

CITY OF SAFETY HARBOR FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FYE SEPTEMBER 30, 2013

City of Safety Harbor, Florida

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2013



Prepared by:
Finance Department

June Solanes
Finance Director

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CITY OF SAFETY HARBOR, FLORIDA

September 30, 2013

**CITY COMMISSION
2013**

Joseph Ayoub, Mayor
Nina Bandoni, Vice Mayor
Nancy Besore
Richard Blake
Cliff Merz

**CITY ADMINISTRATION
2013**

City Manager
Matthew Spoor

City Clerk
Karen Sammons

City Attorney
Alan S. Zimmet

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**CITY OF SAFETY HARBOR, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013**

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INTRODUCTORY SECTION

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City of Safety Harbor Florida

HOME OF ESPIRITU SANTO MINERAL SPRINGS

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

March 31, 2014

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, 2013, 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.

Mayer Hoffman McCann P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Safety Harbor's financial statements for the year ended September 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Safety Harbor, incorporated on June 17, 1917, is located in the Tampa Bay area and is primarily a bedroom community with a limited amount of supporting commercial and industrial uses. The City is located halfway between the Tampa International Airport and Pinellas County Beaches; making it perfect for homeowners who travel often but want to share in the beauty of what Pinellas County has to offer. It currently occupies approximately 5 square miles and serves a population of approximately 17,000. The City of Safety Harbor is empowered to levy a property tax on real property located within its boundaries. The City is also empowered by State Statute to extend its corporate limits by annexation, which it has done from time to time.

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

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

Local economy

The City continues to take a guarded financial approach and monitors accounts very closely. The City budgets conservatively and in the current fiscal year has managed accordingly given the impact of a 1.2 percent increase in the City's property tax base and an unemployment rate for the local metropolitan area of 6.7 percent. Safety Harbor's advantage is the fact that the City has continued to experience an extremely sound fiscal condition, and as a result has been able to continue on with planned expenditures.

Long-term financial planning

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

Relative to operations and economic conditions, in Fiscal Year 2013/2014, the City budgeted for a 1.3 percent increase in property taxable value and increased the millage rate to 3.7343 for the first time since fiscal 2011. Citywide revenues excluding transfers were assumed to increase by \$586,600 or 2.1 percent with budgeted appropriations increasing by \$211,760 or .7 percent.

Relevant financial policies

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

The City utilizes the modified accrual basis of accounting for all governmental fund types, 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, solid waste and stormwater, are maintained on an accrual basis with revenues being recognized when earned and expenses recognized when incurred.

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

Major initiatives

In preparing the Fiscal Year 2013/2014 Budget, the City identified a number of major programs and projects to continue to maintain the City's position of excellent service provision, financial performance and quality of operational facilities. The Five-year Capital Improvements Plan (CIP) for FY 2013/14 to FY2017/18 is \$28.6 million, of which \$5.6 million is appropriated in FY 2013/2014.

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

In fiscal 2014, the City Commission prioritized economic and development activities to include the continued promotion of the competitive advantages of living, working and doing business in Safety Harbor; service development to include online registration for recreation programs; and budget development to include long-term sustainability of the City's proprietary funds.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Safety Harbor for its comprehensive annual financial report for the fiscal year ended September 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

extend our gratitude to the Audit Committee for their continued support and high level of professionalism, and Mayer Hoffman McCann P.C. for their professionalism and expertise.

Respectfully submitted,



Matthew Spoor
City Manager



June Solanes
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Safety Harbor
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

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CITY OF SAFETY HARBOR



LIST OF PRINCIPAL OFFICIALS

September 30, 2013

CITY COMMISSION

Joseph Ayoub, Mayor
Nina Bandoni, Vice Mayor
Nancy Besore
Richard Blake
Cliff Merz

City Manager
Matthew Spoor

City Clerk
Karen Sammons

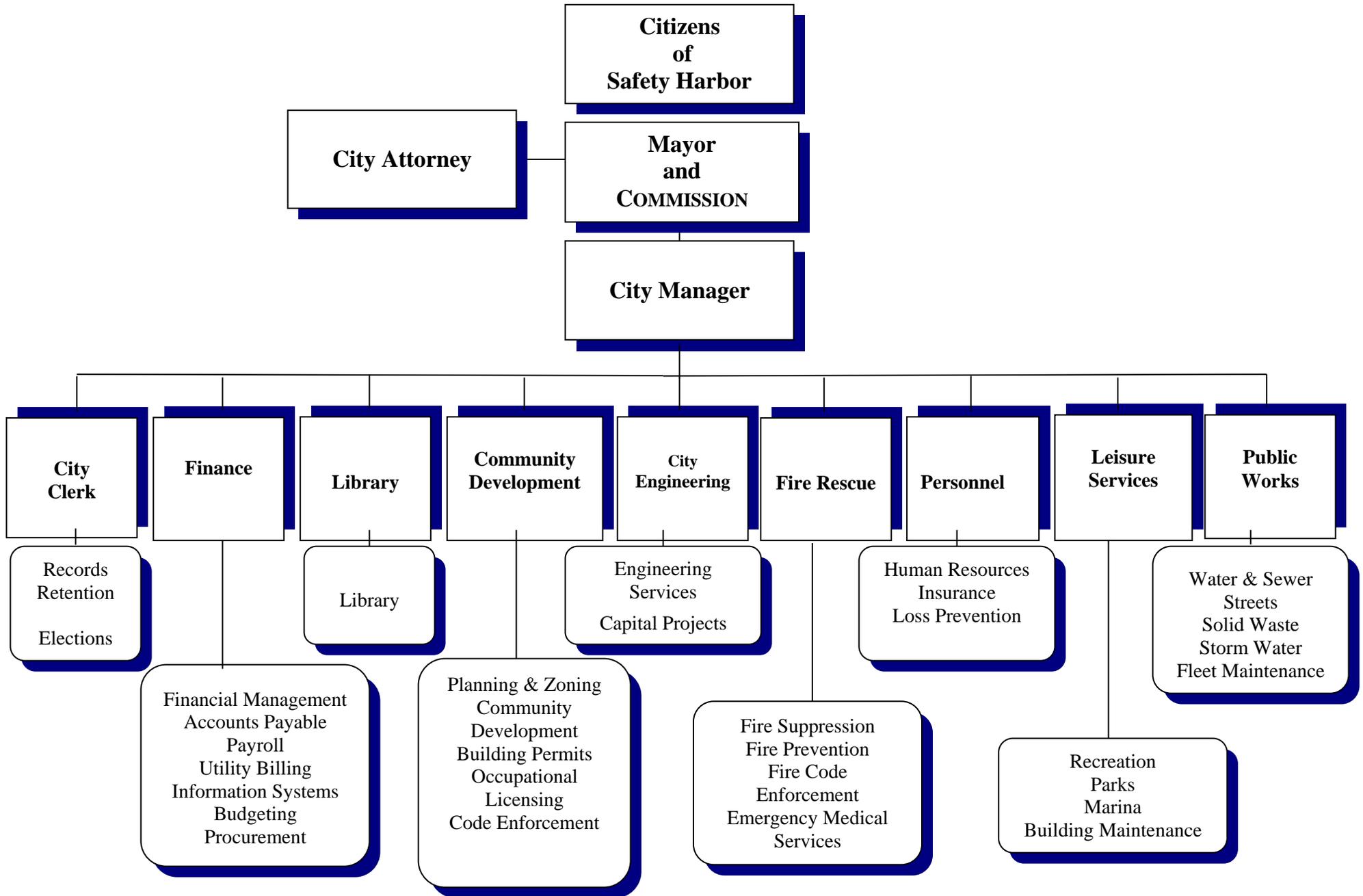
City Attorney
Alan Zimmet

EXECUTIVE MANAGEMENT STAFF

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

John Powell
Matthew McLachlan
June Solanes
Joe Accetta
Andrea Norwood
Lisa Kothe
Bill Cropsey
Ray Boler

CITY OF SAFETY HARBOR ORGANIZATIONAL CHART



FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 3 - 4 and 57 - 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

As described further in Note 13 to the financial statements, the accompanying financial statements reflect certain changes in reporting of deferred inflows and outflows, net position and certain items previously reported as assets and liabilities due to the implementation of Government Accounting Standards Board Statements Nos. 63 and 65.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



March 31, 2014
Clearwater, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 iv) and the City's basic financial statements (beginning on page 15).

Financial Highlights

- The assets and deferred outflows of the City of Safety Harbor exceeded its liabilities and deferred inflows at September 30, 2013 by \$61,914,528 (net position). Of this amount, \$12,306,869 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased over prior period by \$1,601,098 or 2.7 percent. Governmental net position decreased by \$47,958 or .2 percent while business type net position increased by \$1,649,056 or 5.3 percent as of September 30, 2013.
- As of September 30, 2013, the City of Safety Harbor's governmental funds reported combined ending fund balances of \$11,849,330, a decrease of \$286,392 in comparison with the prior year. Of this total amount, \$9,277,774 or 78.3 percent, is available for spending at the City's discretion (unrestricted fund balance).
- The City's total debt for revenue bonds and notes decreased by a net amount of \$2,127,570 or 12.2 percent during the fiscal year. This decrease is due to the repayment of principal on outstanding revenue notes and bonds. The City entered into a fifty year lease agreement with the School Board of Pinellas County for the lease of property on Elm Street for creation of a neighborhood park. The lease is \$250,000 with \$5,000 payable annually.

Overview of the Financial Statements

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

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements are located on pages 15 through 17 of this report.

The Statement of Net Position presents information on all of the City's assets and deferred outflows, less liabilities and deferred inflows, with the difference reported as *net position*. The focus of the Statement of Net Position is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources

(short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

Fund financial statements

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Community Redevelopment Agency, Capital Projects

and Street Light Assessment Funds, which are considered to be major funds. Data from eight of the governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds (Special Revenue and Debt Service Funds) is provided in the form of combining statements in this report, following the Notes to the Financial Statements on pages 65 and 66.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for all major and non-major governmental funds to demonstrate compliance with the budget. The budgetary comparison reporting can be found on pages 57 through 60 and 67 through 75, respectively, of this report.

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

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the City's water and sewer operations, solid waste operation and stormwater operation, all of which are considered major funds. The basic proprietary fund financial statements can be found on pages 22 through 25 of this report.

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

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund to account for the firefighters' retirement benefit. The fund is with the Florida League of Cities, Florida Municipal Pension Trust Fund. The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 56 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary legal compliance for the general, community redevelopment agency, and parkland funds; the City's progress in funding the firefighters' pension obligation; and the funding progress of the retiree health plan. Required supplementary information can be found on pages 57 through 64 of this report.

Government-wide Financial Analysis

Statement of Net Position. Net assets over time may serve as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceeded liabilities deferred inflows by \$61.9 million. The following table reflects the condensed Statement of Net Position compared to the prior year. Throughout this report, increases and decreases are reflected based on current year impacts. For more detailed information see the Statement of Net Position on page 15.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012*</u>	<u>2013</u>	<u>2012*</u>	<u>2013</u>	<u>2012*</u>
Assets						
Current and other assets	\$ 13,856,914	\$ 14,226,661	\$ 16,311,245	\$ 17,299,779	\$ 30,168,159	\$ 31,526,440
Capital assets	24,858,334	25,065,043	27,095,539	25,717,747	51,953,873	50,782,790
Total assets	<u>38,715,248</u>	<u>39,291,704</u>	<u>43,406,784</u>	<u>43,017,526</u>	<u>82,122,032</u>	<u>82,309,230</u>
Deferred Outflows	<u>-</u>	<u>-</u>	<u>12,042</u>	<u>13,487</u>	<u>12,042</u>	<u>13,487</u>
Liabilities						
Current and other liabilities	1,246,446	1,233,340	2,068,396	2,771,828	3,314,842	4,005,168
Long-term liabilities	7,239,883	7,727,068	8,558,284	9,104,774	15,798,167	16,831,842
Total liabilities	<u>8,486,329</u>	<u>8,960,408</u>	<u>10,626,680</u>	<u>11,876,602</u>	<u>19,113,009</u>	<u>20,837,010</u>
Deferred Inflows	<u>1,039,749</u>	<u>1,094,168</u>	<u>66,788</u>	<u>78,109</u>	<u>1,106,537</u>	<u>1,172,277</u>
Net Position						
Invested in capital assets, net of related debt	18,127,134	17,704,861	18,413,858	16,542,704	36,540,992	34,247,565
Restricted	6,211,733	6,703,478	6,854,934	6,065,933	13,066,667	12,769,411
Unrestricted	4,850,303	4,828,789	7,456,566	8,467,665	12,306,869	13,296,454
Total Net Position	<u>\$ 29,189,170</u>	<u>\$ 29,237,128</u>	<u>\$ 32,725,358</u>	<u>\$ 31,076,302</u>	<u>\$ 61,914,528</u>	<u>\$ 60,313,430</u>

*Restated

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

Twenty one percent of the City's net assets represent resources that are subject to external or enabling legislation that restricts how they may be used. The remaining balance of unrestricted net assets or \$12,306,869 or twenty percent may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2013, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Activities. The following schedule compares the revenues and expenses for the current and previous fiscal year. More detailed information regarding the Statement of Activities can be found on pages 16 and 17 of this report.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012*</u>	<u>2013</u>	<u>2012*</u>	<u>2013</u>	<u>2012*</u>
REVENUES						
Program revenues:						
Charges for services	\$ 1,804,084	\$ 1,225,163	\$ 11,899,745	\$ 11,411,699	\$ 13,703,829	\$ 12,636,862
Operating grants and contributions	1,452,065	1,234,112	12,959	13,067	1,465,024	1,247,179
Capital grants and contributions	42,210	166,567	413,289	1,057,627	455,499	1,224,194
General revenues:						
Property taxes	3,215,616	3,267,040	-	-	3,215,616	3,267,040
Utility taxes	2,386,797	2,473,714	-	-	2,386,797	2,473,714
Local business tax	150,074	154,396	-	-	150,074	154,396
Local option tax	1,798,283	1,721,958	-	-	1,798,283	1,721,958
Franchise fees	1,361,010	1,435,731	-	-	1,361,010	1,435,731
Sales tax	928,330	889,029	-	-	928,330	889,029
Intergovernmental	494,362	469,506	-	-	494,362	469,506
Investment income	(44,637)	198,116	(48,331)	209,919	(92,968)	408,035
Other miscellaneous revenues	916,748	1,018,166	722,038	714,805	1,638,786	1,732,971
Gain (loss) on sale of capital assets	18,632	-	(1,791)	-	16,841	-
Transfers in	120,800	(806,520)	(120,800)	806,520	-	-
Total Revenues	14,644,374	13,446,978	12,877,109	14,213,637	27,521,483	27,660,615
EXPENSES						
Function/program activities						
Primary government:						
Governmental activities:						
General government	2,931,779	3,139,084	-	-	2,931,779	3,139,084
Law enforcement	1,224,491	1,268,788	-	-	1,224,491	1,268,788
Fire protection	3,788,045	3,724,329	-	-	3,788,045	3,724,329
Building department	290,904	296,574	-	-	290,904	296,574
Physical environment	405,422	414,406	-	-	405,422	414,406
Transportation	1,588,963	2,009,562	-	-	1,588,963	2,009,562
Library	1,467,129	1,528,418	-	-	1,467,129	1,528,418
Parks and recreation	2,786,955	2,737,957	-	-	2,786,955	2,737,957
Interest on long-term debt	208,644	226,009	-	-	208,644	226,009
Business-type activities:						
Water and sewer	-	-	7,762,326	7,127,695	7,762,326	7,127,695
Solid waste	-	-	2,637,708	2,664,384	2,637,708	2,664,384
Stormwater	-	-	828,019	824,761	828,019	824,761
Total Expenses	14,692,332	15,345,127	11,228,053	10,616,840	25,920,385	25,961,967
Change in net position	(47,958)	(1,898,149)	1,649,056	3,596,797	1,601,098	1,698,648
Net position, beginning of year	29,237,128	31,135,277	31,076,302	27,479,505	60,313,430	58,614,782
Net position, end of year	\$ 29,189,170	\$ 29,237,128	\$ 32,725,358	\$ 31,076,302	\$ 61,914,528	\$ 60,313,430

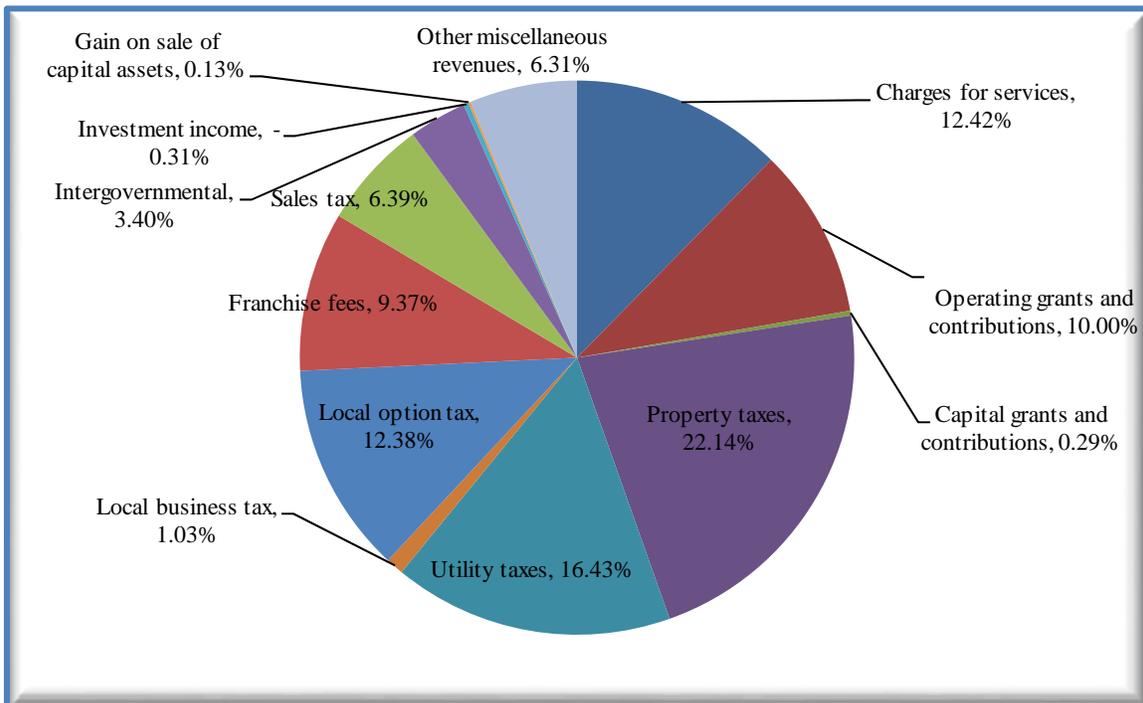
*Restated

Governmental activities. Governmental activities decreased the City's net position by \$47,958.

Total revenues for the City's governmental activities decreased by \$421,073 under prior year. Of this amount, \$120,800 is a transfer in to the Transportation Impact Fee governmental fund from the Stormwater proprietary fund. Excluding the change in transfers, the increase in program and general revenues increased \$270,076 over prior year. Key elements are as follows:

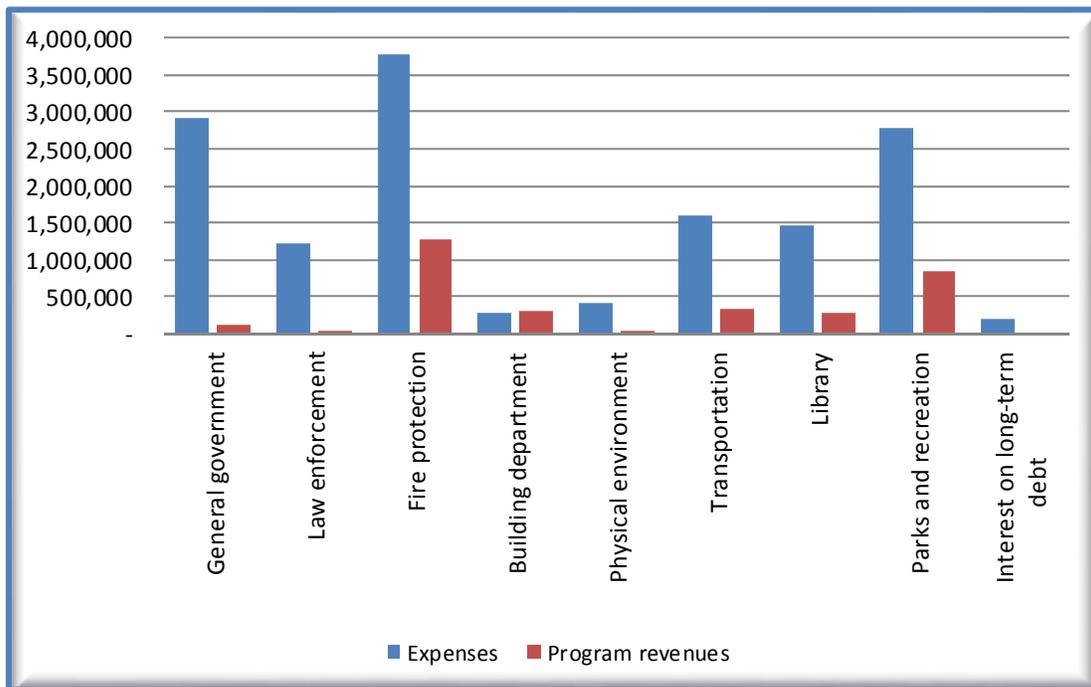
- Program revenues increased by 25.6 percent or \$672,517.
 - Charges for services increased by \$578,921. Of the increase, 54.0 percent or \$312,557 is for the implementation of a street light special assessment effective January 1, 2013. The street light assessment is based on equivalent residential units for parcels benefitting from street lighting. The annual assessment of \$50.97 is billed monthly through the utility billing cycle. Building permit revenue at \$311,272 is a 45.6 percent increase over prior

- year and is primarily due to work at Mease Hospital on the Central Utility Plant.
 - Operating grants and contributions increased by a net amount of \$217,953. This increase is due to the Staffing for Adequate Fire and Emergency Response (SAFER) grant program for the addition of three Fire Medic positions.
 - Capital grants and contributions decreased by \$124,357. Revenue of \$42,210 from the County from Fire District – Reserve for Future Years funding was for replacement of ladder truck #853 and associated equipment.
- General revenues decreased by 3.5 percent or \$402,441, excluding the transfers from the proprietary to the governmental fund.
 - Property tax revenue decreased by \$207,305 (6.6 percent). Taxable values continue to decline with taxable values in the City 1.2 percent under prior year, which is the smallest decline in taxable values since 2007/2008. City taxable values in the Community Redevelopment District declined by 3.5 percent in 2013 compared to 5.5 percent the prior year.
 - Utility taxes and franchise fees, which are based on electric sales revenue, are decreased by \$161,638, which is 4.1 percent under prior year.
 - Investment income and fair value adjustment decreased by \$242,753. The decrease is due to the fair market adjustment of the City’s investments at September 30, 2013. The City takes a conservative approach in purchasing investments with lower overall financial risk resulting in lower interest earnings and potential fluctuations in fair market value due to interest rate risk.
 - Local option taxes increased by \$76,325. Of this increase, \$75,000 is revenue from the “Penny” tax, a local 1-percent sales tax for infrastructure improvements. This is a 4.4 percent increase, which is consistent with State estimates of collections.
 - Miscellaneous revenue is decreased by \$101,418 under prior year. Reimbursements for services between governmental and proprietary funds were reevaluated and allocations reduced by \$87,640.



