

# ***City of Tarpon Springs, Florida***

***Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2017***

*CITY OF TARPON SPRINGS, FLORIDA*  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*For the Fiscal Year Ended September 30, 2017*

*MAYOR AND BOARD OF COMMISSIONERS*

*Chrisostomo Alahouzos, Mayor*

*David Banther, Vice-Mayor*

*Rea Sieber, Commissioner*

*Susan Miccio-Kikta, Commissioner*

*Jacob Karr, Commissioner*

*ADMINISTRATION*

*Mark G. LeCouris, City Manager*

*Ron Haring, Finance Director*

*Michelle Mims, Assistant Finance Director*

*Irene S. Jacobs, City Clerk*

*Jay Daigneault, City Attorney*

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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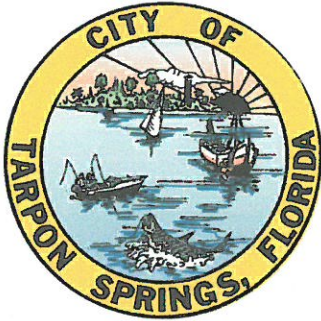
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## ***INTRODUCTORY SECTION***

***Letter of Transmittal***

***Certificate of Achievement for Excellence in Financial Reporting***

***Organizational Chart***



## *City of Tarpon Springs, Florida*

324 E. PINE STREET  
P.O. BOX 5004  
TARPON SPRINGS, FLORIDA 34688-5004  
(727) 942-5612  
FAX (727) 942-5637

March 26, 2018

To the Honorable Mayor, Board of Commissioners, and the Citizens of the City of Tarpon Springs, Florida.

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tarpon Springs, Florida (the "City") for the Fiscal Year ended September 30, 2017.

This report consists of management's representations concerning the finances of the City of Tarpon Springs. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Tarpon Springs has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Tarpon Springs' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Tarpon Springs' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

The City of Tarpon Springs' financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tarpon Springs for the Fiscal Year ended September 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Tarpon Springs' financial statements for the Fiscal Year ended September 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report, (Page B-1).



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Tarpon Springs' MD&A can be found immediately following the Independent Auditor's Report.

### **Profile of the Government**

The City of Tarpon Springs is a municipal corporation originally chartered by the State of Florida in 1887. The current City Charter was approved by referendum vote and was adopted in accordance with provisions of the Municipal Home Rule Powers Act, Florida Statutes, Chapter 166, in 1983. Tarpon Springs is located on Florida's West Coast 28 miles northwest of Tampa, 35 miles north of St. Petersburg, and 14 miles north of Clearwater. Tarpon Springs is virtually surrounded by the Gulf of Mexico to the west, Lake Tarpon to the east and the Anclote River which flows into the Gulf. Many bayous wind through the residential areas. The City of Tarpon Springs currently occupies a land area of 8.5 square miles and serves a population of 25,093. The City of Tarpon Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Mayor and Board of Commissioners.

The City operates under a commission-manager form of government. Policy-making and legislative authority are vested in the Mayor and Board of Commissioners consisting of four commissioners. The Mayor and Board of Commissioners are responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's Manager, City Attorney, City Clerk and Internal Auditor. The City Manager is responsible for carrying out the policies and ordinances of the Mayor and Board of Commissioners, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Mayor and Board of Commissioners are elected on a non-partisan basis and may serve up to two three-year terms.

The City of Tarpon Springs provides a full range of services which include, municipal services of police and fire protection; construction and maintenance of streets, bridges, sidewalks, storm drainage, public parks and recreation facilities; City planning, zoning, subdivision and building code regulation and enforcement; supervised recreation programs; public libraries; redevelopment of declining commercial and residential neighborhoods; refuse, recycling and yard waste collection; water supply and distribution; waste water collection, treatment and disposal; re-use water, supply and distribution; and operation of the city-wide parking system.

The annual budget serves as a foundation for the City of Tarpon Springs' financial planning and control. All Departments of the City are required to submit requests for appropriation to the City Manager on or before the last day in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Mayor and Board of Commissioners for review in July of each year. The Mayor and Board of Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Tarpon Springs' fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Mayor and Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented on Pages B-22 through B-23 as part of the Basic Financial Statements for the governmental funds, and for the non-major governmental funds and major capital projects fund it is presented on Pages C-5 through C-12 as part of the Combining and Individual Fund Statements and Schedules for the governmental funds.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Tarpon Springs operates.

**Local Economy.** The City of Tarpon Springs has a diversified economy which is also bolstered by a well established tourist business and the sponge docks, which now enjoy the status of a designated National Historic Landmark. Tarpon Springs is the second largest commercial fishing port on Florida's west coast. Seafood processing plants handle both fresh and frozen fish and shellfish. Chamois and other leather products are processed in Tarpon Springs for sale in a number of local shops and also distributed throughout Pinellas County. We also have a large population of retirees, who have wisely chosen Tarpon Springs as the place in which to enjoy their retirement years.

