3,310,597	\$ 3,586,593	\$ 3,815,151	\$ 4,684,594	\$15,396,935
2006	\$3,695,112	\$ 3,543,944	\$ 5,737,872	\$ 4,598,311	\$17,575,239
2007	\$4,879,902	\$ 4,332,511	\$ 3,579,203	\$ 4,440,486	\$17,232,102
2008	\$5,055,423	\$ 2,648,193	\$ 2,346,366	\$ 1,410,774	\$11,460,756
2009	\$2,249,583	\$ 1,820,687	\$ 3,234,780	\$ 1,794,169	\$ 9,099,219

Source: Building Dept Cash Receipt Report (BP712L)

**Table 20, Florida (Unaudited)  
City of Safety Harbor, Florida  
Miscellaneous Statistical Data  
September 30, 2009**

**Date of Incorporation:** June 11, 1917

**Form of Government:** Commission/Manager, Mayor, and Four Commissioners - City Manager

**Terms of Office:**

Mayor and Commissioners - Three years, elected at large  
City Manager - Appointed

**Area of City:**

Area inside of City: 4.97 square miles  
Area outside of City: 0.45 square miles  
Planning area: 5.42 square miles

<b>ANNEXATION HISTORY</b>	<b>CITY (ACRES)</b>	<b>UNINCORPORATED (ACRES)</b>	<b>TOTAL PLANNING AREA (ACRES)</b>
City as of Spring 1978 (1)	1,934.50	1,515	3,449.50
Annexations: Prior to Year 2000	1198.92		
Annexations: (Past 10 years)			
2000 (2)	4.31		
2001 (2)	4.65		
2002 (2)	22.7		
2003 (2)	0.42		
2004 (2)	0.65		
2005 (2)	7.42		
2006 (2)	2.01		
2007 (2)	5.16		
2008 (2)	1.63		
2009 (2)	0.11		
Total Acres	3,182.48	284.04	
Square Miles	4.97	0.45	5.42

**Sources:**

- (1) Pinellas County Planning Department, Spring 1978
- (2) City of Safety Harbor Planning Department

**Table 21 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Miscellaneous Data**  
**Water and Sewer Fund**  
**Last Ten Fiscal Years**

**WATER AND SEWER CUSTOMERS:**

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Water	7,470	7,407	7,489	7,454	7,426	7,716	7,708	7,592	7,276	7,206
Sewer	8,745	8,664	8,781	8,673	8,643	8,751	8,726	8,592	8,524	8,495

**SCHEDULE OF RATES AND CHARGES:**

**WATER**

	Within City	Outside City
Customer Charge	\$ 0.56	\$ 0.70
Base Facility Charge per ERU		
Residential	\$ 11.58	\$ 14.48
Commercial (Average for All Meter Sizes)	\$259.47	\$324.34
Usage: Average Base Rate Per Mgal	\$ 6.05	\$ 7.56

**SEWER**

	Within City	Outside City
Customer Charge	\$ 0.56	\$ 0.70
Base Facility Charge per ERU		
Residential	\$ 10.50	\$ 13.13
Commercial (Average for All Meter Sizes)	\$246.17	\$307.71
Usage: Average Base Rate Per Mgal	\$ 4.64	\$ 5.80

Water meters in service at September 30, 2009: 6,074

**Note:**

Monthly water and sewer rates effective as of October 1, 2009, as provided for in Ordinance 2008-11 dated May 19, 2008.