Expenses for the City’s governmental activities decreased by \$652,795. Key elements of the net decrease are as follows:

- General government decreased by \$207,305. Personnel Department salaries and fringes decreased by over \$106,000 with the deletion of one full-time and one part-time position that are now funded by the Recreation Department. The increase in Recreation is less than 50 percent of the amount required to fund the two positions due to savings in other areas. Legal services are \$53,988 under prior year due to a slow-down in litigated services.
- Law Enforcement services decreased by \$44,297 due to the absence of the City’s Traffic Deputy from March 2013 through September 2013.
- Transportation decreased by a net amount of \$420,599. Contractual service for street re-paving citywide decreased by \$398,917. One position in Streets was vacant for a period of months resulting in a decrease in salaries and fringes of just over \$29,000.
- Library decreased by a net amount of \$61,289. Salaries and fringes were lower by \$14,813 due to vacancies; communication services were lower by \$39,270 due to a large credit from the State of Florida; and, office supplies including non-capital equipment were under the previous year by just over \$9,000.

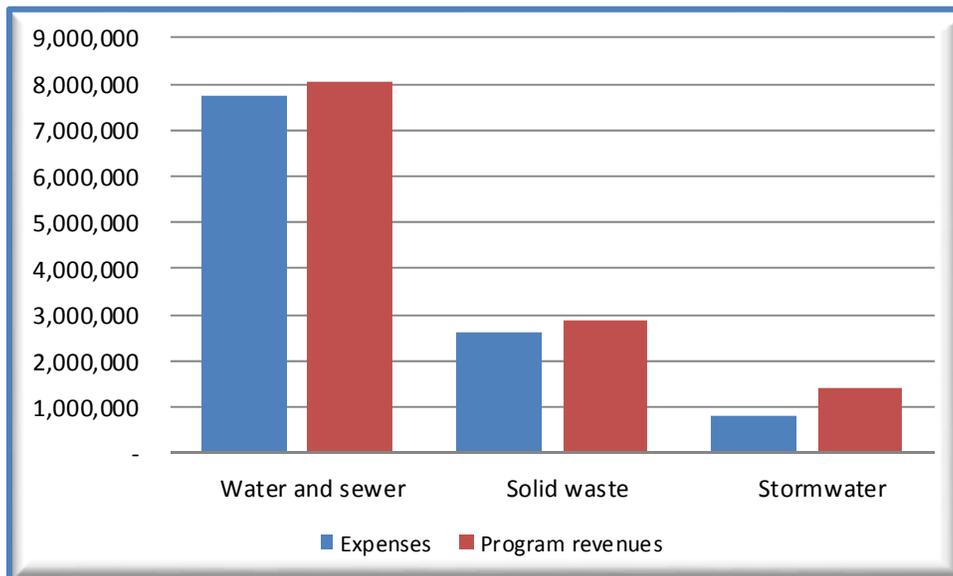


Business-type activities. Business-type activities increased the City’s net position by \$1,649,046.

Revenues for the City’s business-type activities decreased by \$1,336,528. Key elements of the decrease are as follows:

- Program revenues decreased by \$156,400.
 - Charges for services for business-type activities increased by \$488,046 (4.3 percent) over prior year. Of the total increase in charges for services, water and sewer increased by a nominal 1.3 percent as did sanitation with an increase of 1.8 percent. Stormwater revenue increased 50 percent from \$661,809 in FY 2012 to \$993,034 in FY 2013. This is due to the stormwater charge per equivalent residential unit (ERU) increasing from \$5.00 to \$7.25 per

- ERU to cover annual operating expenses as well as build a reserve to fund major capital improvements.
- Capital grant revenue \$413,289 is \$644,338 under prior year due to completion of the stormwater capital infrastructure improvements on South Bayshore. This project was jointly funded by the Florida Department of Environmental Protection, the Southwest Florida Water Management District and City funds.
- General revenues decreased by \$1,180,128, inclusive of transfers. The decrease net of transfers is \$252,808. Key elements of the decrease are as follows:
 - Investment income from interest earnings and market value adjustments decreased by \$258,250 due to fair market value adjustment of investments at September 30, 2013.
 - Transfers in are decreased by \$927,320 due to a transfer into the stormwater fund in the prior year and a transfer out of the stormwater fund in the current year. Both transfers occurred due to the South Bayshore improvement transportation impact fee element of the project.
- Expenses increased by \$611,223. Key elements of the increase are as follows:
 - Personnel services increased \$23,433 or .73 percent.
 - Materials and supplies increased by \$78,739 or 13 percent over prior year. The increase was primarily in non-capital technology equipment.
 - Contracted and other services increased by \$423,988. Of the increase, \$114,043 is attributable to the purchase of water from Pinellas County. The increase is based on consumption and a rate increase of 4 percent per thousand gallons of water purchased. Although there was a decline in consumption of 1 percent for sanitary sewer moving through the Northeast Wastewater Treatment Plant, charges increased by \$330,050 or 29 percent over prior year. This increase was due to a truing up of consumption from 2012 in the amount of \$248,000 in the current year coupled with a truing down that occurred in 2012.
 - Depreciation and amortization expense increased by \$197,772 or 17 percent over prior year.



Financial Analysis of the Government's Funds

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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, 2013, the City's governmental funds reported combined ending fund balances of \$11,849,330, a decrease of \$286,392 in comparison with the prior year. Of this total amount, \$5,637,597 or 47.6 percent is unassigned and available for spending at the City's discretion. The remainder of fund balance, \$6,211,733 is either not in spendable form or restricted, committed or assigned for specific purposes.

The General Fund is the chief operating fund of the City. At September 30, 2013, the unrestricted fund balance of the general fund was \$8,286,276, inclusive of committed and assigned fund balances for emergency/disaster stabilization and the use of fund reserves for the fiscal 2014 budget. As a measure of the general fund's liquidity, it may be useful to compare both non-spendable and restricted fund balance as well as unrestricted fund balance to total general fund expenditures. Fund balance that is either non-spendable (inventories and prepaids) or restricted for a specific purpose is 0.28 percent of total general fund expenditures, while unrestricted fund balance is 67.6 percent of total general fund expenditures. The City Commission's desire of a minimum unassigned general fund balance of the prior year's operating expenditures is 17 percent. As of September 30, 2013, the City's unassigned fund balance meets this goal at 44.7 percent of prior year's operating expenditures. General fund balance decreased by \$115,408 during the current year. Key elements of the decrease are as follows:

- Revenues are \$12,151,006, which is a net increase over prior by \$68,666. The largest increase in General Fund is in Intergovernmental revenue of which \$221,428 was for the SAFER grant to fund three fire medic positions. Licenses and permits increased by \$141,865 which is primarily due to permits for the Mease Hospital Central Utility Plant.
- Expenditures decreased by \$346,854. Personnel services remained relatively flat with a nominal decrease of \$17,170 or .21 percent under prior year. Other operating expenses decreased \$282,691 or 26.3 percent due to implementation of the Street Light assessment. With implementation of the Street Light Assessment, both revenues and expenditures are reported as a separate special revenue fund.

The Community Redevelopment Agency's (CRA) fund balance is \$264,405 as of September 30, 2013. Revenue of \$267,621 is under prior year by \$179,594, of which \$150,000 is due to a capital grant in the prior fiscal year of \$150,000. Expenditures of \$402,285 are 45 percent under the prior year's budget. The details for all CRA activities are included in Note 10 on page 55 within this document.

The Capital Projects Fund balance is \$1,348,232 at September 30, 2013. Revenue from the Penny for Pinellas sales tax has increased by just over \$75,000 or 5.5 percent current year over prior. The "Penny" is eligible for capital infrastructure improvements as well as the servicing of debt. Current year capital improvements and acquisitions are just over \$915,000. The most significant capital outlay is in public safety to purchase a replacement ladder truck for the Fire Department. Transfers out to debt service funds totaled \$903,040 to service 2008 debt for the library renovations, 2006 for brick streets and 2012 for purchase of the Waterfront Park property.

The Street Lights Fund is for a special assessment implemented current year for developed properties benefiting from street lighting and facilities within the City. The rate per ERU, which is the standard unit used to express the special benefit received by affected parcels, is \$50.97 annually billed on a monthly

basis. Revenue in the first year of the assessment is \$312,208 with street light operating and rate study expenses totaling \$280,910.

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

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer fund, Sanitation and Stormwater funds at the end of the year were \$5,356,789, \$1,139,420 and \$960,357, respectively. Cumulatively, the unrestricted net assets for the enterprise funds decreased \$1,011,099 or 11.9 percent under prior year. The total increase in net position current year is \$1,649 million.

Revenue generated by charges for services is 4.3 percent or \$488,046 higher than prior year. Of the total increase, 67.9 percent is due to the increase in equivalent residential unit (ERU) in Stormwater from \$5 to \$7.25.

Operating expenses in the City's proprietary funds increased by \$611,213. The largest increase of \$423,988 is in contracted/other services for the purchase of water from Pinellas County and sewer charges from City of Clearwater. Water purchases increased 6.6 percent due to an increase in consumption of 2.5 percent coupled with an increase of 4 percent per 1,000 gallons of water purchased from the County. Of the 29.1 percent increase in billing for sanitary sewer from City of Clearwater, 21.9 percent was for the true-up of consumption from the prior fiscal year combined with a credit for fiscal year 2011 given in fiscal year 2012. Depreciation expense in water and sanitary sewer and sanitation increased 16.2 and 21.0 percent, respectively, with an annual impact of \$197,772.

General Fund Budgetary Highlights

During the current year, the total increase between adopted and final budgeted revenue totaled \$15,470. Supplemental budget amendments for budgeted appropriations increased between the adopted and final budget by \$40,078. The most significant budget increase of \$118,000 was within the Fire Department in salaries and fringes in recognition of three long term employees entering the Florida Retirement System Deferred Retirement Option Program (DROP). For additional information, refer to pages 57 and 58 within this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of September 30, 2013 is \$51,953,873, 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 \$1,171,083 over prior year.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 6,703,676	\$ 6,453,676	\$ 606,548	\$ 606,548	\$ 7,310,224	\$ 7,060,224
Construction in progress	43,691	1,064,097	-	2,081,531	43,691	3,145,628
Buildings	4,220,888	4,048,428	229,719	229,719	4,450,607	4,278,147
Improvements other than buildings	27,908,284	26,655,628	36,330,039	32,559,412	64,238,323	59,215,040
Equipment	7,863,038	6,953,189	8,968,654	7,874,708	16,831,692	14,827,897
Less:						
Accumulated Depreciation	21,881,243	20,109,975	19,039,421	17,634,171	40,920,664	37,744,146
Total	\$ 24,858,334	\$ 25,065,043	\$ 27,095,539	\$ 25,717,747	\$ 51,953,873	\$ 50,782,790

The following schedule reflects current year capital asset additions:

<u>Governmental Activities</u>	<u>Additions</u>	<u>Business-type Activities</u>	<u>Additions</u>
Replace Fire Ladder Truck #853	\$ 748,400	South Bayshore Drainage	\$ 2,443,461
Mobility Implementation	714,043	N.E. Wastewater Plant	734,115
Church Street Park Improvements	433,453	Replace Side Loader Vehicle #304	262,888
Lease Purchase of School Land	250,000	Replace Side Loaders Vehicles #316/317	257,776
Museum Improvements	172,460	Recycling Containers	234,079
Library Books	87,756	Citywide Stormwater Improvements	218,769
Replace Park Mowers	44,769	South Bayshore Water Improvements	217,580
Bridge Repair and Maintenance	39,890	Awning for Equipment Storage	162,845
Sidewalk Maintenance	33,334	Replace TV Step Van Vehicle #206	136,780
Replace Vehicle #448	28,366	South Bayshore Sewer Improvements	100,012
911 Station Encoder	22,560	Replace Water Line at 9th & 2nd	54,143
Replace Vehicle #354	19,153	Cypress Trace Lift Station Improvement	37,761
PBX Phone System	14,185	Meter Reader Devices	36,068
Baranoff Park Improvements	13,163	Replace Water Meters with RFD	32,569
		Citywide Pipe Relining	23,136
		Replace Vehicle #264	23,103
		Replace Vehicle #213	20,658
		Replace Vehicle #224	16,049

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Beginning Balance	\$ 25,065,043	\$ 25,717,747	\$ 50,782,790
Additions	3,005,946	6,018,105	9,024,051
Depreciation	(1,844,281)	(1,599,456)	(3,443,737)
Retirement (net of depreciation)	(1,368,374)	(3,040,857)	(4,409,231)
Ending Balance	\$ 24,858,334	\$ 27,095,539	\$ 51,953,873

Long-term debt. As of fiscal year end, the City's outstanding long-term debt from revenue bonds and notes decreased by \$1,127,570. The decrease is a result of the payment of debt principal. Pages 46 through 49 of the notes to the financial statements provide details for the following summary.

		2013	2012	Change	Percent Change
Governmental Activities					
2012	Purchase of land for park	\$ 2,575,000	\$ 2,775,000	\$ (200,000)	-7.21%
2008	Library expansion	3,839,000	4,252,000	(413,000)	-9.71%
2006	General government improvements	317,200	333,182	(15,982)	-4.80%
Governmental activities total		<u>6,731,200</u>	<u>7,360,182</u>	<u>(628,982)</u>	-8.55%
Business-Type Activities					
2012	Refunding for utility system improvements	1,355,000	1,500,000	(145,000)	-9.67%
2006	Utility system improvements	7,259,260	7,612,848	(353,588)	-4.64%
Business-type activities total		<u>8,614,260</u>	<u>9,112,848</u>	<u>(498,588)</u>	-5.47%
Total Outstanding Debt		<u>\$ 15,345,460</u>	<u>\$ 16,473,030</u>	<u>\$ (1,127,570)</u>	-6.84%

Economic Factors and Next Year's Budgets and Rates

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

- The unemployment rate for the Tampa-St. Petersburg-Clearwater Metropolitan area at September 30, 2013 was 6.7 percent compared to the prior year's 8.8 percent. This compares only slightly more favorable to Florida's unemployment rate of 6.9 percent and the national unemployment rate of 7.2 percent.
- From 2008 through 2011, the City experienced declines in property values in excess of 9.0 percent annually. The prior year realized a decline of just over 3 percent while the 2012 tax year and the fiscal 2013 budget property values declined by just over 1.0 percent. For the first time since 2008, property values increased by 1.3 percent moving into the fiscal year 2014 budget cycle.
- The City Commission increased the millage rate from 3.3808 to 3.7343. This is the first increase in the millage since fiscal 2011.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Equity in pooled cash and investments	\$ 12,196,957	\$ 6,956,374	\$ 19,153,331
Receivables, net:			
Accounts receivable	418,032	1,216,454	1,634,486
Due from other governments	611,764	176,294	788,058
Due from other funds	72,000	-	72,000
Inventories	78,308	245,626	323,934
Advances to other funds - stormwater	2,333	-	2,333
Restricted assets:			
Equity in pooled cash and investments:			
Sinking fund	-	65,114	65,114
Customer deposits	-	600,835	600,835
Capital projects	-	186,928	186,928
Total current assets	<u>13,379,394</u>	<u>9,447,625</u>	<u>22,827,019</u>
Noncurrent assets:			
Restricted assets:			
Equity in pooled cash and investments:			
Sinking fund	-	1,454,052	1,454,052
Capital projects	-	5,400,882	5,400,882
Capital assets:			
Non depreciable	6,747,367	606,548	7,353,915
Depreciable, net of accumulated depreciation	18,110,967	26,488,991	44,599,958
Unamortized bond issuance costs	-	8,686	8,686
Pension asset	477,520	-	477,520
Total noncurrent assets	<u>25,335,854</u>	<u>33,959,159</u>	<u>59,295,013</u>
Total assets	<u><u>38,715,248</u></u>	<u><u>43,406,784</u></u>	<u><u>82,122,032</u></u>
Deferred Outflows of Resources			
Deferred amount on debt refunding	-	12,042	12,042
Total deferred outflows of resources	<u>-</u>	<u>12,042</u>	<u>12,042</u>
Liabilities			
Current liabilities:			
Accounts payable	174,208	492,625	666,833
Accrued liabilities	306,937	114,959	421,896
Due to other funds	-	72,000	72,000
Customer deposits	9,170	-	9,170
Current liabilities, payable from restricted assets:			
Accrued interest payable	-	65,114	65,114
Customer deposits	-	600,835	600,835
Construction contracts payable	-	186,928	186,928
Current portion of long-term obligations	756,131	535,935	1,292,066
Total current liabilities	<u>1,246,446</u>	<u>2,068,396</u>	<u>3,314,842</u>
Noncurrent portion of long-term obligations	7,239,883	8,558,284	15,798,167
Total liabilities	<u><u>8,486,329</u></u>	<u><u>10,626,680</u></u>	<u><u>19,113,009</u></u>
Deferred Inflows of Resources			
Deferred inflows from future revenues	1,039,749	-	1,039,749
Deferred amount on debt refunding	-	66,788	66,788
Total deferred inflows from resources	<u>1,039,749</u>	<u>66,788</u>	<u>1,106,537</u>
Net Position			
Net investment in capital assets	18,127,134	18,413,858	36,540,992
Restricted, net of payables from restricted assets:			
Inventories and prepaid amounts	34,784	-	34,784
General government	281,318	-	281,318
Fire protection	8,626	-	8,626
Physical environment	269,836	-	269,836
Transportation	799,858	-	799,858
Culture and recreation	695,818	-	695,818
Debt service	141,495	1,454,052	1,595,547
Capital projects	1,331,319	5,400,882	6,732,201
Stabilization and Subsequent Fiscal Year Use of Reserve	2,648,679	-	2,648,679
Unrestricted	<u>4,850,303</u>	<u>7,456,566</u>	<u>12,306,869</u>
Total net assets	<u><u>\$ 29,189,170</u></u>	<u><u>\$ 32,725,358</u></u>	<u><u>\$ 61,914,528</u></u>

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2013

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,931,779	\$ 129,579	\$ -	\$ -
Law enforcement	1,224,491	45,377	-	-
Fire protection	3,788,045	23,376	1,212,117	42,210
Building department	290,904	311,272	-	-
Physical environment	405,422	42,964	-	-
Transportation	1,588,963	343,274	4,748	-
Library	1,467,129	49,077	235,200	-
Parks and recreation	2,786,955	859,165	-	-
Interest and other fiscal charges on long-term debt	208,644	-	-	-
Total governmental activities	14,692,332	1,804,084	1,452,065	42,210
Business-type activities:				
Water and sewer	7,762,326	8,059,551	-	-
Solid waste	2,637,708	2,847,160	12,959	-
Stormwater	828,019	993,034	-	413,289
Total business-type activities	11,228,053	11,899,745	12,959	413,289
Total primary government	\$ 25,920,385	\$ 13,703,829	\$ 1,465,024	\$ 455,499

General revenues:

Taxes:

Property taxes
Utility taxes
Local business tax
Local option tax
Franchise fees
Sales tax

Intergovernmental

Interest income and net depreciation in fair value of investments

Other

Gain on sale of capital assets
Transfers

Total general revenues

Change in net position

Net position, beginning of year (restated)

Net position, end of year

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2013

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,802,200)	\$ -	\$ (2,802,200)
(1,179,114)	-	(1,179,114)
(2,510,342)	-	(2,510,342)
20,368	-	20,368
(362,458)	-	(362,458)
(1,240,941)	-	(1,240,941)
(1,182,852)	-	(1,182,852)
(1,927,790)	-	(1,927,790)
(208,644)	-	(208,644)
(11,393,973)	-	(11,393,973)
-	297,225	297,225
-	222,411	222,411
-	578,304	578,304
-	1,097,940	1,097,940
(11,393,973)	1,097,940	(10,296,033)
3,215,616	-	3,215,616
2,386,797	-	2,386,797
150,074	-	150,074
1,798,283	-	1,798,283
1,361,010	-	1,361,010
928,330	-	928,330
494,362	-	494,362
(44,637)	(48,331)	(92,968)
916,748	722,038	1,638,786
18,632	(1,791)	16,841
120,800	(120,800)	-
11,346,015	551,116	11,897,131
(47,958)	1,649,056	1,601,098
29,237,128	31,076,302	60,313,430
\$ 29,189,170	\$ 32,725,358	\$ 61,914,528

