

***City of Tarpon Springs***  
***FY 2011 Annual Budget***

***Executive Summary***

## ***INTRODUCTION***

The purpose of government is to provide certain services for its citizens. All departments of City government exist to provide services – either to the public directly, to other City departments, or a combination of these. The City of Tarpon Springs Budget for Fiscal Year 2011 was developed to tell decision-makers:

- \*What we do,
- \*Why we do it,
- \*How we do it,
- \*How much it costs to do it.

For easy use, this budget has been divided into separate functional areas for review as follows:

**Executive Summary:** This section is designed as a “liftable summary” of the budget that can be copied and distributed as necessary to persons who wish to review the budget but who do not need the entire document. It also includes related financial information designed to present an overview of the budget process and objectives, provide an explanation of common terminology, and identify the forecasting methodology of all revenue sources.

**Budget Summary:** This section provides the actual and budgeted historical summary of all revenues, interfund transfers and expenditures.

**Budget Detail:** Individual sections are provided for each fund category as follows:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds

**Capital Improvement Program:** This section explains the methodology for developing the City’s Capital Improvement Program and provides a listing of the capital projects included in the program.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Tarpon Springs  
Florida**

For the Fiscal Year Beginning

**October 1, 2009**

A handwritten signature in black ink, appearing to be 'H. R.', written over a horizontal line.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. Enlow', written over a horizontal line.

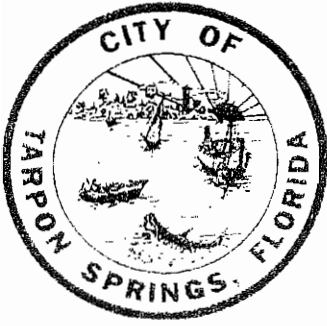
Executive Director

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The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Tarpon Springs, Florida for its annual budget for the fiscal year beginning October 1, 2009, marking the twelfth consecutive award the City has received.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.



# *City of Tarpon Springs, Florida*

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TARPON SPRINGS, FLORIDA 34688-5004  
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September 23, 2010

Honorable Mayor and Board of Commissioners:

It is my pleasure to present the Budget for Fiscal Year 2011, as required by the Charter of the City of Tarpon Springs, to you for your consideration. This budget clearly indicates the costs of the various programs and projects to be carried out by the City during Fiscal Year 2011.

The Budget for Fiscal Year 2011 is presented in a format that provides the City Commission, residents of Tarpon Springs and the City staff with a more comprehensive, informative and understandable Budget document. The Budget document includes an Executive Summary Section that summarizes information for the total City by providing a breakdown by Source, Category and Function, with graphs to assist in the visual presentation.

Designed to meet the needs of a broad spectrum of readers, this budget document is organized into four major sections; the Executive Summary, Budget Summary, Budget Detail and Capital Improvement Program, as described in the Introduction.

## **Budget Message**

I would first like to thank the entire staff of the City, without whose participation and cooperation, the preparation of this budget would have been impossible in this climate of shrinking municipal revenues. The willingness of City staff to continue to find ways to do "more with less" is to be commended. Our departments continue to work together to review costs and examine ways to reduce expenses even though this document has been completed. As new methods or practices are identified, they will be implemented throughout the fiscal year to assist us in continuing to offer the highest possible level of service to our residents.

All departmental budgets have been extensively reviewed to find areas for potential reduction. City Departments have been held to the same level of funding for operating expenses since Fiscal Year 2000, except for those areas such as fuel and utilities over which the departments have little control. Funding for General Fund positions has been reduced through the elimination of some vacant positions in the Fiscal Year 2011 Budget. All General Fund positions that become vacant will continue to be scrutinized prior to approval for hiring and departments will continue to be encouraged to review processes and procedures to identify areas of potential savings.

### **Highlights of the Fiscal Year 2011 Budget**

A few of the most significant highlights of this budget include:

- Our ad valorem millage rate for this year has been set at 5.4500, or 2.97% below the roll back rate of 5.6167 (See Exhibit 1), while maintaining the current level of municipal services in the General Fund. The additional homestead exemption for low income senior citizens is \$25,000.
- As with all of our residents, many of the same expenses place increasing demands on our budget, including fuel and utilities costs.
- This Budget for Fiscal Year 2011 provides that the City will continue to offer a consistent quantity and quality of services while continuing to reduce staffing. Eight full time positions have been frozen and not budgeted for in Fiscal Year 2011.
- A five year Sanitation contract was implemented on October 1, 2006 with rate increases to be based on the Consumer Price Index and the Energy Information Administration.
- Continue to address the concerns of the Water/Sewer system. Annual water and sewer rates have been adopted for FY 2011 through FY 2019 following the completion of the FY 2009 Revenue Sufficiency Analysis.
- Funding provided to maintain the City's appearance and for efforts to promote tourism.

Highlights of the Capital Improvement Program and Major Capital Outlay purchases include:

- Walton Avenue gymnasium flooring improvement (10 year replacement plan), funded by the local option sales tax.
- Safford House roof replacement, funded by the general fund.
- CAP Center flooring replacement, funded by the general fund.
- New playground equipment for Sisler Field and Sunset Beach playgrounds, and the replacement playground for Riverside Park, funded by recreation impacts and local option sales tax.
- Fitness Park, funded by recreation impact and local option sales tax.
- ERT City field command vehicle, funded by federal equitable sharing.