The economic condition of the area during the past few years was declining or stagnant at best, the outlook for fiscal year 2018 shows signs of improving economic conditions. Property tax valuations and property tax revenues both decreased over past years but increased in FY 2017 and are anticipated to increase in FY 2018. Adequate fund balances and a legal debt limit well below statutory limits continue to provide the City of Tarpon Springs with an additional margin of continued fiscal security.

**Long-term Financial Planning.** One of the biggest challenges facing the City is the maintenance and expansion of our infrastructure. Water, storm water and sewer lines are essential to every community and historically, the condition and extent to which they exist, have indicated the level of advancement of a society. For some time the City has methodically inventoried streets and sidewalks, then prioritized and funded street overlay and sidewalk replacement and expansion efforts as well as a program for street reconstruction of brick streets. In order to address the needs of our underground infrastructure, the City uses T.V. trucks to inventory main lines and implemented a systematic annual repair schedule. The City's utility rate consultant performs an annual revenue sufficiency analysis to compare actual revenue, expenses and capital outlay to the rate model. The billing rates were increased on October 1, 2008, and also approved were rate increases for each of the nine years thereafter. In FY 2010 the rates for FY 2011 through FY 2019 were re-adjusted and increased due to dramatic increases in the cost of purchased water, water use restrictions that reduced demand and revenues, lack of customer growth and a delay in the timing of the alternative water project.

**Internal and Budgetary Control.** Effective internal accounting control is a major emphasis in the City's accounting system. Internal control seeks to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that financial records are reliable for preparing financial statements and maintaining accountability for assets.

Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts when purchase orders are released to vendors. Pursuant to activity delegated to the City Manager, budget transfers within a department are processed administratively. Budget transfers between departments and any other budget amendments that increase or decrease the total budget of a fund must be approved by the Board of Commissioners. Outstanding encumbrances are reported within fund balances at September 30, 2017 based on the specific purpose for which the resources have been restricted, committed or assigned.

**Cash Management Policies and Practices.** As more completely described in Note III-A in the Notes to the Financial Statements, the City employs a consolidated cash/investment pool to facilitate short-term investments of liquid assets for all City funds. The Board of Commission approved a revised Investment Policy on April 6, 2010 which allows the City to diversify its investments and obtain a greater return on its investments. The Investment Policy allows the City to invest in State approved investments which include U.S. Treasury Bills/Notes, and Federal Agency Securities. In addition, the City utilizes the Florida

Municipal Investment Trust Fund. Over the years, the City has held to a conservative investment philosophy with the idea that the return of the investment principal is more important than the return on the principal. We believe that a conservative investment philosophy best serves the residents of Tarpon Springs.

During Fiscal Year 2017, the average cash/investment pool balance was \$43,651,715 and the total annual earnings net of all bank charges was \$418,237 giving an average rate of return of .96% on the average balance.

**Debt Administration.** At September 30, 2017, the City had total outstanding bonds payable of \$33,335,000 representing the Utility System Revenue Bond Series 2013A. For further details regarding the City's outstanding debt, please see Note III-F in the Notes to the Financial Statements.

The computation of the legal debt margin, which is indicated in the City's Comprehensive Plan, indicates a very low proportion of indebtedness at September 30, 2017 relative to property values at January 1, 2017 (see Schedules 10 through 14 in the Statistical Section for debt information). Schedule 14 demonstrates that coverage for the City's revenue bonds is more than adequate, and is in compliance with the related bond covenants. Schedule 11 shows that the City has no general obligation debt.

**Significant Litigation.** As explained in Note IV-E in the Notes to the Financial Statements, the City is a defendant in various legal actions which should not have a material adverse impact on the financial position of the City as reported herein.

**Risk Management.** The City converted to the Florida League of Cities \$25,000 Stop/Loss Property and Liability Self-Insurance program on January 1, 1995 with a Risk Management - Internal Service Fund established for the administration of the City's "self-insurance" activities. Amounts estimated to be payable due to claims occurring on or before September 30, 2017 decreased to \$174,313, insurance premiums increased which caused a decrease in the change in net position of \$77,334 with a corresponding decrease in total Net Position to \$1,622,272 as of September 30, 2017. For further information, please see Note IV-A in the Notes to the Financial Statements.

The City is not "self-insured" for workers' compensation, health, and dental insurance. Workers' compensation insurance is purchased through the Florida League of Cities. The insurance premium is adjusted from year to year based upon past experience, i.e., claims incurred. Health and dental insurance is purchased through Florida Municipal Insurance Trust (FMIT). Life and long term disability insurance was purchased through Hartford Life & Accident.