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

**CITY OF SAFETY HARBOR, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Street Light Assessment</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 8,956,357	\$ 272,576	\$ 1,065,913	\$ 18,169	\$ 1,883,942	\$ 12,196,957
Receivables, net:						
Accounts receivable	372,673	639	2,499	34,788	7,433	418,032
Due from other funds - stormwater fund	72,000	-	-	-	-	72,000
Due from other governments	293,945	-	280,414	-	37,405	611,764
Inventories	78,308	-	-	-	-	78,308
Prepaid items	2,333	-	-	-	-	2,333
Total assets	\$ 9,775,616	\$ 273,215	\$ 1,348,826	\$ 52,957	\$ 1,928,780	\$ 13,379,394
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 107,370	\$ 7,224	\$ -	\$ 21,659	\$ 37,955	\$ 174,208
Accrued liabilities	304,783	1,586	-	-	568	306,937
Customer deposits	4,503	-	-	-	4,667	9,170
Total liabilities	416,656	8,810	-	21,659	43,190	490,315
Deferred Inflows of Resources:						
Proceeds from unearned revenues	1,037,900	-	594	-	1,255	1,039,749
Fund Balances:						
Nonspendable:						
Inventories and prepaid items	34,784	-	-	-	-	34,784
Restricted for:						
General government	-	239,724	-	-	-	239,724
Fire protection	-	-	-	-	7,058	7,058
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	31,298	405,961	437,259
Library	-	-	-	-	11,490	11,490
Parks and recreation	-	-	-	-	368,427	368,427
Debt service	-	-	-	-	141,495	141,495
Capital projects	-	-	1,331,319	-	-	1,331,319
Committed to:						
Emergency/disaster relief stabilization	2,580,409	-	-	-	-	2,580,409
Physical environment	-	-	-	-	267,150	267,150
Assigned to:						
General government	-	24,681	16,913	-	-	41,594
Fire protection	-	-	-	-	1,568	1,568
Physical environment	-	-	-	-	2,686	2,686
Transportation	-	-	-	-	362,599	362,599
Parks and recreation	-	-	-	-	315,901	315,901
Other	68,270	-	-	-	-	68,270
Unassigned:	5,637,597	-	-	-	-	5,637,597
Total fund balances	8,321,060	264,405	1,348,232	31,298	1,884,335	11,849,330
Total liabilities, deferred inflows of resources and fund balances	\$ 9,775,616	\$ 273,215	\$ 1,348,826	\$ 52,957	\$ 1,928,780	\$ 13,379,394

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

CITY OF SAFETY HARBOR, FLORIDA
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Fund balances - total governmental funds \$ 11,849,330

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

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

Governmental capital assets		
Non depreciable	\$ 6,747,367	
Depreciable	39,992,210	
Less, accumulated depreciation	21,881,243	24,858,334

The net pension asset related to governmental activities does not represent
financial resources and is not reported in the funds. 477,520

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

Revenue notes payable	(6,731,200)	
Capital lease payable	(245,000)	
Compensated absences	(811,386)	
Other post employment benefits	(208,428)	(7,996,014)

Net position of governmental activities \$ 29,189,170

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Street Light Assessment</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 2,951,352	\$ 264,264	\$ -	\$ -	\$ -	\$ 3,215,616
Utility taxes	2,386,797	-	-	-	-	2,386,797
Local business taxes	150,074	-	-	-	-	150,074
Local option taxes	138,063	-	1,429,225	-	230,995	1,798,283
Franchise fees	1,361,010	-	-	-	-	1,361,010
Licenses and permits	311,272	-	-	-	-	311,272
Impact fees	-	-	-	-	59,875	59,875
Special assessments	-	-	-	312,557	100	312,657
Sales tax	928,330	-	-	-	-	928,330
Intergovernmental	1,925,122	-	42,210	-	-	1,967,332
Charges for services	994,611	-	-	-	42,964	1,037,575
Fines and forfeitures	77,530	-	-	-	-	77,530
Interest income and net depreciation in fair value of investments	(29,840)	(1,618)	(3,203)	(349)	(9,627)	(44,637)
Other	956,685	5,175	-	-	-	961,860
Total revenues	<u>12,151,006</u>	<u>267,821</u>	<u>1,468,232</u>	<u>312,208</u>	<u>324,307</u>	<u>14,523,574</u>
Expenditures:						
Current operating:						
General government	2,477,840	106,920	-	-	-	2,584,760
Law enforcement	1,221,973	-	-	-	-	1,221,973
Fire protection	3,672,859	-	-	-	-	3,672,859
Building department	288,643	-	-	-	-	288,643
Physical environment	388,422	-	-	-	37,231	425,653
Transportation	697,550	-	-	280,910	72,993	1,051,453
Library	1,095,553	-	-	-	-	1,095,553
Parks and recreation	2,315,987	-	-	-	13,525	2,329,512
Capital outlay	107,587	295,365	915,793	-	103,989	1,422,734
Debt service						
Principal payments	-	-	-	-	628,982	628,982
Interest and other fiscal charges	-	-	-	-	208,644	208,644
Total expenditures	<u>12,266,414</u>	<u>402,285</u>	<u>915,793</u>	<u>280,910</u>	<u>1,065,364</u>	<u>14,930,766</u>
Excess (deficiency) of revenues over (under) expenditures	(115,408)	(134,464)	552,439	31,298	(741,057)	(407,192)
Other financing sources (uses):						
Transfers in	-	-	80,990	-	1,023,840	1,104,830
Transfers out	-	-	(903,040)	-	(80,990)	(984,030)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(822,050)</u>	<u>-</u>	<u>942,850</u>	<u>120,800</u>
Net change in fund balances	<u>(115,408)</u>	<u>(134,464)</u>	<u>(269,611)</u>	<u>31,298</u>	<u>201,793</u>	<u>(286,392)</u>
Fund balances, beginning of year	8,436,468	398,869	1,617,843	-	1,682,542	12,135,722
Fund balances, end of year	<u>\$ 8,321,060</u>	<u>\$ 264,405</u>	<u>\$ 1,348,232</u>	<u>\$ 31,298</u>	<u>\$ 1,884,335</u>	<u>\$ 11,849,330</u>

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

CITY OF SAFETY HARBOR, FLORIDA
RECONCILIATION TO THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Net change in fund balances - total governmental funds \$ (286,392)

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

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

Expenditure for capital assets	1,387,573	
Less, current year depreciation	<u>1,844,281</u>	(456,708)

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

Current year change in the pension asset		32,489
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Repayment of of long-term debt is reported as an expenditure in
governmental funds, but the repayment reduces long-term liabilities in the
statement of net position.

Capital lease		5,000
Principal payments		628,982

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

Compensated absences	73,704	
Other post employment benefits	<u>(45,033)</u>	<u>28,671</u>

Change in net position of governmental activities		<u>\$ (47,958)</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Assets				
Current assets:				
Equity in pooled cash and investments	\$ 4,906,781	\$ 1,161,073	\$ 888,520	\$ 6,956,374
Accounts receivable, net				
Accounts receivable	910,326	227,415	78,713	1,216,454
Due from other governments	-	12,959	163,335	176,294
Inventories	245,626	-	-	245,626
Restricted assets:				
Equity in pooled cash and investments:				
Sinking fund	51,679	4,794	8,641	65,114
Customer deposits	538,995	61,840	-	600,835
Capital projects	186,928	-	-	186,928
Total current assets	<u>6,840,335</u>	<u>1,468,081</u>	<u>1,139,209</u>	<u>9,447,625</u>
Noncurrent assets:				
Restricted equity in pooled cash and investments:				
Sinking fund	1,050,133	240,382	163,537	1,454,052
Capital projects	5,400,882	-	-	5,400,882
Capital assets:				
Nondepreciable	394,541	-	212,007	606,548
Depreciable, net of accumulated depreciation	18,730,751	1,787,818	5,970,422	26,488,991
Unamortized bond costs	8,686	-	-	8,686
Total noncurrent assets	<u>25,584,993</u>	<u>2,028,200</u>	<u>6,345,966</u>	<u>33,959,159</u>
Total assets	<u>32,425,328</u>	<u>3,496,281</u>	<u>7,485,175</u>	<u>43,406,784</u>
Deferred outflow of resources				
Deferred amount on debt refunding	12,042	-	-	12,042
Liabilities				
Current liabilities:				
Accounts payable	405,327	57,360	29,938	492,625
Accrued liabilities	65,675	38,052	11,232	114,959
Due to other funds	-	-	72,000	72,000
Current liabilities, payable from restricted assets:				
Accrued interest payable	51,679	4,794	8,641	65,114
Customer deposits	538,995	61,840	-	600,835
Construction contracts payable	186,928	-	-	186,928
Current portion of long-term obligations:				
Compensated absences	11,647	7,944	2,913	22,504
Bonds and notes payable	419,226	33,638	60,567	513,431
Total current liabilities	<u>1,679,477</u>	<u>203,628</u>	<u>185,291</u>	<u>2,068,396</u>
Noncurrent liabilities:				
Compensated absences	182,479	124,456	45,630	352,565
Other post employment benefits	52,858	34,215	8,498	95,571
Bonds and notes payable	6,325,218	636,897	1,148,033	8,110,148
Total noncurrent liabilities	<u>6,560,555</u>	<u>795,568</u>	<u>1,202,161</u>	<u>8,558,284</u>
Total liabilities	<u>8,240,032</u>	<u>999,196</u>	<u>1,387,452</u>	<u>10,626,680</u>
Deferred inflow of resources				
Deferred amount on debt refunding	66,788	-	-	66,788
Net position				
Net investment in capital assets	12,322,746	1,117,283	4,973,829	18,413,858
Restricted for:				
Debt service	1,050,133	240,382	163,537	1,454,052
Capital projects	5,400,882	-	-	5,400,882
Unrestricted	<u>5,356,789</u>	<u>1,139,420</u>	<u>960,357</u>	<u>7,456,566</u>
Total net position	<u>\$ 24,130,550</u>	<u>\$ 2,497,085</u>	<u>\$ 6,097,723</u>	<u>\$ 32,725,358</u>

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 8,059,551	\$ 2,847,160	\$ 993,034	\$ 11,899,745
Other	667,929	53,612	497	722,038
Total operating revenue	<u>8,727,480</u>	<u>2,900,772</u>	<u>993,531</u>	<u>12,621,783</u>
Operating expenses				
Salaries, wages and employee benefits	1,785,749	1,155,291	300,447	3,241,487
Materials and supplies	343,778	302,170	59,362	705,310
Contractual and other services	4,394,014	834,517	197,877	5,426,408
Depreciation and amortization	1,033,683	325,982	232,976	1,592,641
Total operating expenses	<u>7,557,224</u>	<u>2,617,960</u>	<u>790,662</u>	<u>10,965,846</u>
Operating income (loss)	<u>1,170,256</u>	<u>282,812</u>	<u>202,869</u>	<u>1,655,937</u>
Nonoperating revenues (expenses)				
Interest income and net depreciation in fair value of investments	(43,308)	(4,100)	(923)	(48,331)
Interest expense	(205,102)	(19,748)	(37,357)	(262,207)
Intergovernmental	-	12,959	-	12,959
Gain (loss) on sale of capital assets	(4,108)	-	2,317	(1,791)
Total nonoperating revenues (expenses)	<u>(252,518)</u>	<u>(10,889)</u>	<u>(35,963)</u>	<u>(299,370)</u>
Income (loss) before contributions and transfers	917,738	271,923	166,906	1,356,567
Transfers and contributions				
Transfers to other funds	-	-	(120,800)	(120,800)
Capital contributions	-	-	413,289	413,289
Total transfers and contributions	<u>-</u>	<u>-</u>	<u>292,489</u>	<u>292,489</u>
Changes in net position	917,738	271,923	459,395	1,649,056
Net position - beginning of year (restated)	<u>23,212,812</u>	<u>2,225,162</u>	<u>5,638,328</u>	<u>31,076,302</u>
Net position - end of year	<u>\$ 24,130,550</u>	<u>\$ 2,497,085</u>	<u>\$ 6,097,723</u>	<u>\$ 32,725,358</u>

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 8,003,703	\$ 2,832,172	\$ 964,168	\$ 11,800,043
Other operating revenue	667,929	53,612	497	722,038
Cash paid to suppliers for goods and services	(4,703,088)	(1,140,090)	(456,833)	(6,300,011)
Cash payments to and for the benefit of employees	(1,766,303)	(1,135,147)	(294,521)	(3,195,971)
Cash provided (used) by operating activities	<u>2,202,241</u>	<u>610,547</u>	<u>213,311</u>	<u>3,026,099</u>
Cash flows from capital and related financing activities:				
Principal payments on long-term debt	(408,039)	(32,788)	(57,761)	(498,588)
Interest payments on long-term debt	(193,772)	(19,983)	(37,770)	(251,525)
Gain (loss) on sale of capital assets	(4,108)	-	2,317	(1,791)
Capital grants received	-	-	500,397	500,397
Transfers to other funds	-	-	(120,800)	(120,800)
Payments to other funds	-	-	(78,000)	(78,000)
Acquisition and construction of capital assets	(1,609,556)	(922,674)	(923,672)	(3,455,902)
Cash used by capital and related financing activities	<u>(2,215,475)</u>	<u>(975,445)</u>	<u>(715,289)</u>	<u>(3,906,209)</u>
Cash flows from investing activity:				
Interest and dividends on investments	(42,270)	(3,557)	284	(45,543)
Cash provided by investing activities	<u>(42,270)</u>	<u>(3,557)</u>	<u>284</u>	<u>(45,543)</u>
Net increase (decrease) in cash and cash equivalents	(55,504)	(355,388)	(501,694)	(912,586)
Cash and cash equivalents at beginning of year	<u>12,190,902</u>	<u>1,823,477</u>	<u>1,562,392</u>	<u>15,576,771</u>
Cash and cash equivalents at end of year	<u>\$ 12,135,398</u>	<u>\$ 1,468,089</u>	<u>\$ 1,060,698</u>	<u>\$ 14,664,185</u>

(Continues on next page)

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Reconciliation of cash and investments to Statement of Net Position:				
Total unrestricted equity in pooled cash and investments	\$ 4,906,781	\$ 1,161,073	\$ 888,520	\$ 6,956,374
Total restricted equity in pooled cash and investments	<u>7,228,617</u>	<u>307,016</u>	<u>172,178</u>	<u>7,707,811</u>
Total equity in pooled cash and investments	<u>\$ 12,135,398</u>	<u>\$ 1,468,089</u>	<u>\$ 1,060,698</u>	<u>\$ 14,664,185</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,170,256	\$ 282,812	\$ 202,869	\$ 1,655,937
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,033,683	325,982	232,976	1,592,641
Change in operating assets and liabilities:				
Increase in accounts receivable	(55,848)	(14,988)	(28,866)	(99,702)
Decrease in inventories	6,477	-	-	6,477
Increase (decrease) in accounts payable	25,366	185	(199,594)	(174,043)
Increase in accrued liabilities	2,695	6,794	2,036	11,525
Increase (decrease) in customer deposits	2,861	(3,587)	-	(726)
Increase in OPEB	13,059	7,655	2,252	22,966
Increase in accumulated unused compensated absences	<u>3,692</u>	<u>5,694</u>	<u>1,638</u>	<u>11,024</u>
Net cash provided by operating activities	<u>\$ 2,202,241</u>	<u>\$ 610,547</u>	<u>\$ 213,311</u>	<u>\$ 3,026,099</u>
Noncash investing, capital, and financing activities:				
Amortization of bond premiums	\$ 9,320	\$ -	\$ -	\$ 9,320
Construction contracts payable at year end	186,928	-	-	186,928

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013

	Pension Trust Fund
Assets	
Cash and cash equivalents:	
Money market	\$ 68,481
Investments, at fair value:	
Equity securities	3,155,374
U.S. Treasury Bonds, Notes and Bills	2,043,881
Total investments	5,199,255
Total assets	5,267,736
 Net position	
Held in trust for pension benefits	\$ 5,267,736

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

CITY OF SAFETY HARBOR, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Pension Trust Fund
Additions	
Contributions:	
State of Florida	\$ 139,857
City	227,079
Employees	10,229
Total contributions	377,165
Investment income:	
Interest income and net appreciation in fair value of investments	554,454
Total additions	931,619
Deductions	
Administrative expenses	21,701
Total deductions	21,701
Change in net position	909,918
Net position - beginning of year	4,357,818
Net position - end of year	\$ 5,267,736

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). For proprietary funds, governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements and GASB Pronouncement 62, *Codification of Accounting and Financial Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements for FASB Pronouncements* issued after November 30, 1989 (see Note 13). The more significant accounting policies established under GAAP and used by the City are discussed below.

The Reporting Entity

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

Blended Component Unit

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

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

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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

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

Fund Financial Statements

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

Basis of Accounting

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

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

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

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

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

Measurement Focus

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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

Fund Accounting

In order to ensure observance of limitations and restrictions on the use of the 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, fund equity, revenues and expenditures or expenses.

The fund financial statements are presented to emphasize the major funds of the City. GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, sets forth criteria for the determination of major funds. The general fund is always a major governmental fund. Based on the criteria of GASB No. 34, the community redevelopment agency and capital projects funds are also considered major governmental funds. Although not qualifying as a major fund, government officials believe it is particularly important to provide statements on the Street Light Assessment Fund. The combined total of nonmajor funds is reflected as other governmental funds. For the business-type activities, the water and sewer, solid waste and stormwater funds are considered major funds. There are no other business-type activity funds for consideration. The fund financial statements are prepared on the modified accrual basis for governmental activities and the accrual basis for business-type activities.

Governmental Fund Types

Governmental fund types are as follows:

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

Proprietary Fund Types

Proprietary fund types are as follows:

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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

Fiduciary Fund Type

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

Interfund Activity

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

Budgets and Budgetary Accounting

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

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

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

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

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

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

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

	Supplemental Appropriations Fiscal Year 2013
General Fund	\$ 40,078
CRA Fund	(108,633)
Parkland Fund	(7,550)
Street Improvement	(187,118)
Street Lighting Fund	41,173
Capital Projects Fund	(212,098)
Transportation Impact Fee	120,800

Pooled Cash and Investments

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

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

Cash Equivalents

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

Receivables

Utility (water and sewer, solid waste and stormwater) operating revenues are generally recognized on the basis of cycle billings rendered monthly. The City recognizes as revenue the estimated unbilled consumption as of September 30. The City has recorded an allowance for potentially uncollectible water and sewer, solid waste and stormwater billings. Accounts receivable in the proprietary funds are shown net of the allowance of \$448,460.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

Taxes Receivable

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

Property Taxes

Under Florida Law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pinellas County Property Appraiser and the Pinellas County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mils. The millage rate in effect for the fiscal year ended September 30, 2013 was 3.3808.

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

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

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

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

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

Inventories and prepaids

Inventories are stated at cost (determined on the first-in, first-out method). Equipment and office supply inventories in the governmental funds are accounted for by the purchase method where inventories are recorded as expenditures when they are acquired. A portion of fund balance has been 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 THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

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

The following is the breakdown in governmental fund inventories at September 30, 2013:

	Amount
Equipment supplies	\$ 32,217
Office supplies	235
Fuel supplies	45,857
	\$ 78,308

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

Capital Assets

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

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

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

Depreciation expense for the year ended September 30, 2013 totaled \$1,844,281 and \$1,599,456 for governmental and business type funds, respectively.

Unamortized Bond Discounts, Bond Premiums and Issuance Costs

Bond discounts, premiums 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 premiums and discounts are presented as an increase or reduction of the face amount of the related bonds payable and issuance costs are recorded as other assets.

Compensated Absences

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

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

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

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

Long-term Obligations

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

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

Postretirement Health and Life Insurance Benefits

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

Deferred Inflows of Resources

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

The City sold a 50 year interest in cell tower leases for \$1,027,000 in April 2011. The City's annual expected revenue from the leases is \$92,819. The sale is from the time period of April 19, 2011 through April 30, 2061. Based on a 2.5 percent rate of return, the comparison between the net present value of revenues sold and sales proceeds are as follows:

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

The sales proceeds of \$1,027,000 are recognized as deferred revenue and amortized over the life of the agreement. For the fiscal year ending September 30, 2013, \$20,540 was amortized as other revenue.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

Fund Balances

Governmental funds

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

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

Public Safety Fund

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

Street Improvement Fund

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

Parkland Fund

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

Transportation Impact Fee Fund

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

Library Impact Fee Fund

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

Street Assessment Fund

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

Community Redevelopment Agency Fund

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

Capital Projects Fund

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

Street Lights Fund

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

Debt Service Fund

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

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

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

Marina Fund

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

Stabilization Arrangement

Commitment of general fund balance may be made by the City Commission by authorizing resolution for such purposes including, but not limited to, a) meeting future obligations resulting from a natural disaster; b) accumulating resources pursuant to a stabilization arrangement; and/or c) setting aside amounts for specific projects. Once a fund balance has been committed, the City Commission may only change the classification upon duly adopted resolution. The City maintains at a minimum, a fund balance of twenty (20) percent of General Fund operating expenditures based on the current year's adopted budget, including amendments thereto, committed for the specific purpose for use in the event of a major storm or other unforeseen disaster of a nonrecurring character, including environmental damage, flood, fire or tornado; provided that if federal or state funds are received to offset appropriations for such purposes, such monies shall be returned to the Stabilization Arrangement. Replenishment of the stabilization arrangement will be from Unassigned Fund Balance over a period of five (5) years. At September 30, 2013, the fund balance committed for stabilization is \$2,580,409.