- Visual improvements will occur over the course of the year on Lemon Street with the installation of pedestrian lighting, funded by Community Redevelopment Agency and a match from the Pinellas County CDBG Grant, and streetscaping, funded by a federal grant.
- Tarpon Avenue Parking Lot, funded by the Community Redevelopment Agency.
- Visual improvements will also occur on Tarpon Avenue and Pinellas Avenue with signage and wayfinding, funded by the Community Redevelopment Agency. Signage and wayfinding will also be added outside the CRA district.
- Street paving, sidewalk improvements, and brick street reconstruction funded by the capital project fund and local option sales tax.
- Police field based reporting software, funded by the local option sales tax.
- Spring Bayou Seawall improvements, funded by the local option sales tax.
- Bayou Shoreline Preservation, Army Corp project, funded by the local option sales tax.
- N. Safford Avenue streetscape project and drainage, funded by the local option sales tax.
- Extension of the Pinellas Trail to N. Anclote Nature Park, funded by the local option sales tax.
- Community Sports Complex design, funded by the local option sales tax.
- Water Supply & Wells building and general well improvements, funded by the water and sewer operating fund.
- Waterline for Bayshore Phase I, funded by the water and sewer operating fund.
- Water Distribution valve replacements, GIS information system, and projects from assessment plan, funded by the water and sewer operating fund.
- Radio-read meter replacement program, funded by the water and sewer operating fund.
- Sewage Collection manhole rehab and replacement, and sewer relining, funded by the water and sewer operating fund.
- Sewage Treatment upgrades, rehab, compliance meters and equipment, funded by the water and sewer operating fund.
- Sewage Lift Station rehab, replacements and improvements, funded by the water and sewer operating fund.
- Effluent lines, funded by water and sewer impact funds.

- Lake Tarpon sewer expansion will continue with Phase II-A, which is funded by the sewer impact fund.
- Lowe’s project sewer line extension, which is funded by the sewer impact fund.
- Alternative Water Treatment Plant construction service engineering, land purchases and facility construction;
- Marina additional pylon replacement, funded by the marina fund.
- City-wide Stormwater improvements, funded by the stormwater fund.

**Millage Rate and Property Taxes**

On July 1, 2010 the Pinellas County Property Appraiser certified the preliminary Fiscal Year 2011 Countywide tax rolls. The City’s overall taxable value for operating purposes is \$1,400,736,522, a decrease of \$182,623,526 or 11.5% from last year’s final roll.

The final assessed valuation will not be available until after the City Commission approves the Millage rate and Budget in September, but is not expected to differ significantly from the preliminary tax roll. The breakdown of the assessed value is reflected in two major components:

<b><u>Assessed Value</u></b>	
Real Property	\$1,336,644,639
Personal Property	<u>64,091,883</u>
Total	\$1,400,736,522

In September the City Commission established a millage rate of 5.4500, a slight increase from the previous year’s rate of 4.9500 but less than the roll-back rate of 5.6167 which generates the same revenues as the previous fiscal year. At the 5.4500 millage rate, the assessed valuation of taxable property is expected to generate for the General Fund approximately \$7,085,878 in Ad Valorem tax revenue after discounts, a decrease of \$311,515 from the previous fiscal year’s revenues. The CRA Fund will receive approximately \$166,435 in Ad Valorem tax revenue after discounts, a decrease of \$27,530 from the previous fiscal year’s revenues.

**Budget Highlights by Fund**

<b>BUDGET HIGHLIGHTS BY FUND AT A GLANCE</b>	
<b>FUND</b>	<b>BUDGET INFORMATION</b>
<b>GENERAL FUND</b> <i>Revenues</i> Ad Valorem Franchise Fees Utility Taxes Communication Service Tax Half Cent Sales Tax Revenue Sharing Interest Earnings  <i>Expenditures</i> Personnel Services Operating Expenditures Capital Outlay Debt Service Grants and Aids Transfer/Others	Decrease in revenue of \$311,515 or 4.2%, decrease in property value by 11.5%. Decrease in revenue of \$100,746 or 5.3%, decrease in power usage. Decrease in revenue of \$5,690 or .2%, decrease in usage. Decrease in revenue of \$89,840 or 7.1%, decrease in receipts from State. Increase in revenue of \$5,760 or .4%, increase in receipts from State. Increase in revenue of \$24,198 or 4%, increase in receipts from State. Decrease in revenue of \$52,000 or 24%, due to the lower rate of return on investments.  Decrease of \$424,160 or 2.85%. Decrease of \$188,554 or 3.66%. Decrease of \$291,468 or 58.39%. No debt expenditures. No grant and aid expenditures. Decrease of \$6,000 or 100%.
<b>SPECIAL REVENUE FUNDS</b> Local Option Gas Tax Fund Impact Fee Funds Grant Funds Community Redevelopment Agency <b>CAPITAL PROJECT FUND</b> Capital Project Fund	Designated for Capital Improvement Program. Designated for Capital Improvement Program. Funding restricted for specific grants.  Continued improvements in the CRA area.  Designated for Capital Improvement Program.
<b>ENTERPRISE FUND</b> Sanitation Fund Water-Sewer Fund Water-Sewer Impact Fund Construction Fund Storm Water Fund	Fifth year of contract with annual rate adjustments based on the CPI on Oct. 1, of each year. Annual rate increases through FY 2019 approved. Designated for new capital items and projects. Alternative Water Treatment Plant Project. Continued Storm Water system maintenance and capital projects.
<b>INTERNAL SERVICE FUNDS</b> Vehicle Maintenance Fund Risk Management Fund	No significant changes in cost or policy. No significant changes in policy, decrease in premium by \$90,608 or 16%.