**Pension and Other Post-employment Benefits.** The General Employees', Police Officers', and Firefighters' pension plans are self-administered by their own separate Boards of Trustees. City contributions for the year were \$796,782, \$241,324 and \$560,252 respectively. The City contributions for the Police Officers' and Firefighters' Defined Benefit pension plans were in accordance with actuarially determined funding requirements. In addition, the Police Officers' and Firefighters' pension plans are partially funded from excise taxes on certain insurance premiums covering property in Tarpon Springs, collected by the State and remitted to the City. The Police Officers and Firefighters contribute to their pension plans. The General Employees do not contribute to their pension, which is a Defined Contribution Plan administered by ICMA-RC (International City/County Management Association Retirement Corporation). For further information regarding these pension plans please see Note IV-G in the Notes to the Financial Statements.

## 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 Tarpon Springs, Florida for its comprehensive annual financial report (CAFR) for the Fiscal Year ended September 30, 2016. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles (GAAP) 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 the GFOA to determine its eligibility for another certificate.

In addition, the City of Tarpon Springs also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to express our appreciation to all members of the departments who assisted and contributed in the preparation of this report. Sincere appreciation is also extended to the City's external auditors, Moore Stephens Lovelace, P.A., for their advice and assistance in the preparation of this report. The Mayor and Board of Commissioners should be given significant credit for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tarpon Springs finances.

Respectfully submitted,



Mark G. LeCouris  
City Manager



Ron Harring  
Finance Director





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Tarpon Springs  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