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

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

Restrictions on Net Assets (Proprietary and Government Wide)

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

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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

Fiduciary Fund Type

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

NOTE 2 – DEPOSITS AND INVESTMENTS:

Equity in Pooled Cash and Investments

At September 30, 2013, the carrying amount of the City’s deposits with financial institutions was \$4,145,550 and the bank account balance was \$4,081,309. The City’s cash deposits were fully insured by federal depository insurance or by collateral held by the City’s agent pursuant to the Public Depository Security Act of the State of Florida. This act establishes a multiple financial institution collateral pool in which all financial institutions holding public deposits pledge a pool of collateral against all public deposits they collectively hold. In the event of a default or insolvency by a qualified public depository, any loss not covered by deposit insurance or the proceeds from the sale of securities pledged by the defaulting depository is covered by an assessment against the other qualified public depositories of the same type as the depository in default. The assessment is based upon the average share of the public fund deposits held by each of these depositories during the previous 12 months in relation to total public deposits held by all depositories of the same type during the same period.

<u>Pooled Cash and Investments</u>	<u>Carrying Amount</u>	<u>% of Portfolio</u>	<u>Weighted average maturity (years)</u>	<u>Credit Rating</u>
<u>Cash and cash equivalents</u>				
Cash on hand	\$ 1,730	-	n/a	n/a
Cash in bank	4,145,550	-	n/a	n/a
Total cash and cash equivalents	4,147,280	15.44%		
<u>Investments</u>				
Certificates of Deposit	758,340	2.82%	3.31	AAA Implied
Money Markets	605,026	2.25%	0.00	AAAm
SBA Florida Prime	287,187	1.07%	0.11	AAAm
SBA Pool B	2,845	0.01%	4.08	No Rating
Federal Home Loan Bank	456,476	1.70%	0.00	AAA Implied
Federal Home Loan Mortgage ARM FHLMC	411,036	1.53%	2.96	AAA Implied
Federal Home Loan Mortgage CMO FHLMC	4,051,729	15.08%	2.72	AAA Implied
Federal Home Loan Mortgage MBS FHLMC	1,476,971	5.50%	2.48	AAA Implied
Government National Mortgage Association ARM GNMA	1,721,186	6.41%	4.01	AAA Implied
Government National Mortgage Association CMO GNMA	4,632,586	17.25%	2.60	AAA Implied
Government National Mortgage Association MBS GNMA	154,064	0.57%	3.06	AAA Implied
Federal National Mortgage Association ARM FNMA	521,269	1.94%	1.88	AAA Implied
Federal National Mortgage Association CMO FNMA	3,467,306	12.91%	2.69	AAA Implied
Federal National Mortgage Association MBS FNMA	4,167,841	15.52%	2.66	AAA Implied
Total investments	22,713,862			
Total pooled cash and investments	<u>\$ 26,861,142</u>	100.00%		

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Equity in Pooled Investments

Custodial Risk

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

Credit Risk

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

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

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

The City is a participant in the State of Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME) and the Fund B Surplus Funds Trust Fund. The SBA Florida PRIME, with a current Standard & Poor's rating of AAAM, manages \$6.1 billion for State and local governments. The SBA is authorized to administer and invest Florida PRIME consistent with Chapter 215.47, Florida Statutes. Florida PRIME operates as a "2a-7 like" fund reporting an average weighted days to maturity at September 30, 2013 of 44 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 consists 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 1.13262284 at September 30, 2013. As a participant in Fund B, the City will receive distributions to the extent that SBA deems the proceeds to be material. The weighted average life, based on expected future cash flows, of

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Fund B at September 30, 2013 is 4.04 years. Participant balances in Fund B at September 30, 2013 total \$120 million.

On September 30, 2013, the fair value of the City’s investments in Florida PRIME was \$287,187 with no liquidity restrictions and an ending Net Asset Value of \$2,845 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.

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

Investment Types	Credit Rating	Concentration at Fair Value	Percentage Pooled Investments
Certificates of Deposit	AAA Implied	\$ 758,340	3.34%
Money Markets	AAA Am	605,026	2.66%
SBA Florida Prime	AAA Am	287,187	1.26%
SBA Pool B	No Rating	2,845	0.01%
Federal Home Loan Bank	AAA Implied	456,476	2.01%
Federal Home Loan Mortgage ARM FHLMC	AAA Implied	411,036	1.81%
Federal Home Loan Mortgage CMO FHLMC	AAA Implied	4,051,729	17.84%
Federal Home Loan Mortgage MBS FHLMC	AAA Implied	1,476,971	6.50%
Government National Mortgage Association ARM GNMA	AAA Implied	1,721,186	7.58%
Government National Mortgage Association CMO GNMA	AAA Implied	4,632,586	20.40%
Government National Mortgage Association MBS GNMA	AAA Implied	154,064	0.68%
Federal National Mortgage Association ARM FNMA	AAA Implied	521,269	2.29%
Federal National Mortgage Association CMO FNMA	AAA Implied	3,467,306	15.27%
Federal National Mortgage Association MBS FNMA	AAA Implied	4,167,841	18.35%
		<u>\$ 22,713,862</u>	<u>100.00%</u>

Interest Rate Risk

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (continued):

Investment Types	Fair Value	0 to 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	More than 4 Years
Certificates of Deposit	\$ 758,340	\$ 3,965	\$ 250,465	\$ -	\$ 503,910	\$ -
Money Markets	605,026	605,026	-	-	-	-
SBA Florida Prime	287,187	287,187	-	-	-	-
SBA Pool B	2,845	-	2,845	-	-	-
Federal Home Loan Bank	456,476	-	456,476	-	-	-
Federal Home Loan Mortgage ARM FHLMC	411,036	-	-	411,036	-	-
Federal Home Loan Mortgage CMO FHLMC	4,051,729	-	96,343	524,366	1,978,759	1,452,261
Federal Home Loan Mortgage MBS FHLMC	1,476,971	-	3,991	1,080,368	392,612	-
Government National Mortgage Association ARM GNMA	1,721,186	-	-	981,382	163,760	576,044
Government National Mortgage Association CMO GNMA	4,632,586	130,035	1,211,622	2,598,672	692,257	-
Government National Mortgage Association MBS GNMA	154,064	-	-	-	154,064	-
Federal National Mortgage Association ARM FNMA	521,269	-	89,742	431,527	-	-
Federal National Mortgage Association CMO FNMA	3,467,306	126,958	-	482,766	402,000	2,455,582
Federal National Mortgage Association MBS FNMA	4,167,841	-	498,584	672,970	644,094	2,352,193
	<u>\$ 22,713,862</u>	<u>\$ 1,153,171</u>	<u>\$ 2,610,068</u>	<u>\$ 7,183,087</u>	<u>\$ 4,931,456</u>	<u>\$ 6,836,080</u>

NOTE 3 – RECEIVABLES:

Receivables at September 30, 2013 for the City's governmental and enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

	Utility		Liens	Special		Total	Less:		Net Total Receivables
	Interest	Taxes & Franchise Fees		Assessments	Accounts	Gross Receivables	Allowance for Uncollectibles	Receivables	
Governmental activities									
General fund	\$20,970	\$ 285,512	\$ 2,154,843	\$ -	\$ 36,385	\$2,497,710	\$ (2,125,037)	\$ 372,673	
Community Redevelopment Agency	639	-	-	-	-	639	-	639	
Capital Projects	2,499	-	-	-	-	2,499	-	2,499	
Street Light Assessment	43	-	-	-	-	43	-	43	
Non-major governmental funds	3,983	-	-	38,823	3,350	46,156	(3,978)	42,178	
Gross receivables	28,134	285,512	2,154,843	38,823	39,735	2,547,047	-	418,032	
Less: allowance for uncollectibles	-	-	(2,125,037)	(3,978)	-	-	(2,129,015)	-	
Net total receivables governmental activities	<u>\$28,134</u>	<u>\$ 285,512</u>	<u>\$ 29,806</u>	<u>\$ 34,845</u>	<u>\$ 39,735</u>	<u>\$2,547,047</u>	<u>\$ (2,129,015)</u>	<u>\$ 418,032</u>	
Business-type activities									
Water and sewer utility	\$25,864	\$ -	\$ 454,781	\$ 22,532	\$ 743,157	\$1,246,333	\$ (336,008)	\$ 910,326	
Solid waste utility	2,867	-	102,028	-	215,499	320,394	(92,979)	227,415	
Stormwater utility	2,083	-	23,260	-	72,843	98,186	(19,473)	78,713	
Gross receivables	30,815	-	580,068	22,532	1,031,499	1,664,914	-	1,216,454	
Less: allowance for uncollectibles	-	-	-	(5,597)	(442,863)	-	(448,460)	-	
Net total receivables business-type activities	<u>\$32,898</u>	<u>\$ -</u>	<u>\$ 580,068</u>	<u>\$ 16,935</u>	<u>\$ 588,636</u>	<u>\$1,664,914</u>	<u>\$ (448,460)</u>	<u>\$1,216,454</u>	

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 3 – RECEIVABLES (continued):

Due from other governments

The following amounts were due from other governments as of September 30, 2013.

Fund	Name of Government	Revenue Source	Amount
Governmental Funds			
General	Pinellas County	Ad Valorem	\$ 534
General	State of Florida	Half-Cent Sales Tax	75,580
General	State of Florida	Alcoholic Beverage Tax	1,700
General	Pinellas County	Court Fines and Fees	1,786
General	State of Florida	Firefighters' Supplemental Compensation	2,190
General	Pinellas County	EMS District Tax	68,401
General	Pinellas County	Fire District Tax	13,495
General	State of Florida	Federal Emergency Management	54,277
General	State of Florida	Communications Services Tax	75,982
Total general fund			<u>293,945</u>
Capital Projects Fund	Pinellas County	Local Government Infrastructure Tax	238,204
Capital Projects Fund	Pinellas County	Pinellas County Fire Reimbursement	42,210
Total capital projects fund			<u>280,414</u>
Special Revenue Funds			
Street Improvement	State of Florida	Local Option Gas Tax	37,405
Total governmental funds			<u>\$ 611,764</u>
Proprietary Funds			
Stormwater	State of Florida	Southwest Florida Water Mgmt. District	\$ 163,335
Solid Waste	State of Florida	Pinellas County Municipal Recycling Grant	12,959
Total proprietary funds			<u>\$ 176,294</u>

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CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 4 – CAPITAL ASSETS:

The following is a summary of changes in capital assets for the year ended September 30, 2013:

	Balance Sept. 30, 2012	Additions	Disposals	Balance Sept. 30, 2013
Governmental activities:				
Nondepreciable assets:				
Land	\$ 6,453,676	\$ 250,000	\$ -	\$ 6,703,676
Construction in progress	1,064,097	347,968	1,368,374	43,691
Depreciable assets:				
Buildings	4,048,428	172,460	-	4,220,888
Infrastructure	26,655,628	1,252,656	-	27,908,284
Equipment	6,953,189	982,862	73,013	7,863,038
Total at historical cost	<u>45,175,018</u>	<u>3,005,946</u>	<u>1,441,387</u>	<u>46,739,577</u>
Less, accumulated depreciation for:				
Buildings	2,873,528	92,561	-	2,966,089
Infrastructure	12,294,825	1,254,342	-	13,549,167
Equipment	4,941,622	497,378	73,013	5,365,987
Total accumulated depreciation	<u>20,109,975</u>	<u>1,844,281</u>	<u>73,013</u>	<u>21,881,243</u>
Governmental activities capital assets, net	<u>\$ 25,065,043</u>	<u>\$ 1,161,665</u>	<u>\$ 1,368,374</u>	<u>\$ 24,858,334</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 606,548	\$ -	\$ -	\$ 606,548
Construction in progress	2,081,531	928,766	3,010,297	-
Depreciable assets:				
Buildings	229,719	-	-	229,719
Infrastructure	32,559,412	3,819,040	48,413	36,330,039
Equipment	7,874,708	1,270,299	176,353	8,968,654
Total at historical cost	<u>43,351,918</u>	<u>6,018,105</u>	<u>3,235,063</u>	<u>46,134,960</u>
Less, accumulated depreciation for:				
Buildings	221,005	2,905	-	223,910
Infrastructure	11,673,118	1,046,840	21,139	12,698,819
Equipment	5,740,048	549,711	173,067	6,116,692
Total accumulated depreciation	<u>17,634,171</u>	<u>1,599,456</u>	<u>194,206</u>	<u>19,039,421</u>
Business-type activities capital assets, net	<u>\$ 25,717,747</u>	<u>\$ 4,418,649</u>	<u>\$ 3,040,857</u>	<u>\$ 27,095,539</u>

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

NOTE 4 – CAPITAL ASSETS (continued):

Depreciation expense was charged to governmental functions as follows:

	Amount
General government	\$ 343,646
Law enforcement	2,518
Fire protection	149,399
Physical environment	6,861
Transportation	529,097
Library	371,319
Parks and recreation	441,441
Total depreciation expense	\$ 1,844,281

Construction projects actively underway as of September 30, 2013 were as follows:

Project	Spent to Date	Remaining Commitment
Waterfront Park Development	\$ 16,302	\$ 18,600
Street Sign Improvement	9,827	24,150
FS 52 Renovations	9,450	1,050
Miscellaneous Street Repair	6,862	9,000
Citywide Brick Street Restoration	1,250	1,660
Total	\$ 43,691	\$ 54,460

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Interfund receivables and payables for the year ended September 30, 2013 of \$72,000 is the balance due to the general fund from the stormwater fund resulting from a loan made for stormwater drainage activities related to the South Bayshore project. Schedule for repayment to the general fund is \$41,850 within one year and the balance of \$30,150 due in the subsequent year.

Interfund transfers for the year ended September 30, 2013, consisted of the following:

Transfers from governmental funds:

Capital Projects fund	\$ 903,040
Public Safety fund	80,990

Transfer from proprietary fund:

Stormwater	120,800
Total transfers from	\$ 1,104,830

Transfers to governmental funds:

Capital Projects fund	\$ 80,990
Debt Service fund	903,040
Transportation Impact Fee fund	120,800
Total transfers to	\$ 1,104,830

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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

NOTE 6 – LONG TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended September 30, 2013:

	Balance Sept. 30, 2012	Increases	Decreases	Balance Sept. 30, 2013	Amount Due Within One Year
Governmental Activities					
2012 Capital Improvement Revenue Note	\$ 2,775,000	\$ -	\$ 200,000	\$ 2,575,000	\$ 260,000
2008 Capital Improvement Revenue Note	4,252,000	-	413,000	3,839,000	427,000
2006 Capital Improvement Line of Credit	333,182	-	15,982	317,200	15,448
Capital lease of real property	-	250,000	5,000	245,000	5,000
Accrued compensated absences	885,089	53,132	126,835	811,386	48,683
OPEB liability	163,395	45,033	-	208,428	-
Governmental activities total	8,408,666	348,165	760,817	7,996,014	756,131
Business-Type Activities					
2012 Refunding Revenue Note	1,500,000	-	145,000	1,355,000	140,000
2006 Capital Improvement Revenue Note	7,612,848	-	353,589	7,259,259	364,113
Less deferred amount for issuance premium	85,428	-	9,320	76,108	9,318
Total bonds payable	9,198,276	-	507,909	8,690,367	513,431
Accrued compensated absences	364,046	19,233	8,210	375,069	22,504
OPEB liability	72,605	22,966	-	95,571	-
Business-type activities totals	9,634,927	42,199	516,119	9,161,007	535,935
Total all activities	\$ 18,043,593	\$ 390,364	\$ 1,276,936	\$ 17,157,021	\$ 1,292,066

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 – LONG TERM LIABILITIES (continued):

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

DEBT SERVICE

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

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

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

	Governmental Activities				Business - Type Activities				
	Land Purchase	Library Expansion	Capital Improvements	Total	Refunding Water & Sewer Capital Improvements	Stormwater Capital Improvements	Water & Sewer Capital Improvements	Solid Waste Capital Improvements	Total
Issue Date	2012	2008	2006		2012	2006	2006	2006	
Retirement Date	2022	2020	2029		2022	2029	2029	2029	
Debt at Issuance	\$ 2,775,000	\$ 5,412,000	\$ 385,198	\$ 8,572,198	\$ 1,500,000	\$ 1,425,296	\$ 6,393,426	\$ 796,080	\$ 10,114,802
Outstanding Principal	\$ 2,575,000	\$ 3,839,000	\$ 317,200	\$ 6,731,200	\$ 1,355,000	\$ 1,208,600	\$ 5,380,125	\$ 670,535	\$ 8,614,260
Interest Rate	2.340%	3.340%	2.860%		2.340%	2.860%	2.860%	2.860%	
<u>Annual Debt Service</u>									
2014	\$ 317,213	\$ 548,078	\$ 25,022	\$ 890,313	\$ 170,069	\$ 95,101	\$ 423,798	\$ 52,819	\$ 741,787
2015	316,071	547,584	25,021	888,676	166,793	95,103	423,797	52,819	738,512
2016	319,752	546,622	25,021	891,395	163,517	95,103	423,797	52,819	735,236
2017	318,260	547,159	25,021	890,440	165,182	95,102	423,798	52,819	736,901
2018	316,648	546,179	25,021	887,848	166,731	95,103	423,797	52,819	738,450
Thereafter	1,267,564	1,638,229	275,240	3,181,033	670,303	1,046,125	4,661,745	581,006	6,959,179
	<u>\$ 2,855,508</u>	<u>\$ 4,373,851</u>	<u>\$ 400,346</u>	<u>\$ 7,629,705</u>	<u>\$ 1,502,595</u>	<u>\$ 1,521,637</u>	<u>\$ 6,780,732</u>	<u>\$ 845,101</u>	<u>\$ 10,650,065</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 – LONG TERM LIABILITIES (continued):

DEBT SERVICE REQUIREMENTS

The annual debt service requirements for the governmental activities long-term debt as of September 30, 2013 are as follow:

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2014	260,000	57,213	\$ 317,213
2015	265,000	51,071	316,071
2016	275,000	44,752	319,752
2017	280,000	38,260	318,260
2018	285,000	31,648	316,648
2019 - 2022	1,210,000	57,564	1,267,564
Total debt service	<u>\$ 2,575,000</u>	<u>\$ 280,508</u>	<u>\$ 2,855,508</u>

Year Ending September 30,	2008 Capital Improvement Revenue Note		
	Principal	Interest	Total
2014	\$ 427,000	\$ 121,078	\$ 548,078
2015	441,000	106,584	547,584
2016	455,000	91,622	546,622
2017	471,000	76,159	547,159
2018	486,000	60,179	546,179
2019 - 2021	1,559,000	79,229	1,638,229
Total debt service	<u>\$ 3,839,000</u>	<u>\$ 534,851</u>	<u>\$ 4,373,851</u>

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2014	\$ 15,448	\$ 9,574	\$ 25,022
2015	16,391	8,630	25,021
2016	16,860	8,161	25,021
2017	17,342	7,679	25,021
2018	17,838	7,183	25,021
2019 - 2023	97,142	27,965	125,107
2024 - 2028	111,853	13,257	125,110
2029	24,326	697	25,023
Total debt service	<u>\$ 317,200</u>	<u>\$ 83,146</u>	<u>\$ 400,346</u>

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 6 – LONG TERM LIABILITIES (continued):

The annual debt service requirements for the business-type activities long-term debt as of September 30, 2013 are as follow:

Year Ending September 30,	2012 Refunding Revenue Bond		
	Principal	Interest	Total
2014	140,000	30,069	\$ 170,069
2015	140,000	26,793	166,793
2016	140,000	23,517	163,517
2017	145,000	20,182	165,182
2018	150,000	16,731	166,731
2019 - 2022	640,000	30,303	670,303
Total debt service	<u>\$ 1,355,000</u>	<u>\$ 147,595</u>	<u>\$ 1,502,595</u>

Year Ending September 30,	2006 Capital Improvement Revenue Note		
	Principal	Interest	Total
2014	364,113	\$ 207,605	\$ 571,718
2015	374,528	197,191	571,719
2016	385,240	186,479	571,719
2017	396,259	175,460	571,719
2018	407,591	164,128	571,719
2019 - 2023	2,219,623	638,971	2,858,594
2024 - 2028	2,555,709	302,882	2,858,591
2029	556,197	15,494	571,691
Total debt service	<u>\$ 7,259,260</u>	<u>\$ 1,888,210</u>	<u>\$ 9,147,470</u>

Capital Lease

The City entered into a lease-purchase agreement with the School Board of Pinellas County, Florida for property located at 0 Elm Street, Safety Harbor, which is the site of the former Secondary School that was demolished in 2009. The lease term is fifty (50) years for a purchase price of \$250,000 and requires annual installments of \$5,000 with no annual interest or accrual rate. The City may pay in full any time during the term of the lease the outstanding balance of the lease. The future minimum lease payment as of September 30, 2013 is \$245,000.

NOTE 7 – PENSION PLANS:

A. Florida Retirement System

The City contributes to the Florida Retirement System (the “System”), a cost-sharing multiple employer Public Employees Retirement System (PERS) defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Administration, Division of Retirement, which covers thirty-three percent of all the City’s full-time employees. The System provides retirement and disability benefits, annual cost-of-living adjustments, a health insurance subsidy, and survivor benefits to plan members and beneficiaries, respectively. The System was established in 1970 by Chapter 121, Florida Statutes. Changes to the law can be

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 7 – PENSION PLANS (continued):

made only by an act of the Florida Legislature. Rules governing the operations and administration of the System may be found in Chapter 60S of the Florida Administrative Code. The Florida Retirement System Annual Report is a document printed for members of the Legislature and the public, reflecting the financial operation and condition of the state-administered retirement systems. The publication contains financial statements, actuarial comments, investment information, and statistical data on the System. A copy can be obtained by writing to Division of Retirement, Research and Education Section, PO Box 9000, Tallahassee, Florida 32315-9000 or by calling (888) 738-2252.