General Fund

The Total General Fund Budget of \$19,649,560 reflects a \$910,182 or 4.42% decrease under the Fiscal Year 2010 Adopted Budget. In the General Fund Budget the following expenditures by category make up the decrease; Personnel Services decreased by 2.85% or \$424,160; Operating expenditures decreased by 3.66% or \$188,554; Capital Outlay expenditures decreased by 58.39% or \$291,468; Other Uses decreased by 100% or \$6,000.

As noted in the Budget Highlights table above for the General Fund, the City is experiencing considerable decreases in some of our major revenue sources. The decrease in property values by 11.5% is causing our Ad Valorem tax revenues to decrease by \$311,515 or 4.2%. This coupled with decreases in receipts due to the economic downturn which include franchise fees decreasing \$100,746 or 5.3%; utility taxes decreasing \$5,690 or .2%; and communication service taxes decreasing \$89,840 or 7.1%. The City is also experiencing lower rates of return on our investments which will cause a decrease in interest earnings of \$52,000 or 24%. To offset the decreases in the major revenue sources the City made cuts in operational expenses and is having to utilize cash carryover to balance the budget by using \$702,058 in FY 2011 a decrease of \$825,129 or 54% under the amount used in the FY 2010 revised budget.

### Special Revenue Funds

The Local Option Gas Tax Fund and Impact funds are designated for the Capital Improvement Program.

A Community Redevelopment Agency (CRA) was established in FY 2001 that will provide Tax Increment Financing (TIF) for the area that is part of the Master Plan Improvements.

### Capital Project Funds

The Capital Project Funds are designated for the Capital Improvement Program and its list of projects which were approved as part of the Capital Improvement Program. Funding for the Capital Project Funds come from the One-Cent Local Option Sales Tax "Penny for Pinellas" which in March 1997 was approved by a voter referendum for ten years through January 31, 2010 and was approved on March 13, 2007 for another ten years through January 31, 2020, and transfers from the Local Option Gas Tax Fund and the Capital Investment Fund.

Allocations from the Capital Project Funds include funding for street paving, sidewalk construction, and the brick street reconstruction.

### Enterprise Funds

#### Sanitation Fund:

The Sanitation Fund continues to operate soundly and after ten years of no rate increases the City negotiated a five year contract that began on October 1, 2006 with annual rate increases for refuse and recycling to be based on the Consumer Price Index and Energy Information Administration.

#### Water-Sewer Fund:

A Revenue Sufficiency Analysis was performed by our rate consultant in FY 2009. A new ordinance was adopted to provide for rate increases to be implemented each year from FY 2011 through FY 2019. The rate increase provides the funds necessary for operation of the water and sewer systems and to meet existing bond covenants.

#### Construction Fund:

In FY 2007 the City created the Construction Fund as required by the Master Bond Resolution for the construction of the new Alternative Water Plant. The City has a line of credit (Bond Anticipation Note) that was used to cover the purchase of the land, engineering, and permitting that began in FY 2007. The Bond Anticipation Note will be folded into a Revenue Bond at the time construction begins on the new water treatment facility. Budgeted funds provide for engineering, plant design and construction.

Water-Sewer Impact Fund:

The Water-Sewer Impact Fund is designated for new Capital items and projects approved as part of the Capital Improvement Program Budget. Approved projects include Re-use System Expansion and Sewer System Expansion of Lake Tarpon Phase II-A.

Golf Course Fund:

In 2005 a surcharge of \$1.00 per round was implemented to fund capital improvements.

Storm Water Fund:

Fees provide the ability to maintain the existing storm water system, to purchase equipment required for storm water system maintenance and for capital improvements to improve drainage.

Internal Service Funds

The Vehicle Maintenance Fund and the Risk Management Fund reflect no significant changes in cost or policy.

Conclusion

The City of Tarpon Springs remains in very good financial condition, thanks to conservative budgeting, continuous examination of staffing needs, and the willingness of existing staff to take on a variety of additional projects and responsibilities. Thanks are due to the entire Finance Department, and in particular Finance Director Arie Walker and Assistant Finance Director Ron Harring, for their thorough coordination and compilation of this budget document.

I am honored to present to you and the residents of Tarpon Springs the Fiscal Year 2011 Budget.

