

CITY OF TARPON SPRINGS

HIGHLIGHTS OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2010

OVERALL

- The 2010 financial report reflects that the City has maintained a sound financial position. The Governmental Funds and Business-type Enterprise Funds both had an overall increase in fund balances / net assets.
- The City reported a \$1.3 million increase in total fund balances for 2010 in the Governmental Funds (page B-20) compared to a \$2.1 million increase in 2009.
- The City reported an \$811,000 increase in net assets (fund balances) for the Enterprise Funds in 2010 (page B-26) compared to a net increase of \$2.0 million for 2009.
- We found the City's accounting records to be accurate and in very good order.
- We received the full cooperation and support of the City's staff.

PAGE B-1 - INDEPENDENT AUDITOR'S REPORT

- We have stated that the City's financial statements are fairly presented in accordance with generally accepted accounting principles. This report represents the highest level of assurance that a certified public accountant can provide. The City was in compliance with laws and regulations pertaining to finances.

GENERAL FUND

- The General Fund had an excess of revenues over expenditures and other financing sources (uses) of \$1.2 million in 2010 (page B-20) compared to a \$1.4 million increase in 2009.
- General Fund revenues decreased \$267,000 in 2010 compared to 2009 and were \$968,000 more than the amount budgeted (page B-22). Franchise fees and utility taxes increased unexpectedly by \$427,000 compared to 2009 and were \$387,000 over budget. Ad Valorem revenues decreased \$273,000 compared to 2009.
- General Fund expenditures decreased \$126,000 in 2010 compared to 2009 and were \$2.4 million below budget (page B-22). Public safety expenditures were \$1.1 million below budget.
- The Unassigned fund balance in the General Fund of \$10.935 million (Page B-18) equates to a 7.1 months reserve for operating expenditures compared to a 5.8 months reserve in 2009.

WATER & SEWER FUND

- The Water & Sewer Fund had an increase in net assets of \$587,000 in 2010 (page B-26) compared to a \$1.6 million increase in 2009.
- Water & Sewer Fund operating revenues were \$10.3 million in 2010 (page B-26) and remained virtually unchanged compared to 2009.
- Water & Sewer Fund operating expenses were \$9.6 million in 2010 (page B-26) and increased slightly (\$107,000) compared to 2009.

SANITATION FUND

- The Sanitation Fund had an increase in net assets of \$154,000 in 2010 (page B-26) compared to a \$340,000 increase in net assets in 2009.

PAGE B- 30 –PENSION FUNDS STATUS

- The City's three pension funds experienced an improvement in 2010 showing an increase in net assets of \$3.2 million in 2010 compared to a \$2.4 million increase in 2009.

PAGE B-61 – LONG-TERM DEBT

- Total ending long-term debt for 2010, excluding compensated absences, other postemployment benefits, and claims payable, was \$7.2 million. Current year debt additions were \$1.45 million (Note payable for fire truck and Revenue Bond Anticipation Note) and current year debt repayments were \$520,000.