Presently, the System requires a 3.00% contribution from covered members in the regular, special risk and senior management classes. The City is required to contribute an actuarially determined rate. The employers current contribution rates, based upon employees' gross earnings, are: regular employees, 6.95%; special risk, 19.06%; and senior management, 18.31%. The contribution requirements of the City are established by and may be amended by the State Legislature. The City's contributions to the System for the fiscal years ending September 30, 2013, 2012 and 2011 were approximately \$320,000, \$297,000, and \$430,000 respectively, equal to the required contributions for each year.

B. Defined Contribution Plan

The City contributes to one defined contribution plan for employees starting after January 1, 1996 (Opt-Out Plan). Plan provisions and contributions are established by City Resolution. The plan is administered by ICMA Retirement Corporation. Plan investments are recorded at fair value. The Opt-Out Plan is fully vested upon completion of five or more years of service. The City contributes 8% of participants' earnings to the 401(a) plan accounts for general employees. Employees are not permitted to contribute to this plan. Employer contributions are recognized in the period that the contributions are due. The City contribution to the 401(a) plan accounts for general employees was \$273,557 for the year ended September 30, 2013. For the City Manager, retirement participation is in a 401(a) plan with the ICMA with a 12.5% City contribution. The total plan contribution for fiscal year 2013 for the City Manager was \$15,862.

C. Firefighters' Pension Plan

Plan Description. 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 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. The report may be obtained by writing the Retirement Plan and Trust for Firefighters of the City of Safety Harbor, 750 Main Street, Safety Harbor, Florida 34695 or calling (727) 724-1555.

Contributions. Plan members are required to contribute 1 percent of their annual covered salary. The City's contribution to the fund is determined by actuarial valuation. The City is required to contribute an amount equal to the minimum required contribution as a percentage of covered payroll. The City's contribution of \$227,079 for 2013 is reflected in the departmental

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 7 – PENSION PLANS (continued):

expenditures section of the General Fund. The State of Florida levies a tax on property, casualty and auto insurance premiums the proceeds of which are distributed to the Plan. In 2013, the State of Florida’s contribution to the retirement trust fund was \$134,298.

Actuarial methods and assumptions. 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, 2012:

	Firefighters' Pension Plan
Actuarial valuation date	10/1/2012
Contribution rates:	
City	Actuarially determined
State	*
Plan members	1%
Annual required contribution	\$ 267,937
Contributions made	\$ 302,114
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	5.20%
Inflation rate (cost-of-living)	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.

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

Projected salary increases are assumed to increase at a rate of 5.20% annually. With respect to plan participants with less than four years of service, compensation is assumed to increase at a higher rate. Compensation for participants with less than one year of service is assumed to increase 8 percent annually, with less than two years but more than one year of service is assumed to increase 7 percent annually, with between two and three years of service is assumed to increase 6 percent annually and for participants with at least three years but less than four years the assumption is a 5.5 percent annual increase.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 7 – 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:

Annual required contribution	\$ 267,937
Interest on net pension obligation	(33,646)
Adjustment to annual required contribution	35,334
Annual pension cost	<u>269,625</u>
Contributions made	(302,114)
Increase in net pension obligation (asset)	<u>(32,489)</u>
Net pension obligation (asset) beginning of the year	(445,031)
Net pension obligation (asset) end of the year	<u><u>\$ (477,520)</u></u>

Three year trend information

Year Ending	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Asset
9/30/2013	\$ 269,625	\$ 302,114	112%	\$ 477,520
9/30/2012	271,000	301,931	111%	445,031
9/30/2011	293,337	300,585	102%	414,100

The funded status of the plan as of October 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
(a)	(b)	(b-a)	(a) / (b)	(c)	((b-a)/c)
\$ 3,563,115	\$ 2,908,691	\$ -	122.50%	\$996,003	0.00%

A schedule of funding progress for this retirement plan is presented as required supplementary information (RSI) following the notes to the financial statements.

NOTE 8 – DEFERRED COMPENSATION PLAN:

The City offers an optional deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to all employees in addition to pension plans. Under the provisions of Internal Revenue Code Section 457, *Deferred Compensation Plans*, and GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the City’s financial statements at September 30, 2013.

CITY OF SAFETY HARBOR, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description and Funding Policy

The City operates a single-employer retiree benefit plan (the “Plan”) that provides certain healthcare related benefits to retirees and certain other employees. The City is required by section 112.0801, Florida Statutes, to allow retirees and certain other former employees to continue to participate in the City’s fully insured plan. These retirees are fully responsible for payment of their insurance premiums, and the City generally does not contribute toward this payment. However, retirees pay for the cost of this benefit at a single, blended premium rate that the City uses for both active employees and retirees. The difference between the amount the retiree is required to pay at the implicitly subsidized premium rates and the actual cost to the City meets the definition of OPEB. The required contribution by the City is based on pay-as-you-go financing requirements. The City has no legal or contractual obligation to make contributions to a qualified trust to fund OPEB. For the year ended September 30, 2013, the City estimated a \$41,000 subsidy of health care costs for its retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution	\$ 120,000
Interest on Net OPEB Obligation	9,000
Adjustment to Annual Required Contribution	(20,000)
Annual OPEB Cost (Expense)	109,000
Contributions Made	(41,000)
Increase in Net OPEB Obligation	68,000
Net OPEB Obligation - Beginning of Year	236,000
Net OPEB Obligation - End of Year	\$ 304,000

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year End	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 109,000	38%	\$ 304,000
9/30/2012	93,000	42%	236,000
9/30/2011	94,000	41%	182,000

Funding Status and Funding Progress

The unfunded actuarial accrued liability for other post employee benefits was \$796,000 and an actuarial value of assets of zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$796,000 as of September 30, 2013. The covered payroll (annual payroll of active employees covered by the plan) was \$6,969,000, and the ratio of the UAAL to the covered payroll was 11.4 percent.

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

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

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

Actuarial Methods and Assumptions

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

The projected unit credit actuarial cost method was used in the actuarial valuation. Other actuarial assumptions included a 4% investment rate of return, with 2.75% of this amount being attributed to inflation. The investment return assumption is based on the expected long-term return on the assets which will be used to provide the OPEB benefits being valued. Since there are no invested assets in this plan (as there is not a benefit trust designated to pay the promised benefits), the actuary analyzes the expected long-term return on the City's surplus funds. The annual healthcare cost rate was 10% initially, grading down to a rate of 5% by fiscal year 2021/22 and later. The City's unfunded actuarial accrued liability is amortized as a level dollar amount on an open basis. The amortization period is 15 years.

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CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 10 – REDEVELOPMENT TRUST FUND

Pursuant to Florida Statute 163.387, the schedule below provides a summary of the sources of deposits into, and the amount and purpose of withdrawals from, the Redevelopment Trust Fund (Community Redevelopment Agency Fund) for the fiscal year ended September 30, 2013.

	Deposits	Withdrawals
Sources of deposits:		
Ad valorem taxes	\$ 105,325	\$ -
Ad valorem taxes from Pinellas County	158,939	-
Parking in lieu of fee	5,175	-
Interest and investment income	(1,618)	-
Purpose of withdrawals:		
Personal services	-	42,483
Brochures	-	545
District fees	-	175
Façade and partnership incentives	-	43,511
Decorative lighting	-	3,244
Streetscaping - benches, trash cans, planter, ballasts	-	696
Public Art Committee	-	15,832
Land lease - CSX	-	434
Mullet Creek Park	-	163,050
Mullet Creek Park playground equipment	-	50,000
Waterfront Park development	-	16,301
2nd Street parking phase II	-	17,817
Museum improvements	-	35,034
Baranoff Park improvements	-	13,163
Totals	\$ 267,821	\$ 402,285

NOTE 11 – RISK MANAGEMENT

The City is a member of Public Risk Management (PRM), a local government liability risk pool. PRM administers insurance activities relating to property, general, automobile and public officials' liability, employees' health and auto physical damage. PRM absorbs losses up to a specified amount annually and purchases excess and other specific coverages from third-party carriers. PRM assesses each member their pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments (premiums) do not produce sufficient funds to meet its obligations, PRM can make additional limited assessments. Losses, if any, in excess of PRM's ability to assess its members would revert back to the member that incurred the loss. No additional assessments were levied by PRM to the City for the fiscal year ended September 30, 2013. The City had no significant reductions in insurance coverage during the fiscal year ended September 30, 2013. In addition, there have been no settlements that exceeded the City's insurance coverage in any of the past three fiscal years.

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

CITY OF SAFETY HARBOR, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 12 – STATE AND FEDERAL GRANT COMMITMENTS

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

NOTE 13 – RESTATEMENT OF PRIOR YEAR NET POSITION

The City adopted GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62), GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) for the fiscal year ending September 30, 2013.

Implementation of GASB 62 did not have any financial reporting impact on the City for fiscal year ended September 30, 2013. Implementation of GASB 63 required the reclassification of Net Assets to Net Position and it also required reclassification of deferred outflows and deferred inflows into new categories called Deferred Outflows of Resources and Deferred Inflows of Resources.

Implementation of GASB 65 recognizes cost of issuance of bonds as an expense, therefore the adoption of this statement resulted in an increase to the cost of issuance expense and a decrease to the unamortized bond issuance costs for fiscal year ended September 30, 2012. The prior year restatement for fiscal year ended September 30, 2012 decreased both the net position and unamortized issuance costs (bond issuance costs) by \$46,842, \$1,386, and \$6,648 in the Water and Wastewater, Sanitation, and Stormwater Funds, respectively, and by \$42,359 in Governmental Activities.

As a result of implementing GASB 65, revenues previously recorded as deferred revenue in governmental funds until both measurable and available are reported as deferred inflows of resources until such time the revenue becomes available and debt refunding amounts previously recorded in enterprise funds are reported as deferred outflows and inflows of resources until fully amortized over the life of the debt.

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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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Property taxes	\$ 3,056,280	\$ 3,056,280	\$ 2,951,352	\$ (104,928)
Utility taxes	2,451,000	2,451,000	2,386,797	(64,203)
Local business tax	150,000	150,000	150,074	74
Local option tax	140,000	140,000	138,063	(1,937)
Franchise fees	1,462,000	1,462,000	1,361,010	(100,990)
Licenses and permits	166,040	166,040	311,272	145,232
Sales tax	890,000	890,000	928,330	38,330
Intergovernmental revenues	1,860,560	1,860,560	1,925,122	64,562
Charges for services	949,870	955,110	994,611	39,501
Fines and forfeitures	102,600	102,600	77,530	(25,070)
Interest income and net appreciation in fair value of investments	233,840	233,840	(29,840)	(263,680)
Other	956,980	967,210	956,685	(10,525)
	<u>12,419,170</u>	<u>12,434,640</u>	<u>12,151,006</u>	<u>(283,634)</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
General Government:				
City Commission	146,339	146,339	136,893	9,446
City Manager	283,440	283,440	278,026	5,414
City Clerk	145,090	145,028	129,168	15,860
Finance	257,380	257,380	235,826	21,554
Personnel	178,280	178,280	166,117	12,163
Planning	283,215	288,455	270,725	17,730
City Attorney	117,500	110,000	98,491	11,509
Nondepartmental	313,185	307,004	265,277	41,727
Maintenance	634,520	634,520	599,277	35,243
Nonoperating	298,040	298,040	298,040	-
	<u>2,656,989</u>	<u>2,648,486</u>	<u>2,477,840</u>	<u>170,646</u>
Total general government				
Public Safety:				
Law enforcement	1,278,610	1,221,974	1,221,973	1
Fire	3,611,733	3,735,316	3,672,859	62,457
Building department	302,965	302,965	288,643	14,322
	<u>5,193,308</u>	<u>5,260,255</u>	<u>5,183,475</u>	<u>76,780</u>
Total public safety				
Physical environment	385,880	406,880	388,422	18,458
Transportation	769,912	766,462	697,550	68,912

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and recreation:				
Library	1,190,493	1,189,293	1,095,553	93,740
Parks and recreation	<u>2,476,703</u>	<u>2,516,638</u>	<u>2,315,987</u>	<u>200,651</u>
Total culture and recreation	<u>3,667,196</u>	<u>3,705,931</u>	<u>3,411,540</u>	<u>294,391</u>
Capital outlay	<u>119,680</u>	<u>114,029</u>	<u>107,587</u>	<u>6,442</u>
Transfers to other funds	<u>69,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>12,861,965</u>	<u>12,902,043</u>	<u>12,266,414</u>	<u>635,629</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(442,795)</u>	<u>(467,403)</u>	<u>(115,408)</u>	<u>351,995</u>
Appropriated fund balance	<u>442,795</u>	<u>467,403</u>	<u>-</u>	<u>(467,403)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (115,408)</u>	<u>\$ (115,408)</u>

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUND – COMMUNITY REDEVELOPMENT AGENCY FUND
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Property taxes	\$ 285,620	\$ 285,620	\$ 264,264	\$ (21,356)
Impact fees	-	-	5,175	5,175
Intergovernmental revenues	-	-	-	-
Interest income and net appreciation in fair value of investments	<u>10,870</u>	<u>10,870</u>	<u>(1,618)</u>	<u>(12,488)</u>
Amounts available for appropriation	<u>296,490</u>	<u>296,490</u>	<u>267,821</u>	<u>(28,669)</u>
Charges to appropriations (outflows):				
General government*	211,190	167,925	106,920	61,005
Capital outlay	<u>383,805</u>	<u>318,437</u>	<u>295,365</u>	<u>23,072</u>
Total charges to appropriations	<u>594,995</u>	<u>486,362</u>	<u>402,285</u>	<u>84,077</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(298,505)</u>	<u>(189,872)</u>	<u>(134,464)</u>	<u>55,408</u>
Appropriated fund balance	<u>298,505</u>	<u>189,872</u>	<u>-</u>	<u>(189,872)</u>
Deficiency of resources under charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (134,464)</u>	<u>\$ (134,464)</u>

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUND – STREET LIGHT ASSESSMENT FUND
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Revenues:				
Assessment	\$ 219,250	\$ 343,057	\$ 312,557	\$ (30,500)
Intergovernmental	-	3,519	-	(3,519)
Interest income and net appreciation in fair value of investments	-	-	(349)	(349)
Transfers in from other funds	69,000	-	-	-
Amounts available for appropriation	<u>288,250</u>	<u>346,576</u>	<u>312,208</u>	<u>(34,368)</u>
Charges to appropriations (outflows):				
Transportation	<u>288,250</u>	<u>346,576</u>	<u>280,910</u>	<u>65,666</u>
Total charges to appropriations	<u>288,250</u>	<u>346,576</u>	<u>280,910</u>	<u>65,666</u>
(Deficiency) excess of resources (under) over charges to appropriations	-	-	31,298	(31,298)
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,298</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,298</u>	<u>\$ -</u>

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' RETIREMENT FUND
YEAR ENDED SEPTEMBER 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability* (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
10/1/2012	\$ 3,563,115	\$ 2,908,691	\$ -	122.50%	\$ 996,003	0.00%
10/1/2011	2,663,464	2,399,722	-	110.99%	907,930	0.00%
10/1/2010	2,353,601	2,151,877	-	109.37%	975,490	0.00%
10/1/2009	1,810,225	1,763,773	-	102.63%	971,356	0.00%
Not applicable	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%
Not applicable	756,431	N/A	N/A	N/A	N/A	N/A
10/1/2005	498,560	498,560	-	100.00%	564,028	0.00%

*After 2006, the AAL has been calculated under the entry age normal cost method.

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF FUNDING CONTRIBUTIONS FROM THE EMPLOYER
 AND OTHER CONTRIBUTING ENTITIES – FIREFIGHTERS’ RETIREMENT FUND
 YEAR ENDED SEPTEMBER 30, 2013

<u>Year ended September 30,</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contribution</u>
2013	\$ 267,937	\$ 227,079	\$ 139,857	113%
2012	269,442	273,018	134,297	112%
2011	291,806	268,096	132,549	103%
2010	305,306	286,033	140,556	104%
2009	237,677	223,299	148,219	108%
2008	237,677	207,244	146,206	101%
2007	191,912	173,502	119,357	100%
2006	182,347	140,391	81,269	100%
2005	87,553	120,365	69,231	100%

See Independent Auditor’s Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS -
 OTHER POST EMPLOYMENT BENEFITS
 YEAR ENDED SEPTEMBER 30, 2013

Fiscal Year End	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 109,000	38%	\$ 304,000
9/30/2012	93,000	42%	236,000
9/30/2011	94,000	41%	182,000

See Independent Auditor's Report.

CITY OF SAFETY HARBOR, FLORIDA
 SCHEDULE OF FUNDING PROGRESS –
 OTHER POST EMPLOYMENT BENEFITS
 SEPTEMBER 30, 2013

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

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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CITY OF SAFETY HARBOR, FLORIDA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>Public Safety</u>	<u>Street Improvement</u>	<u>Street Assessment</u>	<u>Marina Boat Basin</u>	<u>Transportation Impact Fee</u>	<u>Library Impact Fee</u>	<u>Parkland</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
Assets										
Cash and cash equivalents	\$ 8,606	\$ 521,050	\$ 32,113	\$ 271,372	\$ 215,089	\$ 11,490	\$ 682,727	\$ 1,742,447	\$ 141,495	\$ 1,883,942
Receivables, net:										
Accounts receivable	20	1,222	100	3,986	504	-	1,601	7,433	-	7,433
Due from other governments	-	37,405	-	-	-	-	-	37,405	-	37,405
Other assets	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 8,626</u>	<u>\$ 559,677</u>	<u>\$ 32,213</u>	<u>\$ 275,358</u>	<u>\$ 215,593</u>	<u>\$ 11,490</u>	<u>\$ 684,328</u>	<u>\$ 1,787,285</u>	<u>\$ 141,495</u>	<u>\$ 1,928,780</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ -	\$ 13,776	\$ -	\$ 287	\$ 23,892	\$ -	\$ -	\$ 37,955	\$ -	\$ 37,955
Accrued liabilities	-	-	-	568	-	-	-	568	-	568
Customer deposits	-	-	-	4,667	-	-	-	4,667	-	4,667
Deferred revenue	-	-	1,255	-	-	-	-	1,255	-	1,255
Total liabilities	<u>-</u>	<u>13,776</u>	<u>1,255</u>	<u>5,522</u>	<u>23,892</u>	<u>-</u>	<u>-</u>	<u>44,445</u>	<u>-</u>	<u>44,445</u>
Fund Balances										
Restricted for:										
Fire protection	7,058	-	-	-	-	-	-	7,058	-	7,058
Transportation	-	180,311	30,958	-	194,692	-	-	405,961	-	405,961
Library	-	-	-	-	-	11,490	-	11,490	-	11,490
Parks and recreation	-	-	-	-	-	-	368,427	368,427	-	368,427
Debt service	-	-	-	-	-	-	-	-	141,495	141,495
Committed to:										
Physical environment	-	-	-	267,150	-	-	-	267,150	-	267,150
Assigned to:										
Fire protection	1,568	-	-	-	-	-	-	1,568	-	1,568
Physical environment	-	-	-	2,686	-	-	-	2,686	-	2,686
Transportation	-	365,590	-	-	(2,991)	-	-	362,599	-	362,599
Parks and recreation	-	-	-	-	-	-	315,901	315,901	-	315,901
Total fund balances	<u>8,626</u>	<u>545,901</u>	<u>30,958</u>	<u>269,836</u>	<u>191,701</u>	<u>11,490</u>	<u>684,328</u>	<u>1,742,840</u>	<u>141,495</u>	<u>1,884,335</u>
Total liabilities and fund balances	<u>\$ 8,626</u>	<u>\$ 559,677</u>	<u>\$ 32,213</u>	<u>\$ 275,358</u>	<u>\$ 215,593</u>	<u>\$ 11,490</u>	<u>\$ 684,328</u>	<u>\$ 1,787,285</u>	<u>\$ 141,495</u>	<u>\$ 1,928,780</u>

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CITY OF SAFETY HARBOR, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2013

	Public Safety	Street Improvement	Street Assessment	Marina Boat Basin	Transportation Impact Fee	Library Impact Fee	Parkland	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
Revenues:										
Local option taxes	\$ -	\$ 230,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,995	\$ -	\$ 230,995
Impact fees	9,888	-	-	-	25,442	6,511	18,034	59,875	-	59,875
Special assessments	-	-	100	-	-	-	-	100	-	100
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	42,964	-	-	-	42,964	-	42,964
Interest income and net appreciation in fair value of investments	410	(2,875)	-	(1,177)	(3,064)	-	(2,921)	(9,627)	-	(9,627)
Contributions and donations	-	-	-	-	-	-	-	-	-	-
Total revenues	10,298	228,120	100	41,787	22,378	6,511	15,113	324,307	-	324,307
Expenditures:										
Current operating:										
General government	-	-	-	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-	-	-	-	-
Building department	-	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	37,231	-	-	-	37,231	-	37,231
Transportation	-	72,993	-	-	-	-	-	72,993	-	72,993
Library	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	13,525	13,525	-	13,525
Capital outlay	-	100,339	-	3,650	-	-	-	103,989	-	103,989
Debt service	-	-	-	-	-	-	-	-	628,982	628,982
Principal payments	-	-	-	-	-	-	-	-	208,644	208,644
Interest and other fiscal charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	173,332	-	40,881	-	-	13,525	227,738	837,626	1,065,364
Excess (deficiency) of revenues over (under) expenditures	10,298	54,788	100	906	22,378	6,511	1,588	96,569	(837,626)	(741,057)
Other financing sources (uses):										
Transfers in	-	-	-	-	120,800	-	-	120,800	903,040	1,023,840
Transfers out	(80,990)	-	-	-	-	-	-	(80,990)	-	(80,990)
Principal repayment	-	-	-	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(80,990)	-	-	-	120,800	-	-	39,810	903,040	942,850
Net change in fund balances	(70,692)	54,788	100	906	143,178	6,511	1,588	136,379	65,414	201,793
Fund balances, beginning of year	79,318	491,113	30,858	268,930	48,523	4,979	682,740	1,606,461	76,081	1,682,542
Fund balances, end of year	\$ 8,626	\$ 545,901	\$ 30,958	\$ 269,836	\$ 191,701	\$ 11,490	\$ 684,328	\$ 1,742,840	\$ 141,495	\$ 1,884,335