Sincerely,



Mark G. LeCouris  
City Manager

# Exhibit 1

## *City of Tarpon Springs*

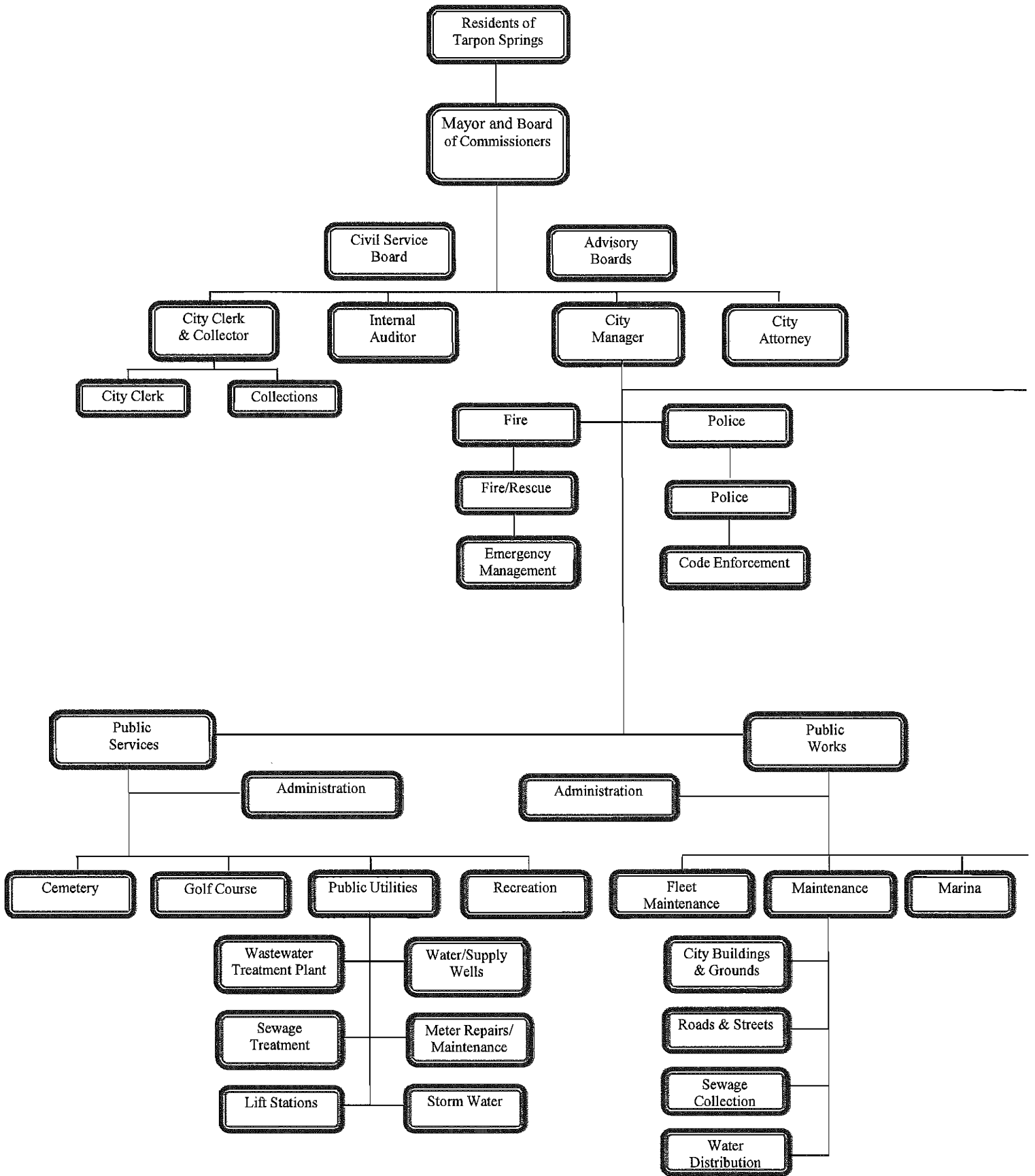
### *Millage History*

### *Revenue History*

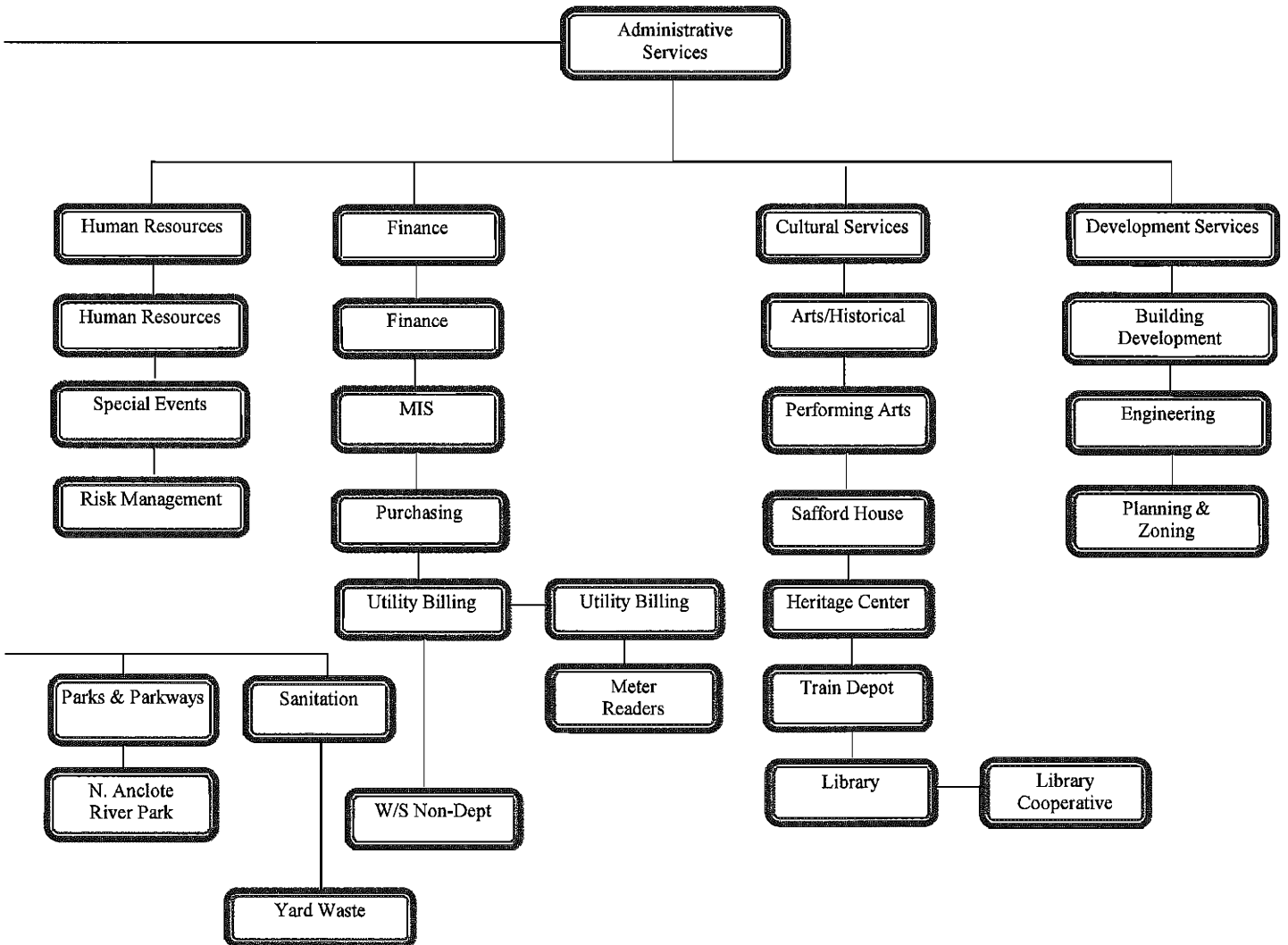
TAX YEAR	ACTUAL LEVIED	ANNUAL DIFFERENCE	PERCENTAGE CHANGE	ROLL-BACK	AD VALOREM TAX REVENUES	ANNUAL DIFFERENCE	PERCENTAGE CHANGE	
2010	*	5.4500	0.5000	10.10%	5.6167	\$ 7,252,313	\$ (339,045)	-4.47%
2009		4.9500	0.3762	8.23%	5.1990	7,591,358	(362,104)	-4.55%
2008		4.5738	0.2649	6.15%	4.7989	7,953,462	(96,136)	-1.19%
2007		4.3089	(0.4868)	-10.15%	4.5357	8,049,598	(276,888)	-3.33%
2006		4.7957	(0.1463)	-2.96%	4.1662	8,326,486	1,255,970	17.76%
2005		4.9420	(0.0034)	-0.07%	4.4212	7,070,516	913,181	14.83%
2004		4.9454	-	0.00%	4.5277	6,157,335	660,915	12.02%
2003		4.9454	-	0.00%	4.6387	5,496,420	492,386	9.84%
2002		4.9454	-	0.00%	4.6768	5,004,034	439,035	9.62%
2001		4.9454	-	0.00%	4.6469	4,564,999	370,602	8.84%
2000		4.9454	(0.2587)	-4.97%	4.9454	4,194,397	116,190	2.85%
1999		5.2041	(0.2500)	-4.58%	5.3077	4,078,207	67,948	1.69%
1998		5.4541	-	0.00%	5.3336	4,010,259	170,241	4.43%
1997		5.4541	-	0.00%	5.4099	3,840,018	123,706	3.33%
1996		5.4541	-	0.00%	5.3484	3,716,312	110,706	3.07%
1995		5.4541	(0.0438)	-0.80%	5.4541	3,605,606	72,632	2.06%

\* DENOTES PROPOSED FIGURES AND REVENUES ARE BASED ON 5.4500 MILLAGE AND INCLUDE CRA DISTRICT.

***Organizational  
Chart***



*City of Tarpon Springs, Florida  
Organizational Chart  
by Department  
FY 2011*



# ***BUDGET PROCESS***

## **Budget Review and Adoption**

The City of Tarpon Springs' annual budget process routinely begins in **February** where the budget preparation procedures are distributed to the departments. The departments will input their department requests, justifications, and additional personnel requests. The departments have until March 17, to input all their requests. During **March** the Finance Department will begin developing the payroll budgeting file.

In **April and May** the Finance Department will input revenue projections, analyze and review all departmental requests, develop the budget timetable as required by Florida Statute (F.S. 200.065), and ensure that all the necessary budgetary items are inputted. The Finance Department will submit the preliminary budget to the City Manager with as many funds balanced as is possible based on departmental requests. The City Manager will then go over the departmental requests with the department heads making adjustments where necessary.