**Table 22 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Water Consumption**  
**Last Ten Fiscal Years**

Month	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
October	52,352	58,674	48,985	68,054	55,186	73,238	68,989	68,494	52,997	56,182
November	43,772	60,090	69,031	66,771	67,272	77,381	57,993	66,781	76,242	71,451
December	54,602	48,531	58,473	57,771	63,836	73,577	67,933	60,332	68,564	60,909
January	47,346	59,123	55,144	66,221	61,527	74,490	65,676	67,111	94,890	61,357
February	44,967	47,252	55,704	54,504	67,791	57,797	61,759	57,540	68,858	57,053
March	56,226	51,263	59,897	73,883	62,296	68,767	67,455	66,349	58,706	76,010
April	50,152	56,752	61,751	70,095	61,163	67,527	75,309	79,242	61,613	77,424
May	47,929	68,030	73,477	81,280	66,838	64,316	78,341	86,231	70,988	83,824
June	49,608	59,626	53,477	62,393	73,896	75,063	72,467	65,027	82,219	71,002
July	43,406	48,744	59,617	55,352	58,172	55,545	66,158	64,084	61,278	56,629
August	42,160	43,081	52,556	56,064	61,702	61,093	59,378	56,412	54,513	56,844
September	39,150	55,317	49,764	48,985	61,080	55,186	70,386	57,642	58,925	52,997
Total Consumption	<u>571,670</u>	<u>656,483</u>	<u>697,876</u>	<u>761,373</u>	<u>760,759</u>	<u>803,980</u>	<u>811,844</u>	<u>795,245</u>	<u>809,793</u>	<u>781,682</u>

Source: Pinellas County Utility Invoices

Notes:

Number of gallons is in thousands.

The City purchases water from Pinellas County and resells to its customers.

The City has no active wells of its own.

**Table 23 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Waste Water Treated at**  
**Northeast Regional Waste Water Treatment Plant**  
**Last Ten Fiscal Years**

Month	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
October	47,176.8	49,244.8	46,633.1	50,320.6	57,123.2	53,553.5	50,166.9	51,040.7	76,242.0	51,056.3
November	44,370.8	45,821.6	43,621.1	47,517.4	49,923.4	50,170.5	48,864.6	48,308.6	68,563.0	48,334.6
December	46,789.4	46,841.0	48,537.6	49,110.2	50,423.0	50,982.9	62,908.4	49,506.7	94,890.0	49,035.4
January	46,965.9	48,870.2	49,680.1	49,763.0	51,272.5	53,088.9	57,982.1	50,326.2	68,858.0	50,880.4
February	44,000.4	46,112.8	43,507.0	49,141.4	45,764.3	53,159.6	52,359.5	46,200.2	58,706.0	48,302.4
March	46,235.1	51,440.4	46,525.7	50,019.3	54,082.3	54,953.6	58,197.5	51,884.1	61,613.0	51,183.5
April	42,235.3	48,251.7	44,797.0	46,822.2	48,941.4	52,407.8	52,643.9	48,543.2	70,988.0	48,111.1
May	43,679.7	45,364.5	44,015.6	48,253.8	48,466.0	52,033.0	51,748.9	48,666.3	82,219.0	48,421.8
June	45,100.0	44,260.5	43,800.0	45,895.3	51,189.2	50,192.4	54,784.0	48,106.7	61,278.0	46,484.5
July	47,185.8	47,207.6	43,645.4	49,403.7	53,194.2	56,594.8	60,183.0	56,658.7	54,513.0	49,957.0
August	49,370.0	49,718.0	49,570.3	49,806.8	53,776.2	66,206.1	62,160.2	58,079.5	58,925.0	51,508.9
September	48,445.8	43,763.2	45,359.7	52,374.7	46,188.1	61,215.0	55,616.9	54,747.2	52,997.0	51,566.1
Total Consumption	551,555.0	566,896.3	549,692.6	588,428.4	610,343.8	654,558.1	667,615.9	612,068.1	809,792.0	594,842.0

Source: City of Clearwater Waste Water Treatment Invoices

Notes: Number of gallons in millions

**Table 24 (Unaudited)**  
**City of Safety Harbor, Florida**  
**Schedule of Insurance in Force**  
**as of September 30, 2009**