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – PUBLIC SAFETY
 YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual Amount	Variance with Final Budget
	Original	Final	(Budgetary Basis)	
Resources (inflows):				
Impact fees	\$ 2,100	\$ 2,100	\$ 9,888	\$ 7,788
Interest income and net appreciation in fair value of investments	<u>1,670</u>	<u>1,670</u>	<u>410</u>	<u>(1,260)</u>
Amounts available for appropriation	<u>3,770</u>	<u>3,770</u>	<u>10,298</u>	<u>6,528</u>
Charges to appropriations (outflows):				
Transfers to other funds	<u>80,990</u>	<u>80,990</u>	<u>80,990</u>	<u>-</u>
Total charges to appropriations	<u>80,990</u>	<u>80,990</u>	<u>80,990</u>	<u>-</u>
Excess of resources over charges to appropriations	(77,220)	(77,220)	(70,692)	6,528
Appropriated fund balance	<u>77,220</u>	<u>77,220</u>	<u>-</u>	<u>(77,220)</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,692)</u>	<u>\$ (70,692)</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 80,990
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes				<u>80,990</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ -</u>

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – STREET IMPROVEMENT
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Local option taxes	\$ 220,000	\$ 220,000	\$ 230,995	\$ 10,995
Interest income and net appreciation in fair value of investments	13,380	13,380	(2,875)	(16,255)
Amounts available for appropriation	233,380	233,380	228,120	(5,260)
Charges to appropriations (outflows):				
Transportation	235,935	75,450	72,993	2,457
Capital outlay	153,550	126,917	100,339	26,578
Total charges to appropriations	389,485	202,367	173,332	29,035
(Deficiency) excess of resources (under) over charges to appropriations	(156,105)	31,013	54,788	23,775
Appropriated fund balance	156,105	(31,013)	-	31,013
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,788</u>	<u>\$ 54,788</u>

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

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – STREET ASSESSMENT
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Resources (inflows):				
Special assessments	\$ 250	\$ 250	\$ 100	\$ (150)
Amounts available for appropriation	<u>250</u>	<u>250</u>	<u>100</u>	<u>(150)</u>
Charges to appropriations (outflows):				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of resources over charges to appropriations	250	250	100	(150)
Appropriated fund balance	<u>(250)</u>	<u>(250)</u>	<u>-</u>	<u>250</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>

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

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – MARINA BOAT BASIN
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Revenues:				
Charges for services	\$ 51,000	\$ 51,000	\$ 42,964	\$ (8,036)
Interest income and net appreciation in fair value of investments	5,430	5,430	(1,177)	(6,607)
Amounts available for appropriations	56,430	56,430	41,787	(14,643)
Charges to appropriations (outflows):				
Physical environment	47,200	47,200	37,231	9,969
Capital Outlay	5,000	5,000	3,650	1,350
Total charges to appropriations	52,200	52,200	40,881	11,319
Excess of resources over charges to appropriations	4,230	4,230	906	(3,324)
Appropriated fund balance	(4,230)	(4,230)	-	4,230
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 906</u>

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

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – TRANSPORTATION IMPACT FEE
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Resources (inflows):				
Impact fees	\$ 12,400	\$ 12,400	\$ 25,442	\$ 13,042
Interest income and net appreciation in fair value of investments	8,340	8,340	(3,064)	(11,404)
Transfers from other funds	-	120,800	120,800	-
Amounts available for appropriation	<u>20,740</u>	<u>141,540</u>	<u>143,178</u>	<u>1,638</u>
Charges to appropriations (outflows):				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of resources over (under) charges to appropriations	20,740	141,540	143,178	1,638
Appropriated fund balance	<u>(20,740)</u>	<u>(141,540)</u>	<u>-</u>	<u>141,540</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,178</u>	<u>\$ 143,178</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 143,178
Differences - budget to GAAP				
Transfer from other funds are inflows of budgetary resources but are not resources for financial reporting purposes				<u>120,800</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 22,378</u>

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – LIBRARY IMPACT FEE FUND
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	
			<u>(Budgetary</u>	
			<u>Basis)</u>	<u>Final Budget</u>
Resources (inflows):				
Impact fees	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 6,511</u>	<u>\$ 4,211</u>
Amounts available for appropriation	<u>2,300</u>	<u>2,300</u>	<u>6,511</u>	<u>4,211</u>
Charges to appropriations (outflows):				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of resources over (under) charges to appropriations	2,300	2,300	6,511	4,211
Appropriated fund balance	<u>(2,300)</u>	<u>(2,300)</u>	<u>-</u>	<u>2,300</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,511</u>	<u>\$ 6,511</u>

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

CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – PARKLAND FUND
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		Actual Amount	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Final Budget
Resources (inflows):				
Impact fees	\$ 950	\$ 950	\$ 18,034	\$ 17,084
Interest income and net appreciation in fair value of investments	<u>13,030</u>	<u>13,030</u>	<u>(2,921)</u>	<u>(15,951)</u>
Amounts available for appropriations	<u>13,980</u>	<u>13,980</u>	<u>15,113</u>	<u>1,133</u>
Charges to appropriations (outflows) -				
Parks and recreation	25,500	25,500	13,526	11,974
Capital Outlay	<u>20,000</u>	<u>12,450</u>	<u>-</u>	<u>12,450</u>
Total charges to appropriations	<u>45,500</u>	<u>37,950</u>	<u>13,526</u>	<u>24,424</u>
Excess of resources over charges to appropriations	(6,970)	580	15,113	(11,317)
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of resources over charges to appropriations	<u>\$ (6,970)</u>	<u>\$ 580</u>	<u>\$ 15,113</u>	<u>\$ (11,317)</u>
Explanation of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 13,526
Differences - budget to GAAP				
Capital lease payments are outflows of budgetary resources but are not expenditures for financial reporting purposed				<u>5,000</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ 8,526</u>

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE
 YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Revenues:				
Transfers from other funds	\$ 903,040	\$ 903,040	\$ 903,040	\$ -
Amount available for appropriations	<u>903,040</u>	<u>903,040</u>	<u>903,040</u>	<u>-</u>
Charges to appropriations (outflows):				
Principal payments	628,500	628,980	628,982	(2)
Interest and other fiscal charges	<u>207,190</u>	<u>206,710</u>	<u>208,644</u>	<u>(1,934)</u>
Total charges to appropriations	<u>835,690</u>	<u>835,690</u>	<u>837,626</u>	<u>(1,936)</u>
Excess of resources over charges to appropriations	67,350	67,350	65,414	(1,936)
Appropriated fund balance	<u>(67,350)</u>	<u>(67,350)</u>	<u>-</u>	<u>67,350</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,414</u>	<u>\$ 65,414</u>
Explanation of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule				\$ 903,040
Differences - budget to GAAP				
Transfer from other funds are inflows budgetary resources but are not resources for financial reporting purposes				<u>903,040</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances governmental funds				<u>\$ -</u>

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CITY OF SAFETY HARBOR, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUND
 YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Local option taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,429,225	\$ 179,225
Intergovernmental	37,110	37,110	42,210	5,100
Interest income and net appreciation in fair value of investments	32,470	32,470	(3,203)	(35,673)
Transfers in from other funds	80,990	80,990	80,990	-
Amounts available for appropriation	<u>1,400,570</u>	<u>1,400,570</u>	<u>1,549,222</u>	<u>148,652</u>
Charges to appropriations (outflows):				
Capital outlay	1,470,857	1,258,759	915,793	342,966
Transfers to other funds	903,040	903,040	903,040	-
Total charges to appropriations	<u>2,373,897</u>	<u>2,161,799</u>	<u>1,818,833</u>	<u>342,966</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>(973,327)</u>	<u>(761,229)</u>	<u>(269,611)</u>	<u>(491,618)</u>
Appropriated fund balance	<u>973,327</u>	<u>761,229</u>	<u>-</u>	<u>(761,229)</u>
Excess (deficiency) of resources over (under) charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (269,611)</u>	<u>\$ 269,611</u>
Expansion of differences between budgetary inflows and GAAP revenues:				
Actual amounts (budgetary basis) available for appropriation per the budgetary comparison schedule				\$ 1,549,222
Differences - budget to GAAP				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes				<u>80,990</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances of governmental funds				<u>\$ 1,468,232</u>
Expansion of differences between budgetary outflows and GAAP expenditures:				
Actual amounts (budgetary basis) charges to appropriations per the budgetary comparison schedule				\$ 1,818,833
Differences - budget to GAAP				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes				<u>903,040</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances of governmental funds				<u>\$ 915,793</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, 2013

	Actual Amounts				Total Amounts	Variance Favorable (Unfavorable)
	Fire Budget	City Amounts	Fire District Amounts	EMS Amounts		
Revenue:						
Municipality - City of						
Safety Harbor	\$ 2,634,506	\$ 2,542,396	\$ -	\$ -	\$ 2,542,396	\$ (92,110)
Intergovernmental	37,110	-	-	42,210	42,210	5,100
Local option tax	886,291	886,291	-	-	886,291	-
EMS District funds	820,810	-	-	820,811	820,811	1
Safety Harbor Fire District	140,000	-	161,938	-	161,938	21,938
Total revenues	<u>4,518,717</u>	<u>3,428,687</u>	<u>161,938</u>	<u>863,021</u>	<u>4,453,646</u>	<u>(65,071)</u>
Expenditures:						
Personnel services	3,318,860	2,400,222	161,938	710,702	3,272,862	45,998
Contractual/other services	314,833	242,612	-	64,890	307,502	7,331
Materials and supplies	101,623	38,490	-	54,005	92,495	9,128
Capital outlay	783,401	738,577	-	42,210	780,787	2,614
Total expenditures	<u>4,518,717</u>	<u>3,419,901</u>	<u>161,938</u>	<u>871,807</u>	<u>4,453,646</u>	<u>65,071</u>
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ 8,786</u>	<u>\$ -</u>	<u>\$ (8,786)</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL AND BUDGET
LIBRARY SUB-FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	<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	\$ 974,343	\$ 928,152	\$ -	\$ 928,152	\$ (46,191)
Library impact fees	2,300	6,511	-	6,511	4,211
Intergovernmental	270,420	-	222,441	222,441	(47,979)
Chrissie Shull Elmore Trust	20,000	19,088	-	19,088	(912)
Other	12,430	7,117	-	7,117	(5,313)
Total revenues	<u>1,279,493</u>	<u>960,868</u>	<u>222,441</u>	<u>1,183,309</u>	<u>(96,184)</u>
Expenditures:					
Personnel services	794,630	597,414	149,353	746,767	47,863
Contractual/other services	365,483	327,358	-	327,358	38,125
Materials and supplies	29,180	21,428	-	21,428	7,752
Capital outlay	90,200	14,668	73,088	87,756	2,444
Total expenditures	<u>1,279,493</u>	<u>960,868</u>	<u>222,441</u>	<u>1,183,309</u>	<u>96,184</u>
Excess of revenues over expenditures before operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
WATER AND SEWER FUND
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 7,989,540	\$ 8,059,551	\$ 70,011
Other	631,800	667,929	36,129
Total operating revenue	<u>8,621,340</u>	<u>8,727,480</u>	<u>106,140</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	1,900,960	1,785,749	115,211
Materials and supplies	398,072	343,778	54,294
Contractual and other services	4,454,735	4,394,014	60,721
Capital outlay	<u>2,182,034</u>	<u>1,033,683</u>	<u>1,148,351</u>
Total operating expenses	<u>8,935,801</u>	<u>7,557,224</u>	<u>1,378,577</u>
Operating income (loss)	<u>(314,461)</u>	<u>1,170,256</u>	<u>1,484,717</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	239,870	(43,308)	(283,178)
Interest expense	(194,070)	(205,102)	(11,032)
Loss on sale of capital assets	4,500	(4,108)	(8,608)
Debt service principal retirement	<u>(408,039)</u>	<u>(408,039)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(357,739)</u>	<u>(660,557)</u>	<u>(302,818)</u>
Income (loss) before appropriated net assets	(672,200)	509,699	1,181,899
Appropriated net assets	<u>672,200</u>	<u>-</u>	<u>(672,200)</u>
Changes in net assets	<u>\$ -</u>	509,699	<u>\$ 509,699</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net assets - proprietary funds			
Depreciation and amortization		(1,033,683)	
Capital outlay		1,033,683	
Debt service principal repayment		<u>408,039</u>	
Change in net assets GAAP basis		<u>\$ 917,738</u>	

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
SOLID WASTE FUND
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 2,868,500	\$ 2,847,160	\$ (21,340)
Other	105,000	53,612	(51,388)
Total operating revenues	<u>2,973,500</u>	<u>2,900,772</u>	<u>(72,728)</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	1,201,220	1,155,291	45,929
Materials and supplies	320,039	302,170	17,869
Contractual and other services	912,360	834,517	77,843
Capital outlay	944,996	922,674	22,322
Total operating expenses	<u>3,378,615</u>	<u>3,214,652</u>	<u>163,963</u>
Operating income (loss)	<u>(405,115)</u>	<u>(313,880)</u>	<u>91,235</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	33,810	(4,100)	(37,910)
Interest expense	(20,030)	(19,748)	282
Intergovernmental	13,470	12,959	(511)
Debt service principal retirement	32,790	32,788	(2)
Total nonoperating revenues (expenses)	<u>60,040</u>	<u>21,899</u>	<u>(38,141)</u>
Income (loss) before appropriated net assets	(345,075)	(291,981)	53,094
Appropriated net assets	<u>345,075</u>	<u>-</u>	<u>(345,075)</u>
Changes in net position	<u>\$ -</u>	(291,981)	<u>\$ (291,981)</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(325,982)	
Capital outlay		922,674	
Debt service principal repayment		<u>(32,788)</u>	
Change in net position GAAP basis		<u>\$ 271,923</u>	

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA
SCHEDULE OF OPERATIONS – ACTUAL AND BUDGET
STORMWATER FUND
YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>	<u>Budgetary Basis Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 971,500	\$ 993,034	\$ 21,534
Other	-	497	497
Total operating revenue	<u>971,500</u>	<u>993,531</u>	<u>22,031</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	311,200	300,447	10,753
Materials and supplies	49,783	59,362	(9,579)
Contractual and other services	219,966	197,877	22,089
Capital outlay	<u>1,011,085</u>	<u>923,672</u>	<u>87,413</u>
Total operating expenses	<u>1,592,034</u>	<u>1,481,358</u>	<u>110,676</u>
Operating income (loss)	<u>(620,534)</u>	<u>(487,827)</u>	<u>132,707</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income and net appreciation			
in fair value of investments	27,610	(923)	(28,533)
Interest expense	(37,980)	(37,357)	623
Intergovernmental	363,120	413,289	50,169
Gain on sale of capital assets	-	2,317	2,317
Debt service principal retirement	<u>(57,770)</u>	<u>(57,761)</u>	<u>9</u>
Total nonoperating revenues (expenses)	<u>294,980</u>	<u>319,565</u>	<u>24,585</u>
Income (loss) before appropriated net assets	(325,554)	(168,262)	157,292
Appropriated net assets	<u>325,554</u>	-	<u>(325,554)</u>
Changes in net position	<u>\$ -</u>	(168,262)	<u>\$ (168,262)</u>
Adjustments to reconcile to combining statement of revenues, expenses, and changes in net position - proprietary funds			
Depreciation and amortization		(232,976)	
Capital outlay		923,672	
Debt service principal repayment		<u>57,761</u>	
Change in net position GAAP basis		<u>\$ 580,195</u>	

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CITY OF SAFETY HARBOR, FLORIDA
RECONCILIATION OF TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUNDS TO
TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2013

	Total Governmental Funds	Assets and Long- term Liabilities	Statement of Net Assets
Assets			
Equity in pooled cash and investments	\$ 12,196,957	\$ -	\$ 12,196,957
Receivables, net:			
Accounts receivable	418,032	-	418,032
Due from other governments	611,764	-	611,764
Due from other funds - stormwater	72,000	-	72,000
Inventories	78,308	-	78,308
Prepaid items	2,333	-	2,333
Capital assets:			
Nondepreciable	-	6,747,367	6,747,367
Depreciable, net of accumulated depreciation	-	18,110,967	18,110,967
Pension asset	-	477,520	477,520
Total assets	\$ 13,379,394	\$ 25,335,854	\$ 38,715,248
Liabilities			
Liabilities:			
Accounts payable	174,208	-	174,208
Accrued liabilities	306,937	-	306,937
Customer deposits	9,170	-	9,170
Unearned revenue	1,039,749	-	1,039,749
Long-term obligations	-	7,996,014	7,996,014
Total liabilities	1,530,064	7,996,014	9,526,078
Fund Balances			
Invested in capital assets, net of related debt	-	18,127,134	18,127,134
Nonspendable:			
Inventories and prepaid amounts	34,784	-	34,784
Restricted for:			
General government	239,724	-	239,724
Fire protection	7,058	-	7,058
Physical environment	-	-	-
Transportation	437,259	-	437,259
Library	11,490	-	11,490
Parks and recreation	368,427	-	368,427
Debt service	141,495	-	141,495
Capital projects	1,331,319	-	1,331,319
Committed to:			
Emergency/disaster relief stabilization	2,580,409	-	2,580,409
Physical environment	267,150	-	267,150
Assigned to:			
General government	41,594	-	41,594
Fire protection	1,568	-	1,568
Physical environment	2,686	-	2,686
Transportation	362,599	-	362,599
Parks and recreation	315,901	-	315,901
Other	68,270	-	68,270
Unassigned:	5,637,597	(787,294)	4,850,303
Total fund balances	11,849,330	17,339,840	29,189,170
Total liabilities and fund balances	\$ 13,379,394	\$ 25,335,854	\$ 38,715,248

See Independent Auditor's Report

CITY OF SAFETY HARBOR, FLORIDA
RECONCILIATION OF NET CHANGE IN FUND BALANCES
FOR THE GOVERNMENTAL FUNDS TO CHANGES IN NET POSITION
FOR GOVERNMENTAL ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013

	Total Governmental Funds	Depreciation	Capital Outlay	Change in Pension Asset	Long-term Debt	Reclasses and Eliminations	Statement of Activities Total
REVENUES							
Property taxes	\$ 3,215,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,215,616
Utility taxes	2,386,797	-	-	-	-	-	2,386,797
Local business taxes	150,074	-	-	-	-	-	150,074
Local option taxes	1,798,283	-	-	-	-	-	1,798,283
Franchise fees	1,361,010	-	-	-	-	-	1,361,010
Licenses and permits	311,272	-	-	-	-	-	311,272
Impact fees	59,875	-	-	-	-	-	59,875
Special assessments	312,657	-	-	-	-	-	312,657
Sales tax	928,330	-	-	-	-	-	928,330
Intergovernmental	1,967,332	-	-	-	-	-	1,967,332
Charges for services	1,037,575	-	-	-	-	-	1,037,575
Fines and forfeitures	77,530	-	-	-	-	-	77,530
Interest income and net appreciation in fair value of investments	(44,637)	-	-	-	-	-	(44,637)
Other	961,860	-	-	-	-	-	961,860
Total revenues	<u>14,523,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,523,574</u>
EXPENDITURES							
Current operating:							
General government	2,584,760	343,646	-	-	3,373	-	2,931,779
Law enforcement	1,221,973	2,518	-	-	-	-	1,224,491
Fire protection	3,672,859	149,399	-	(32,489)	(1,724)	-	3,788,045
Building department	288,643	-	-	-	2,261	-	290,904
Physical environment	425,653	6,861	3,650	-	(30,742)	-	405,422
Transportation	1,051,453	529,097	16,867	-	(8,454)	-	1,588,963
Library	1,095,553	371,319	-	-	257	-	1,467,129
Parks and recreation	2,329,512	441,441	14,644	-	1,358	-	2,786,955
Capital outlay	1,422,734	-	(1,387,573)	-	-	(35,161)	-
Debt service							
Principal payments	628,982	-	-	-	(628,982)	-	-
Interest and other fiscal charges	208,644	-	-	-	-	-	208,644
Total expenditures	<u>14,930,766</u>	<u>1,844,281</u>	<u>(1,352,412)</u>	<u>(32,489)</u>	<u>(662,653)</u>	<u>(35,161)</u>	<u>14,692,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(407,192)</u>	<u>(1,844,281)</u>	<u>1,352,412</u>	<u>32,489</u>	<u>662,653</u>	<u>35,161</u>	<u>(168,758)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,104,830	-	-	-	-	-	1,104,830
Transfers out	(984,030)	-	-	-	-	-	(984,030)
Total other financing sources (uses)	<u>120,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,800</u>
Net change in fund balances	<u>\$ (286,392)</u>	<u>\$ (1,844,281)</u>	<u>\$ 1,352,412</u>	<u>\$ 32,489</u>	<u>\$ 662,653</u>	<u>\$ 35,161</u>	<u>\$ (47,958)</u>

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STATISTICAL SECTION

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City of Safety Harbor, Florida
STATISTICAL SECTION