In **July** the proposed millage rate will be established and a draft of the budget will be presented to the Mayor and City Commissioners. Also in July the City Commission approves the millage certification including the proposed tentative millage rate and date, time, and place for the first public hearing. Budget work sessions begin in July with the Mayor and City Commission to obtain preliminary direction and probable approval.

In **August** the final budget work sessions are held. The Finance Department begins to put together the final budget document (working copy of the budget) for the first public hearing and the required advertisement. During month of September the budget is adopted at a series of two public hearings. At the same public hearings the ad valorem millage rate required to fund the budget is adopted. The public is invited to attend and participate in all work sessions and public hearings. As mentioned earlier, dates, times, and places for all public hearings, advertisements, millage certifications, etc., is established by Florida Statute (F.S. 200.065). The City's fiscal year is October 1 through September 30.

## **Budget Schedule for Fiscal Year 2011**

February 12, 2010	Departments begin entering budget.
April 9, 2010	Preliminary budget to City Manager.
April 12 – May 12, 2010	City Manager meets with departments on budget.
May 21, 2010	General Fund first draft to Commission.
July 14, 2010	City Manager's proposed budget distributed to City Commission.
July 19, 2010	City Commission budget workshop.
July 20, 2010	City Commission establishes maximum property tax rate.
July 26, 2010	City Commission second budget workshop.
August 23, 2010	Trim notices mailed by County Property Appraiser

## **Budget Process** **(Continued)**

### **Budget Schedule for Fiscal Year 2011 (continued)**

September 9, 2010	First Public Hearing on tentative millage rate and budget.
September 23, 2010	Second Public Hearing on final millage rate and budget.
October 1, 2010	FY 2011 Budget begins.

### **Budgetary Control / Amendments**

During the fiscal year, budgetary control and revisions are maintained within the department level. The budget process allows for amendments during the year within departments and approved by the Finance Director as conditions warrant. Budget revisions across departments or where the total of a fund's budget increases or decreases are initiated by the Finance Department, reviewed and approved by the City Manager, and submitted to the City Commission for consideration. With the City Commission's approval, the fund appropriations are realigned.

### **Budgetary Basis**

The budget is prepared in accordance with Generally Accepted Accounting Principles.

**Governmental funds** - (i.e. the General Fund, Special Revenue Fund and Capital Project Funds) are prepared on a modified accrual basis of accounting whereby expenditures are recognized in the accounting period when the liability is incurred, if measurable, and revenues and other resources are recognized in the accounting period when they become available and measurable. Revenues are considered to meet the availability test if they are collectible within the current period or soon enough thereafter for use in payment of liabilities of the current period.

Utility taxes and franchise fees, licenses and permits, fines and forfeitures, charges for services and miscellaneous revenue (except investment earnings) are recorded as revenue when cash is received because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available. Where grant revenue is dependent upon expenditures by the City, revenue is accrued when the related expenditures are incurred.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

**Proprietary funds** - are accounted for using the full accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when they are incurred. Unbilled utility service receivable is estimated and recorded at fiscal year end.

The City maintains budgetary controls at the object of expenditure level by the encumbrance of estimated purchase amounts or contracts. Open encumbrances are reported as reservations of fund balance on the balance sheets at September 30 of each fiscal year. All appropriations unspent for these funds lapse at the end of each fiscal year.

## ***BUDGET OBJECTIVES***

The City's vision and mission statement along with long-range major budget and management goals/objectives for Fiscal Year 2011 and future years are:

### **Vision Statement**

The City of Tarpon Springs is committed to being the finest City in Florida by ensuring a thriving, caring, attractive and safe place to enjoy life.

### **Mission Statement**

The City of Tarpon Springs provides excellent services that meet or exceed the expectations of our customers, ensuring an environment for safe living and economic growth in a well maintained and beautiful City.

### **City Wide Goals**

- *Provide exceptional customer service that is: pro-active; cost effective; accessible; accountable; and, utilizes continuous quality improvement.* The City remains abreast of new technologies and processes and continues to explore opportunities for implementation. The FY 2011 budget includes funds for software upgrades and computer equipment upgrades.
- *Provide quality public safety.* The FY 2011 budget continues to provide for replacement of equipment and vehicles, as well as continued support for training opportunities for both the Police and Fire departments. It includes field based reporting software for the Police department.
- *Provide educational, cultural, recreational and informational opportunities.* The FY 2011 budget continues to enhance and maintain recreational and cultural opportunities throughout the City. These include Walton Avenue Gymnasium Improvement, Community Sports Complex Design, Fitness Park Planning and Design, Playground Equipment Replacement at Riverside Park and New Playground Equipment for Sisler Field and Sunset Beach.
- *Foster and encourage community pride through beautification and the preservation of natural and historic resources.* There are several projects budgeted in FY 2011 that relate to the beautification and preservation of historic resources. These include Lemon Street Streetscaping, Lemon Street Pedestrian Lighting, Extend Pinellas Trail at North Anclote Nature Park, Spring Bayou Seawall Improvements, Signage and Wayfinding, Brick Street Reconstruction, Street Paving and Sidewalk Construction, and Bayou Shoreline Preservation.