<b>Insurance</b>	<b>Policy Number</b>	<b>Company</b>	<b>Coverage</b>	<b>Deductible</b>	<b>Premium</b>
Property	-	P.R.M.	\$500M/Occurrence excess of \$200K Self-Insured Retention	\$1,000	\$471,953
Third-Party Liability	-	P.R.M.	\$1.9M/Occurrence/Accident in excess of \$100K Self-Insured Retention	None	Incl. Above
Workers' Compensation	-	P.R.M.	Statutory per Occurrence in excess of \$100K Self-Insured Retention	None	Incl. Above
Employer's Liability	-	P.R.M.	\$1.9M/Occurrence/Aggregate in excess of \$100K Self-Insured Retention	None	Incl. Above
P.I.P Florida Auto No-Fault	-	P.R.M.	\$10K Each Person per Florida Statute (Chargable to Loss Fund)	None	Incl. Above
Blanket Bond (including Faithful Performance)	-	P.R.M.	\$500K/Occurrence including \$25K Self-Insured Retention	None	Incl. Above
Money & Securities (In/Out)	-	P.R.M.	\$500K/Occurrence including \$25K Self-Insured Retention	None	Incl. Above
Aggregate Excess Coverage	-	P.R.M.	\$5M/Aggregate in excess of Risk Management Loss Fund (Occurrence Form)	None	Incl. Above
Public Official Liability	-	P.R.M.	\$1.9M/Occurrence in excess of \$100K Self-Insured Retention	None	Incl. Above
Emergency Medical Technicians (Malpractice)	-	P.R.M.	\$1.9M/Occurrence in excess of \$100K Self-Insured Retention	None	Incl. Above
Life & Disability and Death Benefit for Firefighters	ETB-110555	Hartford	\$75K Accidental Death and Dismemberment \$25K Permanent Total Disability established by Florida Statute	None	\$1,947
Underground Storage Tank Liability	0080848831	Commerce & Industry Insurance Co.	\$1M Occurrence/\$2M Aggregate each incident	\$5,000	\$903

Notes:

Self-Insured Retention is the responsibility of P.R.M. Loss Fund and not the City of Safety Harbor.

Layers of Excess Coverage are purchased from various insurance companies by P.R.M. (Public Risk Management).

PRM Policy Period: 4/1/09 - 3/31/10

Hartford Policy Period: 10/01/09 - 9/30/10

Commerce Industry Policy Period: 12/28/08 - 12/27/09

**Table 25 (Unaudited)**  
**City of Safety Harbor, Florida**  
**General Fund - Expenditures by Department**  
**Last Ten Fiscal Years**