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

Contents

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

City of Safety Harbor, Florida
STATISTICAL SECTION

Demographic and Economic Information

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

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

Operating Information

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

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

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

SCHEDULE 1

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

	Fiscal Year								
	2013	2012*	2011	2010	2009	2008	2007	2006	2005
Governmental Activities									
Invested in capital assets, net of related debt	\$ 18,127,134	\$ 17,747,220	\$ 17,815,778	\$ 18,018,704	\$ 19,665,284	\$ 17,632,941	\$ 21,125,097	\$ 17,924,729	\$ 16,738,559
Restricted	6,211,733	6,703,478	8,618,746	3,811,514	3,318,189	2,594,159	1,184,718	1,574,248	1,420,295
Unrestricted	4,850,303	4,828,789	4,700,754	9,994,707	13,615,753	17,118,139	14,179,092	16,001,033	15,196,276
Total governmental activities net position	<u>\$ 29,189,170</u>	<u>\$ 29,279,487</u>	<u>\$ 31,135,278</u>	<u>\$ 31,824,925</u>	<u>\$ 36,599,226</u>	<u>\$ 37,345,239</u>	<u>\$ 36,488,907</u>	<u>\$ 35,500,010</u>	<u>\$ 33,355,130</u>
Business-type Activities									
Invested in capital assets, net of related debt	\$ 18,413,858	\$ 16,597,580	\$ 13,561,385	\$ 12,760,978	\$ 9,965,349	\$ 11,937,820	\$ 11,736,926	\$ 13,227,123	\$ 12,819,967
Restricted	6,854,934	6,065,933	5,249,420	4,832,069	3,984,661	1,802,944	2,327,691	1,677,869	2,145,621
Unrestricted	7,456,566	8,467,665	8,668,700	7,469,063	5,274,983	4,559,472	3,748,015	3,077,758	3,908,785
Total business-type activities net position	<u>\$ 32,725,358</u>	<u>\$ 31,131,178</u>	<u>\$ 27,479,505</u>	<u>\$ 25,062,110</u>	<u>\$ 19,224,993</u>	<u>\$ 18,300,236</u>	<u>\$ 17,812,632</u>	<u>\$ 17,982,750</u>	<u>\$ 18,874,373</u>
Primary Government									
Invested in capital assets, net of related debt	\$ 36,540,992	\$ 34,344,800	\$ 31,377,163	\$ 30,779,682	\$ 29,630,633	\$ 29,570,761	\$ 32,862,023	\$ 31,151,852	\$ 29,558,526
Restricted	13,066,667	12,769,411	13,868,166	8,643,583	7,302,850	4,397,103	3,512,409	3,252,117	3,565,916
Unrestricted	12,306,869	13,296,454	13,369,454	17,463,770	18,890,736	21,677,611	17,927,107	19,078,791	19,105,061
Total primary government net position	<u>\$ 61,914,528</u>	<u>\$ 60,410,665</u>	<u>\$ 58,614,783</u>	<u>\$ 56,887,035</u>	<u>\$ 55,824,219</u>	<u>\$ 55,645,475</u>	<u>\$ 54,301,539</u>	<u>\$ 53,482,760</u>	<u>\$ 52,229,503</u>

*Restated

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

SCHEDULE 2

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

Page 1 of 2

	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses									
Governmental activities:									
General government	\$ 2,931,779	\$ 3,139,084	\$ 3,219,077	\$ 3,474,937	\$ 3,307,998	\$ 3,830,166	\$ 3,447,422	\$ 2,959,689	\$ 2,656,709
Law enforcement	1,224,491	1,268,788	1,266,876	1,231,263	1,336,447	1,278,181	1,209,614	1,130,054	1,010,907
Fire protection	3,788,045	3,724,329	3,843,029	3,814,874	4,082,474	3,935,680	3,591,781	3,072,479	2,903,403
Building department	290,904	296,574	300,126	305,251	293,109	305,203	276,335	256,155	240,855
Physical environment	405,422	414,406	483,956	1,347,914	1,289,878	1,269,798	1,294,981	1,202,864	2,162,943
Transportation	1,588,963	2,009,562	1,858,826	2,152,048	2,283,184	2,180,589	1,721,927	1,198,203	1,219,261
Library	1,467,129	1,528,418	1,560,737	1,514,773	1,670,642	1,361,946	1,165,872	1,003,278	964,798
Parks and recreation	2,786,955	2,737,957	2,663,696	2,585,030	2,611,334	2,417,586	2,433,918	2,064,743	1,860,585
Interest and other fiscal charges on long-term debt	208,644	183,650	176,977	237,267	103,790	96,730	401	10,725	20,938
Total governmental activities expenses	14,692,332	15,302,768	15,373,300	16,663,357	16,978,856	16,675,879	15,142,251	12,898,190	13,040,399
Business-type activities:									
Water and wastewater	7,762,326	7,080,853	7,301,156	7,368,967	7,975,242	7,835,184	7,445,253	6,962,043	6,251,307
Solid waste	2,637,708	2,662,998	2,623,957	2,613,310	2,760,181	2,866,134	2,413,274	2,154,910	2,127,022
Stormwater	828,019	818,113	814,809	-	-	-	-	-	-
Total business-type activities expenses	11,228,053	10,561,964	10,739,922	9,982,277	10,735,423	10,701,318	9,858,527	9,116,953	8,378,329
Total primary government expenses	\$ 25,920,385	\$ 25,864,732	\$ 26,113,222	\$ 26,645,634	\$ 27,714,279	\$ 27,377,197	\$ 25,000,778	\$ 22,015,143	\$ 21,418,728
Program Revenues (see Schedule 3)									
Governmental activities:									
Charges for services:									
General government	\$ 129,579	\$ 90,475	\$ 75,110	\$ 46,854	\$ 132,810	\$ 68,943	\$ 46,809	\$ 50,823	\$ 44,880
Law enforcement	45,377	77,056	90,658	68,287	94,095	122,118	82,640	77,993	60,229
Fire protection	23,376	6,845	6,890	1,083	-	-	-	-	-
Building department	311,272	169,407	150,485	121,847	113,716	109,987	114,489	126,401	113,989
Physical environment	42,964	49,913	51,235	508,932	591,432	546,650	500,576	6,841	1,396
Transportation	343,274	40,550	9,624	20,834	8,083	22,243	33,557	21,852	23,288
Library	49,077	47,223	55,745	45,613	31,888	47,977	24,270	27,863	27,417
Parks and recreation	859,165	743,694	736,353	692,506	566,799	535,831	595,991	633,054	490,732
Operating grants and contributions	1,452,065	1,234,112	1,294,887	1,269,902	1,508,338	256,837	17,116	511,503	1,405,141
Capital grants and contributions	42,210	166,567	31,067	194,540	11,000	400,126	950,484	75,000	423,240
Total governmental activities program revenues	3,298,359	2,625,842	2,502,054	2,970,398	3,058,161	2,110,712	2,365,932	1,531,330	2,590,312
Business-type activities:									
Charges for services:									
Water and wastewater	8,059,551	7,952,369	8,233,441	8,081,185	7,877,674	7,078,269	6,451,147	5,949,010	5,314,876
Solid waste	2,847,160	2,797,521	2,871,451	2,782,138	2,695,636	2,467,341	2,281,782	1,916,238	1,801,652
Stormwater	993,034	661,809	667,967	-	-	-	-	-	-
Operating grants and contributions	12,959	13,067	13,457	13,439	13,439	-	-	-	-
Capital grants and contributions	413,289	1,057,627	240,675	-	-	-	-	-	-
Total business-type activities program revenues	12,325,993	12,482,393	12,026,991	10,876,762	10,586,749	9,545,610	8,732,929	7,865,248	7,116,528
Total primary government program revenues	\$ 15,624,352	\$ 15,108,235	\$ 14,529,045	\$ 13,847,160	\$ 13,644,910	\$ 11,656,322	\$ 11,098,861	\$ 9,396,578	\$ 9,706,840

SCHEDULE 2

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

	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue									
Governmental activities	\$ (11,393,973)	\$ (12,676,926)	\$ (12,871,246)	\$ (13,692,959)	\$ (13,920,695)	\$ (14,565,167)	\$ (12,776,319)	\$ (11,366,860)	\$ (10,450,087)
Business-type activities	1,097,940	1,920,429	1,287,069	894,485	(148,674)	(1,155,708)	(1,125,598)	(1,251,705)	(1,261,801)
Total primary government net expense	<u>\$ (10,296,033)</u>	<u>\$ (10,756,497)</u>	<u>\$ (11,584,177)</u>	<u>\$ (12,798,474)</u>	<u>\$ (14,069,369)</u>	<u>\$ (15,720,875)</u>	<u>\$ (13,901,917)</u>	<u>\$ (12,618,565)</u>	<u>\$ (11,711,888)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 3,215,616	\$ 3,267,040	\$ 3,454,605	\$ 3,493,007	\$ 3,543,283	\$ 3,534,380	\$ 3,585,742	\$ 3,155,726	\$ 2,774,932
Utility taxes	2,386,797	2,473,714	2,427,378	2,624,901	2,591,091	2,402,197	2,439,157	2,343,568	2,198,950
Local business tax	150,074	154,396	146,230	144,522	143,032	142,447	158,996	133,289	145,978
Local option tax	1,798,283	1,721,958	1,632,711	1,506,577	1,587,588	1,787,124	1,757,699	1,928,297	1,682,567
Franchise fees	1,361,010	1,435,731	1,463,744	1,629,370	1,570,352	1,453,539	1,454,358	1,472,988	1,211,370
Sales tax	928,330	889,029	874,854	847,342	857,009	941,432	1,003,087	1,045,660	989,314
Intergovernmental	494,362	469,506	472,827	468,225	404,719	1,793,785	1,460,577	1,376,761	421,540
Interest income and net appreciation in fair value of investments	(44,637)	198,116	507,216	844,977	835,294	1,113,049	716,601	709,644	316,550
Other	916,748	1,018,166	1,202,034	1,122,522	1,907,942	1,354,046	1,456,702	1,345,807	1,247,640
Gain on sale of capital assets	18,632	-	-	6,992	-	-	-	-	-
Expense allocation business-type activities	-	-	-	-	-	-	-	-	953,975
Transfers	120,800	(806,520)	-	-	-	-	-	-	-
Total governmental activities	<u>11,346,015</u>	<u>10,821,136</u>	<u>12,181,599</u>	<u>12,688,435</u>	<u>13,440,310</u>	<u>14,521,999</u>	<u>14,032,919</u>	<u>13,511,740</u>	<u>11,942,816</u>
Business-type activities:									
Franchise fees	-	-	-	29,928	38,290	-	-	-	-
Interest income and net appreciation in fair value of investments	(48,331)	209,919	438,080	475,634	361,878	354,785	251,076	217,395	158,708
Other	722,038	696,670	680,091	657,841	673,263	1,139,362	949,217	142,687	72,888
Gain on sale of capital assets	(1,791)	18,135	12,155	9,455	-	-	-	-	-
Transfers	(120,800)	806,520	-	-	-	-	-	-	-
Total business-type activities	<u>551,116</u>	<u>1,731,244</u>	<u>1,130,326</u>	<u>1,172,858</u>	<u>1,073,431</u>	<u>1,494,147</u>	<u>1,200,293</u>	<u>360,082</u>	<u>231,596</u>
Total primary government	<u>\$ 11,897,131</u>	<u>\$ 12,552,380</u>	<u>\$ 13,311,925</u>	<u>\$ 13,861,293</u>	<u>\$ 14,513,741</u>	<u>\$ 16,016,146</u>	<u>\$ 15,233,212</u>	<u>\$ 13,871,822</u>	<u>\$ 12,174,412</u>
Change in Net Position									
Governmental activities	\$ (47,958)	\$ (1,855,790)	\$ (689,647)	\$ (1,004,524)	\$ (480,385)	\$ (43,168)	\$ 1,256,600	\$ 2,144,880	\$ 1,492,729
Business-type activities	1,649,056	3,651,673	2,417,395	2,067,343	924,757	338,439	74,695	(891,623)	(1,030,205)
Total primary government	<u>\$ 1,601,098</u>	<u>\$ 1,795,883</u>	<u>\$ 1,727,748</u>	<u>\$ 1,062,819</u>	<u>\$ 444,372</u>	<u>\$ 295,271</u>	<u>\$ 1,331,295</u>	<u>\$ 1,253,257</u>	<u>\$ 462,524</u>

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

SCHEDULE 3

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

Function/Program	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:									
General government	\$ 129,579	\$ 240,475	\$ 75,110	\$ 61,854	\$ 197,786	\$ 68,943	\$ 205,805	\$ 184,112	\$ 190,858
Law enforcement	45,377	77,056	94,936	72,302	95,095	125,885	82,640	77,993	60,229
Fire protection	1,277,703	1,013,478	1,062,292	991,055	1,104,730	-	-	-	163,845
Building department	311,272	169,407	150,485	266,369	256,748	252,434	114,489	126,401	113,989
Physical environment	42,964	49,913	51,235	699,457	591,432	894,454	1,468,176	593,344	1,665,932
Transportation	348,022	46,986	9,624	20,834	8,083	73,390	33,557	21,852	23,288
Library	284,277	278,199	293,653	310,543	378,583	302,222	24,270	27,863	27,417
Parks and recreation	859,165	750,328	764,719	692,506	568,736	535,831	595,991	633,054	490,732
Total governmental activities program revenues	3,298,359	2,625,842	2,502,054	3,114,920	3,201,193	2,253,159	2,524,928	1,664,619	2,736,290
Business-type activities:									
Water and wastewater	8,059,551	7,952,369	8,233,441	8,081,185	7,877,674	7,078,269	6,451,147	5,949,010	5,314,876
Solid waste	2,860,119	2,810,588	2,884,908	2,795,577	2,709,075	2,467,341	2,281,782	1,916,238	1,801,652
Stormwater	1,406,323	1,719,436	908,642	-	-	-	-	-	-
Total business-type activities program revenues	12,325,993	12,482,393	12,026,991	10,876,762	10,586,749	9,545,610	8,732,929	7,865,248	7,116,528
Total primary government program revenues	\$ 15,624,352	\$ 15,108,235	\$ 14,529,045	\$ 13,991,682	\$ 13,787,942	\$ 11,798,769	\$ 11,257,857	\$ 9,529,867	\$ 9,852,818

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

SCHEDULE 4

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

	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund									
Reserved	\$ 2,541,936	\$ 2,606,544	\$ 2,886,389	\$ 282,576	\$ 167,223	\$ 260,271	\$ 124,501	\$ 99,234	\$ 93,302
Unreserved	8,404,016	5,829,922	6,081,005	8,515,866	9,051,391	8,498,484	8,721,789	9,335,644	8,984,191
Nonspendable	\$ 34,784	\$ 33,461	\$ 193,576	-	-	-	-	-	-
Restricted	-	-	22,755	-	-	-	-	-	-
Committed	2,580,409	2,573,083	2,670,058	-	-	-	-	-	-
Assigned	68,270	397,680	833,730	-	-	-	-	-	-
Unassigned	5,637,597	5,432,242	5,247,275	-	-	-	-	-	-
Total general fund	<u>\$ 8,321,060</u>	<u>\$ 8,436,466</u>	<u>\$ 8,967,394</u>	<u>\$ 8,798,442</u>	<u>\$ 9,218,614</u>	<u>\$ 8,758,755</u>	<u>\$ 8,846,290</u>	<u>\$ 9,434,878</u>	<u>\$ 9,077,493</u>
All Other Governmental Funds									
Reserved	\$ 2,661,244	\$ 3,699,254	\$ 4,229,317	\$ 3,528,938	\$ 4,733,095	\$ 8,510,572	\$ 6,532,749	\$ 7,536,906	\$ 6,202,858
Unreserved, reported in:									
Special revenue funds	-	-	669,310	3,859,731	3,558,003	2,758,876	238,219	738,672	1,566,990
Restricted	\$ 2,536,772	\$ 2,700,566	\$ 4,229,317	-	-	-	-	-	-
Committed	267,150	265,067	231,984	-	-	-	-	-	-
Assigned	724,348	733,621	437,326	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,528,270</u>	<u>\$ 3,699,254</u>	<u>\$ 4,898,627</u>	<u>\$ 7,388,669</u>	<u>\$ 8,291,098</u>	<u>\$ 11,269,448</u>	<u>\$ 6,770,968</u>	<u>\$ 8,275,578</u>	<u>\$ 7,769,848</u>

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

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

SCHEDULE 5

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

	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues									
Property taxes	\$ 3,215,616	\$ 3,267,040	\$ 3,454,605	\$ 3,493,007	\$ 3,543,283	\$ 3,534,380	\$ 3,585,742	\$ 3,155,726	\$ 2,774,932
Utility taxes	2,386,797	2,473,714	2,427,378	2,624,901	2,591,091	2,402,197	2,439,157	2,343,568	2,198,950
Local business tax	150,074	154,396	146,230	144,522	143,032	142,447	158,996	133,289	145,978
Local option tax	1,798,283	1,721,958	1,632,711	1,506,577	1,587,588	1,787,124	1,757,699	1,928,297	1,682,566
Franchise fees	1,361,010	1,435,731	1,463,744	1,629,370	1,570,352	1,453,539	1,454,358	1,472,988	1,211,370
Licenses and permits	311,272	169,407	150,485	121,847	113,716	109,987	114,489	126,401	113,989
Impact fees	59,875	43,729	5,738	6,988	11,702	27,496	47,407	111,145	57,238
Special assessments	312,657	10,696	991	468,479	540,663	498,033	500,635	511,503	513,903
Sales tax	928,330	889,029	874,854	847,342	857,009	941,432	1,003,087	1,045,660	989,314
Intergovernmental	1,967,332	1,850,861	1,779,621	1,932,667	1,861,572	2,450,747	2,837,597	1,865,976	3,046,495
Charges for services	1,037,575	860,674	885,181	879,969	652,757	628,977	640,640	616,952	516,879
Fines and forfeitures	77,530	140,659	127,865	28,673	92,570	189,258	95,895	90,541	73,827
Interest income and net appreciation in fair value of investments	(44,637)	198,116	507,216	844,977	835,294	1,113,050	716,602	709,643	316,550
Contributions and donations	-	-	25,000	-	-	-	-	-	-
Other	961,860	1,037,488	1,202,034	1,122,522	2,097,842	1,354,046	1,046,549	931,382	891,137
Total revenues	14,523,574	14,253,498	14,683,653	15,651,841	16,498,471	16,632,713	16,398,853	15,043,071	14,533,128
Expenditures									
General government	2,584,760	2,798,564	2,969,719	3,223,596	3,307,998	3,102,319	3,178,784	2,847,137	2,521,200
Law enforcement	1,221,973	1,264,935	1,260,120	1,228,769	1,336,447	1,277,100	1,208,207	1,122,791	999,273
Fire protection	3,672,859	3,566,685	3,673,446	3,615,892	4,082,474	3,679,384	3,318,354	2,883,327	2,708,977
Building department	288,643	293,273	295,895	300,581	293,109	295,879	268,376	242,518	230,699
Physical environment	425,653	403,240	484,875	1,219,847	1,289,878	1,184,793	973,168	1,151,621	2,099,223
Transportation	1,051,453	1,466,218	1,327,636	1,652,066	2,283,184	1,732,432	1,375,531	926,335	970,809
Library	1,095,553	1,157,376	1,190,494	1,163,288	1,670,642	1,186,319	1,027,308	873,826	821,902
Parks and recreation	2,329,512	2,287,102	2,210,288	2,158,588	2,611,334	2,045,159	1,955,310	1,735,908	1,557,120
Capital outlay	1,422,734	4,096,731	1,183,334	1,716,128	4,182,276	5,213,631	4,918,909	2,165,768	2,313,535
Debt service									
Principal retirement	628,982	414,062	401,643	467,878	-	-	-	220,000	215,000
Principal repayment	-	-	-	-	(25,431)	-	-	-	-
Interest and other fiscal charges	208,644	179,572	174,431	234,801	103,790	96,730	401	10,725	20,938
Debt issuance costs	-	-	-	-	-	-	-	10,200	-
Total expenditures	14,930,766	17,927,758	15,171,881	16,981,434	21,135,701	19,813,746	18,224,348	14,190,156	14,458,676
Excess (deficiency) of revenues over (under) expenditures	(407,192)	(3,674,260)	(488,228)	(1,329,593)	(4,637,230)	(3,181,033)	(1,825,495)	852,915	74,452
Other Financing Sources (Uses)									
Transfers in	1,104,830	921,720	889,080	924,684	2,141,239	2,685,436	916,461	751,573	1,340,238
Transfers out	(984,030)	(1,728,240)	(889,080)	(924,684)	(2,141,239)	(2,685,436)	(916,461)	(751,573)	(1,340,238)
Sale of capital assets	-	-	-	6,992	-	-	-	-	-
Bond Issuance Costs	-	(24,521)	-	-	-	-	-	-	-
Debt proceeds	-	2,775,000	-	-	304,007	6,908,287	-	10,200	-
Total other financing sources (uses)	120,800	1,943,959	-	6,992	304,007	6,908,287	-	10,200	-
Special item	-	-	-	-	(265,628)	(216,212)	-	-	-
Net change in fund balances	\$ (286,392)	\$ (1,730,301)	\$ (488,228)	\$ (1,322,601)	\$ (4,598,851)	\$ 3,727,254	\$ (1,825,495)	\$ 863,115	\$ 74,452
Debt service as a percentage of noncapital expenditures	0.06	0.04	4.12%	4.60%	0.46%	0.66%	0.00%	2.00%	1.94%