**BUDGET OBJECTIVES**  
**(Continued)**

- *Create a pro-business environment that encourages public-private partnerships to encourage investment, stimulate tourism and promote entrepreneurship.* The FY 2011 budget continues to provide funds for City wide promotions and tourism promotion.
  
- *Promote professionalism among and recognize the value of employees through communication, training, and empowerment.* The City continues to budget funds for special events recognizing employees as well as providing funds and opportunities for training.

## ***FY 2011 GOALS AND BUDGET DEVELOPMENT GUIDELINES***

In Fiscal Year 2011 the City of Tarpon Springs developed the following short-term goals for City programs and services to guide the budget development process

### **Appearance**

- *To continue beautification efforts.* - The FY 2011 Budget for the General Fund includes tree bank funds of \$257,677 for planting and replacement of trees throughout city property and right of ways. In addition, \$10,000 has been budgeted for beautification in the General Fund, as well as \$15,000 in the CRA Trust Fund.
- *To continue the systematic street sweeping program.* - The Storm Water Fund includes two heavy equipment operators who will operate two sweepers.
- *To continue to renovate existing recreational and cultural facilities as well as provide for educational, cultural, recreational and informational opportunities.* The FY 2011 budget continues to enhance and maintain recreational and cultural opportunities throughout the City.

### **Infrastructure**

- *To continue the six-year program for the maintenance and expansion of the City's underground infrastructure which includes water, sewer and storm water lines.* - In FY 2011 \$300,000 was budgeted for water line relocation-Bayshore Phase I and \$310,000 for waterline distribution. The Water/Sewer Impact Fund includes \$500,000 for Lake Tarpon Phase II-A sewer expansion and \$50,000 for reuse expansion.
- *To continue other infrastructure projects such as the retail district improvements, master plan improvements, and annual street paving and sidewalk construction.* - The FY 2011 budget includes \$500,000 for Lemon Street Pedestrian Lighting, \$250,000 for the Tarpon Avenue Parking Lot, \$141,469 for Signage and Wayfinding on Tarpon Avenue and Pinellas Avenue, \$380,000 Federal Grant for Lemon Street Streetscaping, and \$300,000 for Street Paving and Sidewalk Construction in various parts of the City.
- *To continue the systematic repair schedule of the City's water, storm water and sewer line.* - The FY 2011 budget includes \$50,000 for water pipe valve replacement, \$600,000 for sewer manhole rehabilitation, \$223,750 for sewage lift station improvements, \$850,000 for various rehabilitation projects and system updates for sewage treatment, and \$508,878 for storm water improvements.

**FY 2011 GOALS AND BUDGET DEVELOPMENT**  
**GUIDELINES**  
**(Continued)**

**Citizens Information**

- *Strengthening communications with our citizens by the continued funding for city web page improvements and the citizen newsletter by email and on the city website.*

**Employee Pay Classification**

- The FY 2011 budget does not include a pay increase for any employees.
- *All positions reassessed on an annual basis.*

# ***FINANCIAL POLICY GUIDELINES***

Numerous financial policy guidelines are followed in enabling the City to achieve a sound financial position. Some of the most significant guidelines pertaining to the budget are as follows:

## **Balanced Budget**

The Budget should be balanced with current revenues equal to or greater than current expenditures/expenses using the following strategies in order of priorities: improve productivity; shift the service or payment burden away from the city; improve revenues; create new service fees or raise existing fees based on the cost of services; reduce or eliminate programs; use fund balances, if available; and lastly, reduce or eliminate services. The Fiscal Year 2011 budget was balanced primarily by recurring tax revenues and the use of fund balance. The City was able to adhere to the Balanced Budget policy while contributing to improved productivity, without reducing programs or services.

## **Tax Rate**

The tax rate should be within the reasonable range of comparable cities and should be adequate to produce the revenues needed to pay for City services, as approved by the City Commission. The tax rate for Fiscal Year 2011 increased slightly but was still less than the rolled back rate, the rate which provides the same revenues as the previous fiscal year. The revenues decreased due to the affects of the economy that caused decreases in assessed valuations and Amendment One that was passed by voters and provided for additional exemptions causing further reduction in taxable assessed values.

## **Exemptions**

The city shall grant \$50,000 in Homestead tax exemptions, to relieve a certain type of taxpayer from the burden of taxation. An additional homestead exemption of \$25,000 for seniors that qualify is also granted.

## **Sales Tax**

Sales tax revenue projections have historically increased due to the improved state of the economy, however, due to the downturn in the economy in FY 2009 and the continued downturn in FY 2010, sales tax revenues are projected to maintain the same level of revenue in FY 2011.

## **General and Administrative Charges**

The General Fund should be compensated by the Enterprise Funds for the general and administrative services provided such as management, finance, and human resources, as well as the use of City streets. The intragovernmental revenue transfers from the Enterprise Fund for Fiscal Year 2011 are projected to be \$969,663.