Department	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
City Commission	\$ 146,091	\$ 179,959	\$ 194,905	\$ 190,080	\$ 147,723	\$ 200,226	\$ 211,226	\$ 186,872	\$ 174,155	\$ 103,647
City Manager	\$ 266,876	\$ 264,225	\$ 384,062	\$ 321,865	\$ 183,452	\$ 191,785	\$ 182,747	\$ 175,232	\$ 255,382	\$ 242,527
City Clerk	\$ 181,035	\$ 186,810	\$ 171,679	\$ 148,581	\$ 136,029	\$ 126,536	\$ 147,717	\$ 136,930	\$ 128,683	\$ 122,714
Personnel	\$ 288,819	\$ 290,725	\$ 270,516	\$ 217,008	\$ 188,698	\$ 171,467	\$ 167,368	\$ 146,503	\$ 117,583	\$ 109,849
Finance	\$ 382,398	\$ 391,821	\$ 351,946	\$ 305,524	\$ 294,853	\$ 272,396	\$ 266,114	\$ 237,446	\$ 214,020	\$ 218,528
Planning	\$ 354,804	\$ 341,983	\$ 294,920	\$ 304,207	\$ 284,229	\$ 289,593	\$ 313,718	\$ 246,023	\$ 239,630	\$ 223,810
City Attorney	\$ 91,311	\$ 97,627	\$ 105,487	\$ 97,600	\$ 85,077	\$ 96,943	\$ 98,647	\$ 92,547	\$ 99,498	\$ 81,762
Elections	\$ 34,549	\$ 585	\$ 510	\$ 15,152	\$ 13,938	\$ -	\$ 42	\$ 6,672	\$ 8,081	\$ 82
General Government	\$ 329,387	\$ 383,301	\$ 454,522	\$ 678,327	\$ 446,412	\$ 322,371	\$ 292,129	\$ 255,563	\$ 249,543	\$ 367,929
Law Enforcement	\$ 1,334,499	\$ 1,277,100	\$ 1,208,207	\$ 1,122,791	\$ 999,273	\$ 835,935	\$ 739,980	\$ 710,204	\$ 678,123	\$ 656,741
Fire Protection	\$ 3,871,968	\$ 3,680,867	\$ 3,317,339	\$ 2,909,960	\$ 2,706,881	\$ 2,559,839	\$ 2,453,832	\$ 2,248,432	\$ 2,112,247	\$ 2,096,869
Building	\$ 290,657	\$ 295,879	\$ 268,376	\$ 246,166	\$ 230,699	\$ 255,703	\$ 221,118	\$ 196,825	\$ 173,364	\$ 144,934
Engineering	\$ 532,372	\$ 518,856	\$ 411,023	\$ 34,123	\$ 295,061	\$ 276,337	\$ 268,491	\$ 291,899	\$ 241,106	\$ 268,478
Streets	\$ 907,859	\$ 890,917	\$ 797,270	\$ 688,581	\$ 684,820	\$ 692,506	\$ 603,071	\$ 546,561	\$ 522,686	\$ 508,767
Maintenance Shop	\$ 341,122	\$ 332,910	\$ 323,870	\$ 284,610	\$ 274,580	\$ 261,583	\$ 262,961	\$ 270,335	\$ 249,160	\$ 211,743
Building Maintenance	\$ 347,780	\$ 332,686	\$ 300,831	\$ 271,362	\$ 259,844	\$ 248,540	\$ 238,688	\$ 185,249	\$ 206,905	\$ 155,073
Library	\$ 1,101,218	\$ 1,001,204	\$ 891,418	\$ 771,819	\$ 720,399	\$ 644,937	\$ 625,727	\$ 524,514	\$ 506,511	\$ 470,463
Parks & Recreation	\$ 2,140,816	\$ 2,051,264	\$ 1,951,877	\$ 1,764,847	\$ 1,565,156	\$ 1,497,130	\$ 1,533,478	\$ 1,485,328	\$ 1,351,198	\$ 1,153,774
Pier & Marina	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 578	\$ 22,958
Non-Departmental	\$ 464,871	\$ 573,667	\$ 725,102	\$ 178,982	\$ 154,146	\$ 144,219	\$ 144,648	\$ 190,821	\$ 195,520	\$ 218,084
Total Expenditures	\$ 13,408,432	\$ 13,092,386	\$ 12,423,860	\$ 10,551,585	\$ 9,671,270	\$ 9,088,046	\$ 8,771,702	\$ 8,133,956	\$ 7,723,973	\$ 7,378,732

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## **REGULATORY REPORTS**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the “City”), as of and for the year ended September 30, 2009, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 7, 2010. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

*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 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. We consider the following deficiency identified as Finding 2009-01 to be a material weakness in internal control over financial reporting:

### **Finding 2009-01**

Management is responsible for performing complete and timely fiscal year end accounting and financial reporting processes, including fiscal year end closing. Certain reviews and analyses that should have been performed as part of the closing process were either not performed or did not identify misstatements within the City's accounts. The following errors below were not detected by management, and were subsequently corrected after audit inquiry:

- The City's net pension asset was overstated because the balance had included prior years' contributions from the State of Florida in excess of the allowable portion of the Chapter 175/185 contributions as increases to the pension asset.
- Various other account balances were corrected after audit inquiry, including recognition of ad valorem revenue in the CRA fund, severance liability and bond-related accounts.

### **Recommendation**

We recommend that the City's internal controls be supplemented through additional steps to the periodic closing of its accounting records in order to document that express verification, review and necessary approvals have been made. By implementing these controls to enhance accountability and establish formality in the review process, such errors may be prevented in future periods.

### **Views of Responsible Officials**

Management agrees with the recommendation and has implemented additional procedures and realigned staff duties to ensure that errors in the closing process are prevented in future periods.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 non-compliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated June 7, 2010.