SCHEDULE 6

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

Fiscal Year	Tax Year	Direct Rate	Estimated Actual Value			Exemptions ^a			Taxable Assessed Value			Total
			Real Property	Personal Property	Centrally Assessed Property	Real Property	Personal Property	Centrally Assessed Property	Real Property	Personal Property	Centrally Assessed Property	
2013	2012	3.3808	\$ 1,324,278,891	\$ 86,034,159	\$ 305,709	\$ 422,178,220	\$ 41,069,670	\$ 33,173	\$ 902,100,671	\$ 44,964,489	\$ 272,536	\$ 947,337,696
2012	2011	3.3808	1,332,938,921	85,821,501	299,945	419,300,089	41,271,998	32,050	913,638,832	44,549,503	267,895	958,456,230
2011	2010	3.3808	1,372,646,748	91,774,019	274,392	430,162,090	44,668,976	34,697	942,484,658	47,105,043	239,695	989,829,396
2010	2009	3.0674	1,669,297,187	107,537,652	278,640	632,609,905	55,012,410	41,544	1,036,687,282	52,525,242	237,096	1,089,449,620
2009	2008	2.7830	1,958,533,900	103,893,250	261,021	812,959,674	48,958,026	40,443	1,145,574,226	54,935,224	220,578	1,200,730,028
2008	2007	2.5140	2,109,555,400	104,481,050	502,966	841,641,252	43,058,180	-	1,267,914,148	61,422,870	502,966	1,329,839,984
2007	2006	2.7391	2,014,888,720	95,798,960	249,413	824,172,813	41,340,120	-	1,190,715,907	54,458,840	249,413	1,245,424,160
2006	2005	2.7391	1,648,622,700	82,943,400	222,282	600,434,600	29,810,110	-	1,048,188,100	53,133,290	222,282	1,101,543,672
2005	2004	2.7391	1,426,371,500	79,465,450	345,803	488,912,400	28,190,570	-	937,459,100	51,274,880	345,803	989,079,783
2004	2003	2.9668	1,249,719,500	90,177,450	302,182	411,560,300	37,317,390	-	838,159,200	52,860,060	302,182	891,321,442

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

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

SCHEDULE 7

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

Fiscal Year	Taxable Year	Direct Rate	Overlapping Rates					Total
		City of Safety Harbor Operating	Pinellas County	School District	Emergency Medical Services ^a	Transit District ^a	Other ^b	
2013	2012	3.3808	5.0105	8.3020	0.9158	0.7305	1.3656	19.7052
2012	2011	3.3808	4.8730	8.3850	0.8506	0.7305	1.2390	19.4589
2011	2010	3.3808	4.8730	8.3400	0.5832	0.5601	1.4410	19.1781
2010	2009	3.0674	4.8730	8.3460	0.5832	0.5601	1.5106	18.9403
2009	2008	2.7830	4.8730	8.0610	0.5832	0.5601	1.5551	18.4154
2008	2007	2.5140	4.8730	7.7310	0.5832	0.5601	1.5121	17.7734
2007	2006	2.7391	5.4700	8.2100	0.6300	0.6074	1.6378	19.2943
2006	2005	2.7391	6.1410	8.3900	0.6600	0.6377	1.6555	20.2233
2005	2004	2.7391	6.1410	8.1220	0.6600	0.6377	1.6557	19.9555
2004	2003	2.9668	6.1410	8.2430	0.6600	0.6319	1.6562	20.2989

Source: Pinellas County Tax Collector's Office

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

^b Other includes:
 Pinellas County Planning Council
 Juvenile Welfare Board
 Southwest Florida Water Management District
 Pinellas Anclote River Basin

SCHEDULE 8

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

Taxpayer	2013		2004	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Mease Hospital, Inc	\$ 13,950,000	1.52%	\$ 8,492,300	0.91%
Freedom Land Trust	12,576,796	1.37%	16,745,700	1.79%
Safety Harbor Spa & Resort, LLC	11,987,462	1.30%	-	0.00%
Northwood Oaks, LLC	9,700,000	1.05%	8,000,000	0.85%
Bayshore Palms Apartments, Inc.	7,325,000	0.80%	6,400,000	0.68%
Northwood Commons LLC	6,575,000	0.71%	6,175,000	0.66%
Safety Harbor Investment Properties	6,130,000	0.67%	-	0.00%
Leisure Associates Ltd Partnership	5,300,000	0.58%	4,810,000	0.51%
Health Care Property Investment, Inc	5,095,148	0.55%	5,700,000	0.61%
A W Countryside LLC	4,350,000	0.47%	-	0.00%
Graham FI Med Bldg Ltd. Ptnshp	-	0.00%	13,250,000	1.41%
Roglee, Inc.	-	0.00%	11,027,600	1.18%
Capstone Capital Corp.	-	0.00%	5,100,000	0.54%
	<u>82,989,406</u>	<u>9.02%</u>	<u>85,700,600</u>	<u>9.14%</u>
Total Taxable Assessed Value	<u>\$ 920,441,850</u>		<u>\$ 937,459,100</u>	

Source: Pinellas County Property Appraiser

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

SCHEDULE 9

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

Taxpayer	2013		2004	
	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation	Taxable Assessed Valuation	Percentage of City Taxable Assessed Valuation
Duke Energy Florida	\$ 7,668,609	15.50%	\$ -	0.00%
Mastercut Tool Corp	4,527,813	9.15%	-	0.00%
Firmenich	4,106,099	8.30%	-	0.00%
Florida Gas Transmission	3,570,598	7.22%	-	0.00%
Verizon Florida LLC	2,524,687	5.10%	5,232,940	10.21%
Angelica Textile Services	1,850,311	3.74%	-	0.00%
Bright House Networks LLC	1,584,854	3.20%	1,692,640	3.30%
Safety Harbor Resort and Spa	1,362,341	2.75%	-	0.00%
Countryside Surgi-Center	1,132,817	2.29%	941,350	1.84%
JP Morgan Chase Bank NA	930,652	1.88%	-	0.00%
Florida Power Corp	-	0.00%	5,109,440	9.96%
Meristar Safety Harbor	-	0.00%	1,829,480	3.57%
Clearwater Cancer Center	-	0.00%	1,720,050	3.35%
National Healthcare Linen	-	0.00%	1,713,330	3.34%
US Bancorp Equipment Fin, Inc.	-	0.00%	1,679,200	3.27%
Kash N Karry #873/1775	-	0.00%	1,249,470	2.44%
Brycoat Inc	-	0.00%	946,570	1.85%
	<u>29,258,781</u>	<u>59.15%</u>	<u>22,114,470</u>	<u>43.13%</u>
Total Taxable Assessed Value	<u>\$ 49,465,942</u>		<u>\$ 51,274,880</u>	

Source: Pinellas County Property Appraiser

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

SCHEDULE 10

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

Fiscal Year	Taxable Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Delinquent Tax Collections ^b	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	\$ 3,217,132	\$ 2,945,922	91.57%	\$ 5,509	\$ 2,951,431	91.74%
2012	2011	3,243,229	3,015,807	92.99%	4,367	3,020,174	93.12%
2011	2010	3,346,414	3,087,460	92.26%	60,336	3,147,796	94.06%
2010	2009	3,341,778	3,064,109	91.69%	20,859	3,084,968	92.32%
2009	2008	3,341,632	3,080,653	92.19%	2,547	3,083,200	92.27%
2008	2007	3,343,218	3,218,471	96.27%	17,810	3,236,281	96.80%
2007	2006	3,410,980	3,167,153	92.85%	-	3,167,153	92.85%
2006	2005	3,017,238	2,822,065	93.53%	-	2,822,065	93.53%
2005	2004	2,712,905	2,550,991	94.03%	-	2,550,991	94.03%
2004	2003	2,644,372	2,505,705	94.76%	6,407	2,512,112	95.00%

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

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

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

SCHEDULE 11

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Debt as a Ratio to Personal Income ^a	Debt per Capita ^a
	Public Improvement Revenue Bonds	Capital Improvement Revenue Bonds	Capital Leases	Water and Wastewater Refunding Bond	Capital Improvement Revenue Bond	Capital Leases			
2013	\$ 2,575,000	\$ 4,156,290	\$ 245,000	\$ 1,355,000	\$ 7,259,260	\$ -	15,590,550	2.81%	891
2012	2,775,000	4,585,182 ^b	-	1,500,000 ^b	7,612,848	-	16,473,030	2.97%	976
2011	-	4,999,244	-	1,649,748	7,957,023	37,935	14,643,950	2.51%	867
2010	-	6,780,150	29,132	1,764,064	6,912,338	104,864	15,590,548	2.58%	880
2009	-	7,222,494	54,792	2,073,384	7,183,506	163,950	16,698,126	2.80%	937
2008	-	6,918,487 ^c	-	2,367,704	4,953,047	-	14,239,238	2.38%	798
2007	-	10,200	-	2,647,025	3,106,688 ^d	-	5,763,913	0.97%	323
2006	-	10,200 ^d	-	2,916,346	804,141 ^d	-	3,730,687	0.73%	209
2005	220,000	-	-	3,025,000	-	-	3,245,000	0.64%	182
2004	435,000	-	-	3,265,000	-	-	3,700,000	0.73%	210

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

^a See Schedule 16 for personal income and population data

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

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

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

SCHEDULE 12

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

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

SCHEDULE 13

City of Safety Harbor, Florida
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of September 30, 2013

Government Unit	Debt Outstanding	Applicable to City of Safety Harbor	
		Percent ^a	Amount
Bonded Debt:			
Pinellas County School Board ^b	\$ 21,985,000	1.78%	\$ 390,560
Capital Leases:			
Pinellas County School Board ^b	<u>12,546,265</u>	1.78%	<u>222,882</u>
Total Overlapping Debt	\$ 34,531,265		\$ 613,442
Total Direct Debt ^c			<u>7,360,182</u>
Total Direct and Overlapping Governmental Activities Debt			<u>\$ 7,973,624</u>
Total Direct and Overlapping Governmental Activities Debt Per Capita ^d			<u>\$ 470.59</u>

Source: Pinellas County, Florida

^a Applicable net debt percentage is based on ratio of City to County-wide taxable values for tax year 2013

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

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

^d 2013 permanent Safety Harbor population is estimated at 16,944

SCHEDULE 14

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

Governmental Activities							
Fiscal Year	Gross Revenues ^a	Operating Expenses ^b	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013	\$ 10,403,622	\$ 7,944,315	\$ 2,459,307	\$ 628,892	\$ 208,644	\$ 837,536	2.94
2012	10,199,565	7,403,103	2,796,462	414,062	179,572	593,634	4.71
2011	10,508,546	7,732,700	2,775,846	401,643	174,431	576,074	4.82
2010	10,450,030	7,894,869	2,555,161	467,878	234,801	702,679	3.64
2009	11,088,277	8,169,710	2,918,567	-	99,728	99,728	29.27
2008	10,439,013	7,955,066	2,483,947	-	96,730	96,730	25.68
2007	-	-	-	-	-	-	-
2006	10,227,685	6,713,218	3,514,467	220,000	10,725	230,725	15.23
2005	9,618,686	5,340,788	4,277,898	215,000	20,938	235,938	18.13
2004	9,337,356	5,766,733	3,570,623	205,000	30,419	235,419	15.17

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

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

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

SCHEDULE 15

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

Fiscal Year	Business-type Activities						
	Gross Revenues ^a	Operating Expenses Less Depreciation ^b	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013	\$ 8,727,480	\$ 6,523,547	\$ 2,203,933	\$ 498,588	\$ 197,092	\$ 695,680	3.17
2012	8,737,970	5,950,041	2,787,929	365,133	238,340	603,473	4.62
2011	9,152,955	6,166,062	2,986,893	353,013	256,533	609,546	4.90
2010	9,086,960	6,258,616	2,828,344	541,117	234,146	775,263	3.65
2009	8,903,152	6,853,054	2,050,098	285,000	224,109	509,109	4.03
2008	8,080,684	6,897,073	1,183,611	270,000	123,659	393,659	3.01
2007	7,886,340	6,538,563	1,347,777	260,000	133,981	393,981	3.42
2006	6,541,811	6,084,599	457,212	250,000	145,624	395,624	1.16
2005	5,773,925	5,340,788	433,137	240,000	156,414	396,414	1.09
2004	5,669,835	5,184,598	485,237	235,000	165,338	400,338	1.21

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

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

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

SCHEDULE 16

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

<u>Fiscal Year</u>	<u>Population ^a</u>	<u>Estimated Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Median Age ^c</u>	<u>Public School Enrollment ^d</u>	<u>Unemployment Rate ^e</u>
2013	17,496	\$ 621,265,464	\$ 35,509	48.0	2,073	6.4%
2012	16,884	559,721,484	33,151	47.7	2,073	8.8%
2011	16,881	554,962,875	32,875	46.5	4,219	10.8%
2010	16,884	582,936,984	34,526	47.7	3,891	12.1%
2009	17,708	604,374,040	34,130	45.6	3,891	11.0%
2008	17,825	596,335,375	33,455	45.1	3,891	6.6%
2007	17,844	597,310,056	33,474	44.6	3,891	4.2%
2006	17,838	594,665,406	33,337	44.2	3,891	3.4%
2005	17,892	512,283,744	28,632	42.2	3,891	3.9%
2004	17,800	509,649,600	28,632	42.2	3,891	4.5%

Sources:

^a Office of Economic and Demographic Research (edr.state.fl.us) (2003-2009), (2011); 2010 U.S. Census (2010); U.S. Census Bureau (2012-2013)

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

^c Claritas (Nielsen) Profile Reports provided by Pinellas County Economic Development Department (2006-2011); 2010 U.S. Census (2003-2005)

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

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

SCHEDULE 17

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

Current Year ^a

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Mease Countryside Hospital	1,872	21.14%
Angelica Corporation	273	3.08%
Safety Harbor Resort & Spa	218	2.46%
Jacobsen Manufacturing, Inc.	176	1.99%
Safety Harbor Middle School	143	1.61%
Consulate Health Care	131	1.48%
Peace Love & Cake	120	1.36%
Intercit, Inc.	110	1.24%
Mastercut Tool Corp	110	1.24%
Brooks Way Adjusting, LLC.	97	1.10%
Total Employed Population	8,855	

Source: AtoZdatabases

^a Current year only, 2013; data for 2004 is unavailable.

SCHEDULE 18

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

	Full-time Equivalent Employees as of September 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
City Manager	3.18	1.95	1.95	1.95	2.20	2.20	2.00	2.00	2.00	2.00
City Clerk	1.38	1.30	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Personnel	2.00	3.50	3.50	3.50	3.50	3.50	3.00	3.00	3.00	2.50
Finance	3.50	3.50	4.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Water & Wastewater Finance	9.20	9.35	9.85	8.25	8.25	8.25	7.50	7.50	7.50	7.00
Economic Dev. Director		-	-	-	-	-	1.00	-	-	-
Planning	3.30	3.15	3.65	3.40	4.00	4.00	4.00	4.00	4.00	4.00
Fleet Maintenance	3.15	3.15	4.05	4.05	4.05	4.05	4.05	4.05	4.05	4.05
Building Maintenance	5.80	5.80	5.80	5.80	5.55	5.55	5.55	5.55	5.55	4.80
CRA	0.30	0.60	0.60	0.60	1.00	1.00	-	-	-	-
Total General Government	31.81	32.30	35.40	35.05	36.05	36.05	34.60	33.60	33.60	31.85
Public Safety										
Building Department	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fire Control and EMS	32.00	29.50	31.20	32.00	34.50	34.50	34.50	34.50	34.00	33.00
Total Public Safety	36.00	33.50	35.20	36.00	38.50	38.50	38.50	38.50	38.00	37.00
Physical Environment										
Engineering	4.30	4.30	5.80	6.55	6.50	6.50	5.50	5.50	5.00	5.00
Information Systems	4.00	4.00	3.50	3.50	4.50	4.00	4.00	3.00	3.00	3.00
Water	7.60	8.60	8.20	8.20	8.20	8.20	8.20	8.20	8.25	8.25
Stormwater	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.25	5.25
Wastewater	8.60	8.60	8.20	8.20	10.20	10.20	11.20	11.20	11.25	11.25
Sanitation	19.35	19.35	19.15	19.15	20.15	20.15	19.15	19.15	20.05	20.05
Total Physical Environment	49.05	50.05	50.05	50.80	54.75	54.25	53.25	52.25	52.80	52.80
Transportation										
Streets	10.30	10.30	12.20	13.20	13.20	13.20	13.20	13.20	13.15	13.15
Culture and Recreation										
Library	17.45	17.90	17.40	16.70	16.70	16.45	16.45	15.55	15.55	14.15
Parks	10.55	10.55	10.55	8.30	8.30	8.30	8.30	8.30	8.30	8.30
Recreation	19.93	19.05	19.05	16.00	17.00	17.00	17.50	17.50	16.50	16.75
Total Culture and Recreation	47.93	47.50	47.00	41.00	42.00	41.75	42.25	41.35	40.35	39.20
Total City	175.09	173.65	179.85	176.05	184.50	183.75	181.80	178.90	177.90	174.00

Source: City of Safety Harbor Annual Budget, Fiscal Years 2004-2013

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public Safety										
Fire Control and EMS										
Inspections	715	715	715	715	715	715	665	700	680	660
Investigations	12	10	10	10	10	10	5	N/A	N/A	N/A
Fire responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,007	829	733
EMS responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,162	5,887	2,852
Building Department										
Building permits issued	1,700	1,823	1,658	1,508	1,304	1,627	1,717	1,968	2,129	2,616
Occupational licenses issued	1,267	1,375	1,325	1,225	1,155	1,106	1,019	1,141	1,248	1,059
Stormwater										
Storm drain/pipe cleaned (miles)	0.15	1.14	1.07	0.06	0.30	5.50	5.50	5.50	5.50	5.50
Ditches/creeks cleaned (miles)	13.88	25.76	25.76	25.76	38.64	38.64	38.64	12.88	12.88	12.88
Water										
Customer accounts	7,586	7,506	7,488	7,493	7,470	7,447	7,417	7,454	7,426	7,716
Average daily water consumption in millions of gallons	1.40	1.37	1.70	1.37	1.57	1.80	1.91	2.09	2.08	2.20
Wastewater										
Customer accounts	8,946	8,871	8,856	8,897	8,745	8,796	8,741	8,673	8,643	8,751
Average daily sewage flow in millions of gallons	1.40	1.44	1.20	1.49	1.51	1.55	1.51	1.61	1.67	1.79
Sanitation (solid waste)										
Refuse collected (tons)	12,450	12,500	12,604	13,000	13,769	15,501	16,424	14,513	18,526	17,624
Recyclables collected (tons)	1,825	1,800	1,741	2,266	1,955	1,801	2,649	2,364	3,923	2,551
Streets										
Streets swept (curb miles)	918	938	938	918	918	918	918	918	153	152
Curb/gutter/sidewalks replaced (cubic yds)	320	325	350	318	300	275	253	N/A	N/A	N/A
Pothole repairs (asphalt tons)	30	25	25	18	36	25	33	20	15	30
Culture and Recreation										
Recreation - Persons listed in programs										
Trips	2,487	1,670	1,588	1,965	1,079	516	339	339	323	367
Classes	26,600	21,900	21,254	22,474	14,197	11,702	6,526	6,526	6,215	3,851
Camps/After-school	19,137	21,115	20,503	16,092	25,436	19,641	1,608	1,608	1,531	1,643
Special events	980	825	786	723	373	1,089	1,233	1,233	1,197	2,292
Parks - Acres maintained	93.99	73.89	73.88	72.47	72.47	72.04	72.04	72.04	69.40	69.40
Library circulation	297,500	280,000	272,761	287,003	206,030	224,808	262,503	254,235	273,159	269,032
Library registered borrowers	10,150	9,750	9,700	9,641	14,303	15,650	19,290	10,346	10,198	14,596

Source: City of Safety Harbor Annual Budget, Fiscal Years 2003-2013

N/A - Information not available

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	17	17	13	12	12	11	11	12	11	10
Public Safety										
Fire stations	2	2	2	2	2	2	2	2	2	2
Vehicles	11	11	13	12	12	11	11	13	13	10
Physical Environment										
Vehicles	35	36	51	49	50	46	44	42	43	34
Stormwater										
Drainage basins/creeks (miles)	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Water										
Pipeline (miles)	76.3	76.0	75.8	75.7	75.7	75.7	75.4	75.1	74.7	74.3
Fire hydrants maintained	548	544	542	540	540	539	539	531	528	525
Wastewater										
Lift stations	25	25	25	25	25	25	25	25	25	25
Mains in collection system (miles)	66.5	66.3	66.3	66.3	66.3	66.3	66.3	66.0	66.0	66.0
Sanitation (solid waste)										
Collection vehicles	14	14	14	14	13	13	13	13	13	12
Streets										
Curb miles of street	100	100	100	100	153	153	153	153	153	152
Vehicles	17	16	17	16	15	12	12	13	13	14
Culture and Recreation										
Parks	12	11	11	11	11	11	11	11	11	11
Dog park	1	1	1	1	1	0	0	0	0	0
Skate park	1	1	1	1	1	1	1	1	0	0
Playgrounds	5	5	5	5	5	5	5	5	5	5
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Recreation centers	2	2	2	2	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Marina	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	12	10	10	10	10	9	9	8	8	8
Baseball fields	4	4	4	4	4	4	4	4	4	4
Softball fields	1	1	1	1	1	1	1	1	1	1
Tennis courts	4	4	4	4	4	4	4	4	4	6
Racquetball courts	2	2	2	2	2	2	2	2	2	2
Restroom facilities	14	8	8	8	8	8	8	8	7	7
Basketball courts										
Outdoor	4	4	4	4	4	4	4	4	4	4
Indoor	3	3	3	3	3	3	3	3	3	3
Vehicles	12	13	12	12	9	9	9	8	8	7
Museum/Cultural Center	1	-	-	-	-	-	-	-	-	-

Sources: City of Safety Harbor Annual Budget, Fiscal Years 2004-2013; Various City departments

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REGULATORY REPORTS

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**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Safety Harbor, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mayra Hoffman McCann P.C.

March 31, 2014
Clearwater, Florida



Independent Auditor's Management Letter

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

We have audited 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, 2013, and have issued our report thereon dated March 31, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in this report, which is dated March 31, 2014, 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 reports or schedule:

- 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 the audit finding and recommendations made in the preceding annual financial audit report.
- 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, nothing came to our attention that caused us to believe the City was not in compliance 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 noncompliance with provisions of contracts or grant agreements, or abuse, that may have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.



- Section 10.554(1)(i)(5)., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)(6)(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 conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.
- Section 10.554(1)(i)(6)(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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)(6)(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 the financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, Members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, applicable management, the Honorable Mayor, and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Maya Hoffman McCann P.C.

March 31, 2014
Clearwater, Florida



MULLET CREEK PARK