## **General Fund Reserves**

The General Fund fund balance should be adequate to handle unexpected decreases in revenue plus a reasonable level for extraordinary unbudgeted expenditures. A Fund Balance Policy was approved by the Board of Commissioners on December 16, 2008, the policy states that the General Fund reservation (unrestricted/undesignated) of fund balance be equal to 20% of the current fiscal year

**Financial Policy Guidelines**  
**(Continued)**

operating expenditures and transfers out budgeted for the fund. General Fund expenditures are estimated to be \$19,649,560 for FY 2011, dictating a General Fund unrestricted/undesignated reserve of \$3,929,912. The General Fund unrestricted/undesignated reserve balance at September 30, 2010 is estimated to be \$9,685,049, well within the recommended minimum.

**Debt Service Reserves**

The City strives to maintain as little debt as possible. Currently our debt consists of a 2007a Bond Anticipation Note with a principal balance of \$ 6,673,965 at September 30, 2010 and a Revenue Note for acquisition of a Fire Truck with a principal balance of \$556,000.

**Investments**

Investments made by the City will be in conformance to policies contained in the City of Tarpon Springs, Florida - Investment Policy adopted January 16, 1996 and with the most recent revision on April 6, 2010 to comply with new State Statutes. The Investment Policy of the City requires the management and investment of public funds in a manner that preserves principal over time while maintaining liquidity and generating income to meet the City's projected cash needs while conforming to all state statutes governing the investment of public funds. The Investment Policy was formulated with three objectives: safety, liquidity, and yield. The foremost objective is safety – ensure the preservation of capital, to mitigate credit risk and interest rate risk through diversification. Liquidity is also essential requiring a sufficiently liquid portfolio to meet all operating requirements. Maturities concurrent with cash needs in addition to a portfolio consisting largely of securities with an active secondary or resale market is recommended. Lastly, the portfolio is required to be designed to obtain a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. (The basis used to determine whether market yields are being achieved is the average investment return as stated by the SBA for each fiscal year ending September 30.) The Investment Policy allows the City to invest in State approved investments (Florida Statute 218.415 (16) and Code of Ordinances), which include U.S. Treasury Bills/Notes, Federal Agency Securities, Certificates of Deposit and Money Market accounts. In addition, the City utilizes the Florida State Board of Administration Investment Pool, which operates similar to a money market fund, and the Florida Municipal Investment Trust Fund.

**Utility Rates**

The City will adopt annual utility rates that will generate revenues adequate to cover operating expenses, meet the legal requirements of bond covenants, and fund depreciation to allow adequate capital replacement in water distribution and sewage collection systems.

# ***FINANCIAL STRUCTURE***

## **Fund Description**

The City of Tarpon Springs utilizes a fund structure as outlined in the accounting regulations that governs units of local government. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein that are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are divided into various types according to the legal restrictions imposed upon them by their uses. The following is the fund structure contained in the Fiscal Year 2011 Budget for the City of Tarpon Springs.

### **I. Governmental Funds**

Accounted for on a “spending” or current “financial flow” measurement focus. Accordingly, the budgeted fund balances provide an indicator of available, spendable, or appropriate resources.

#### **A. General Fund**

The General Fund of a government unit serves as the primary reporting vehicle for current government operations including Police, Fire, Culture and Recreation, Public Works, and General Administration. The General Fund, by definition, accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

#### **B. Special Revenue Funds**

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Special Revenue Funds budgeted and included in this document are:

- Local Option Gas Tax Fund
- Impact Funds
- Grant Funds
- CRA Trust
- Law Enforcement Programs Fund
- Special Programs Fund
- Expendable Trust Fund

## **FINANCIAL STRUCTURE** **(Continued)**

### C. Capital Project Funds

The Capital Project Funds accounts are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

## II. Proprietary Funds:

Accounted for on a cost of services or “capital maintenance” measurement focus. Accordingly, all assets and liabilities are included on their balance sheets and the reported fund equity provides an indication of the economic net worth of the fund. Operating statements for proprietary fund types report increases and decreases in total economic net worth.

### A. Enterprise Funds

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses and depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges. Enterprise Funds budgeted and included in the document are:

Sanitation Fund  
Water and Sewer Fund  
Water and Sewer Impact Fund  
Construction Fund  
Marina Fund  
Storm Water Fund  
Golf Course Fund

### B. Internal Service Funds

The Internal Service Funds account for financing goods or services provided by one department to other City departments or to other governments on a cost-reimbursement basis. Internal Service Funds budgeted and included in the document are:

Vehicle Maintenance Fund  
Risk Management Fund

**FINANCIAL STRUCTURE**  
**(Continued)**

III. **Fiduciary Funds (Funds not Budgeted)**

Fiduciary Funds include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Trust funds are accounted for on a cost of services or “capital maintenance” measurement focus. Accordingly, all assets and liabilities are included on their balance sheets and the reported fund equity provides an indication of the economic net worth of the fund. Operating statements for trust funds report increases and decreases in total economic net worth.

On the other hand, agency funds report only assets and liabilities, and accordingly cannot be said to have a measurement focus. Agency funds do use the accrual basis of accounting to recognize receivables and payables.

A. **Pension Trust Funds**

Pension (and other benefit) trust funds report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. These funds account for dollars held in trust to pay employee retirement benefits, and the City’s expenditures for these funds are recorded in the General Fund. Although the following pension trust funds are part of the City’s fund structure, they are **not budgeted** and therefore, are not presented in this document.

Police Officers Pension Fund  
Firefighters Pension Fund  
General Employees Pension Fund