The City's written response to the finding identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, Members of the City Commission, management of the City of Safety Harbor, Florida, and the Auditor General of the State of Florida. However, this report is a matter of public record and its distribution is not limited.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Tampa, Florida  
June 7, 2010

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

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

We have audited the financial statements of the City of Safety Harbor, Florida, (“the City”) as of and for the fiscal year then ended September 30, 2009, and have issued our report thereon dated June 7, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in this report, which is dated June 7, 2010, should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor’s report:

- 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 actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations in the accompanying Appendix 1 to this Management Letter.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., 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 recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed as part of Note 1 to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described 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.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2009 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. In connection with our audit, we applied financial condition assessment procedures as of fiscal year ended September 30, 2009.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, City Commission, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Tampa, Florida  
June 7, 2010

**CITY OF SAFETY HARBOR, FLORIDA  
SEPTEMBER 30, 2009  
“MANAGEMENT LETTER”  
APPENDIX 1**

**PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**CURRENT STATUS OF PRIOR YEAR FINDINGS**

***The following Findings & Observations had been cleared as of September 30, 2009:***

**FINDING 2008-01**

**FINDING 2008-04**

**FINDING 2008-05**

**OBSERVATION 2008-01**

**OBSERVATION 2007-03**

**OBSERVATION 2007-04**

**OBSERVATION 2007-05**

**OBSERVATION 2005-01**

***The following finding remains partially cleared at September 30, 2009:***

**FINDING 2008-02**

This finding was reported as a material weakness over financial reporting in the 2008 Schedule of Findings and Questioned Costs. Public Works Department inventory data was not updated in an adequate or timely manner. Not maintaining the inventory data adequately results in incorrect valuation of inventory, under/over statement of inventory dollar amount, and an inefficient inventory process. It may also lead to an opportunity for misappropriation of assets.

We recommended establishing an automated perpetual inventory system that can avoid significant adjustment, will help generate more accurate financial statements, and minimize the likelihood of making large physical inventory adjustments. We further recommended that the City train the appropriate Public Works employees on how to use the computerized inventory module. All manual Public Works activity relating to inventory management should be conducted using the automated system. The system will update the prices automatically and decrease the likelihood of human errors. Additionally, we recommended

**CITY OF SAFETY HARBOR, FLORIDA**  
**SEPTEMBER 30, 2009**  
**“MANAGEMENT LETTER”**  
**APPENDIX 1**

that the Finance Department implement periodic independent assessment of the inventory data maintained in Public Works to ascertain its accuracy and make corrections as needed.

Status as of September 30, 2009

Public Works Department employees were trained on use of the work order system in 2009 by the City’s software provider, which also included a less extensive training on inventory. Employees have not yet been trained on using the purchasing system to order inventory items. Public Works employees maintain separate schedules on the purchase of inventory items, and these schedules and supporting documentation were used during the physical inventory process in 2009. Although the perpetual system is intended to be in place by September 30, 2010, procedural issues need to be addressed between the department heads for Public Works and Finance.

**The following finding remains partially cleared at September 30, 2009:**

**FINDING 2008-03**

This finding was reported as a material weakness over financial reporting in the 2008 Schedule of Findings and Questioned Costs. Capital assets relating to Construction in Progress (“CIP”) projects were understated as of September 30, 2008. No reconciliation or analysis had been performed by the Finance Department to compare CIP projects and determine those that needed to be capitalized in the general ledger.

We recommended that CIP reconciliations be performed each month so that any discrepancies can be more easily and quickly researched and resolved.

Status as of September 30, 2009

As of September 30, 2009, management performed an analysis of all of the City’s current CIP projects and made necessary accounting adjustments to properly capitalize CIP balances on the government-wide and proprietary fund statements and also reclassify completed projects from CIP to depreciable capital assets. However, a consistent (recommended monthly) CIP reconciliation process has not yet been adopted, but implementation is expected to occur during FY 2010.