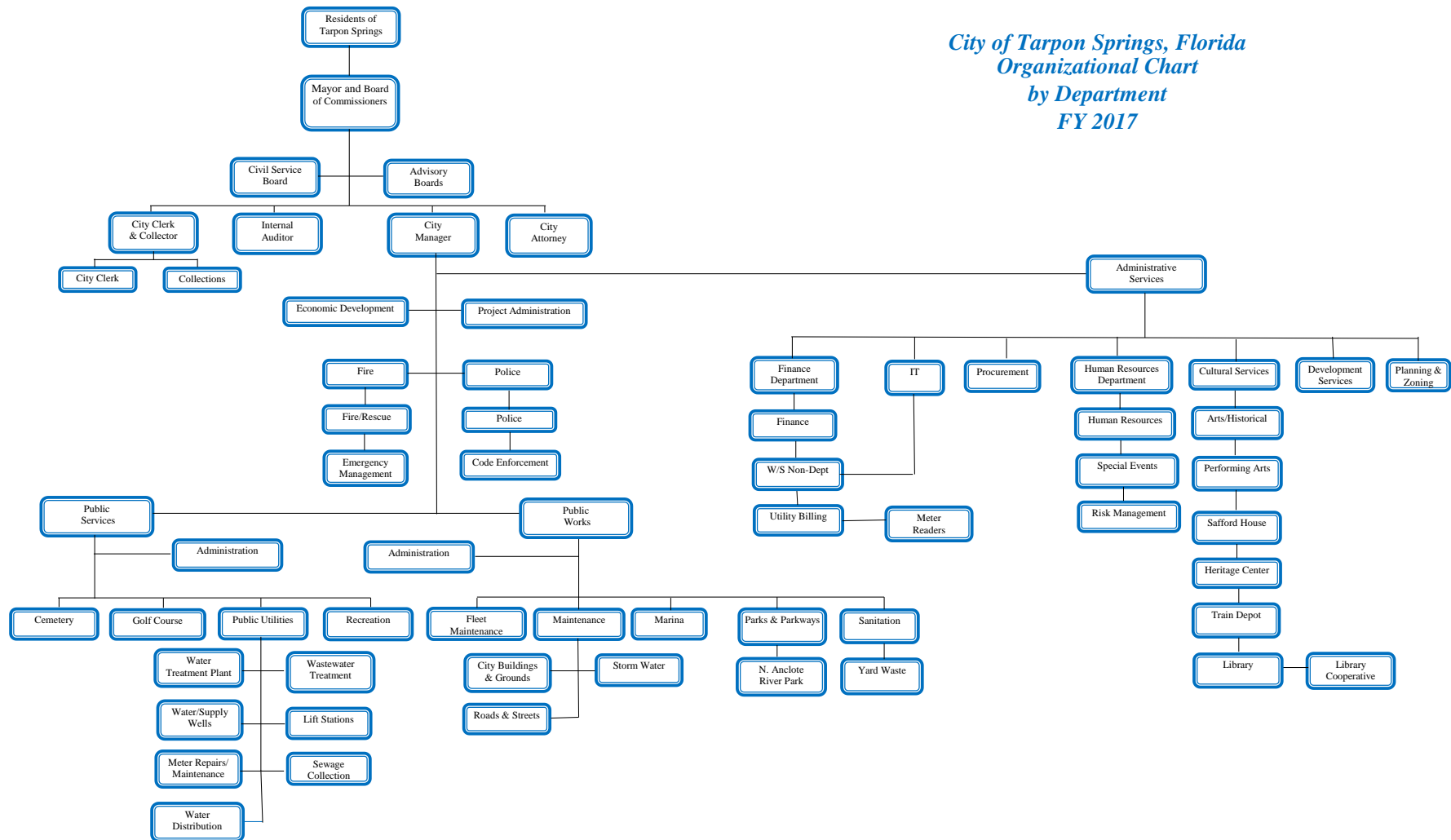
**September 30, 2016**

*Christopher P. Morrell*

Executive Director/CEO

# ORGANIZATIONAL CHART

*City of Tarpon Springs, Florida  
Organizational Chart  
by Department  
FY 2017*



***FINANCIAL SECTION***

***Independent Auditor's Report***

***Management's Discussion and Analysis***

***Basic Financial Statements***

***Required Supplementary Information other than MD & A***

***Combining and Individual Fund Statements and Schedules***

***Other Supplementary Information***





Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Commission  
City of Tarpon Springs, 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 Tarpon Springs, Florida (the City) as of and for the year ended September 30, 2017, 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 of 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 City'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 City'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, 2017, and the respective changes in financial position and, cash flows, where applicable, and the budgetary comparison for the General Fund and the Community Redevelopment Agency Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and  
Members of the City Commission  
City of Tarpon Springs, Florida

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

**Other Matters**

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, statistical section, and other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 non-major fund financial statements and schedules and the other supplementary information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, 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.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 23, 2018



## MANAGEMENT’S DISCUSSION AND ANALYSIS

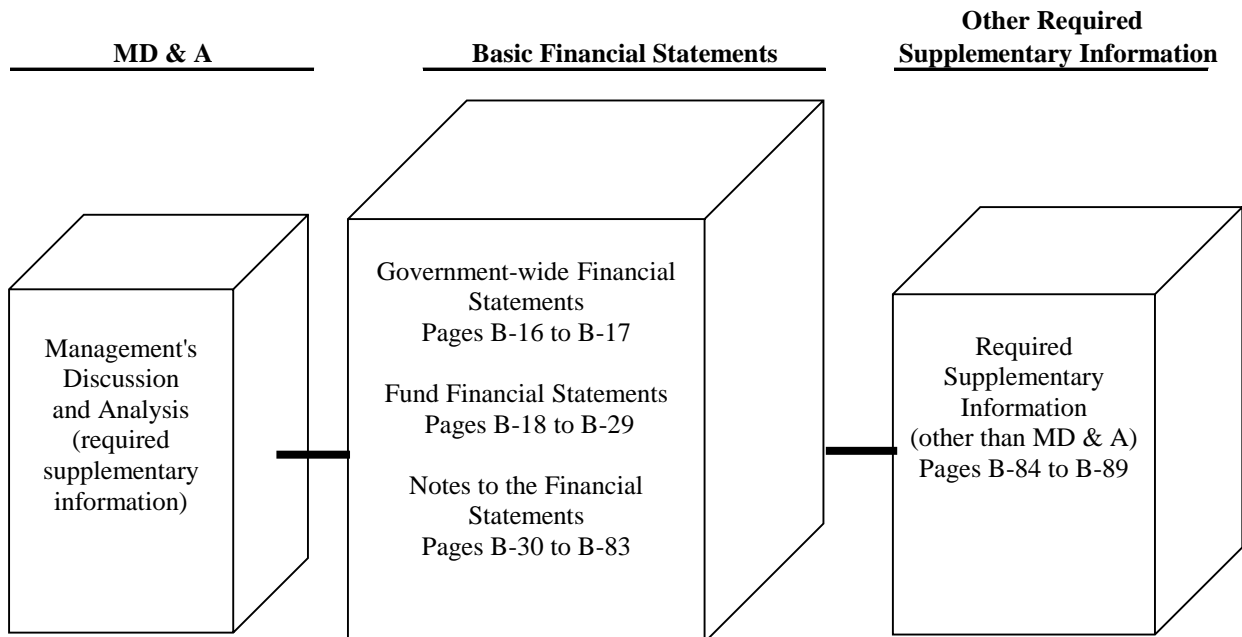
As management of the City of Tarpon Springs (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages A-1 to A-5 of this report.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$147,646,843 (net position). Of this amount, \$22,059,646 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors. The City’s total net position increased by \$362,596.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of 22,882,189, a decrease of \$2,156,382 in comparison with the prior year. The portion of this total amount, \$8,562,911, is available for spending at the government’s discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,562,911, or 37% of the total general fund expenditures.
- The City’s total debt decreased by \$850,000 (2%) which was principal payment on the Utility System Revenue Bonds, Series 2013A. The Utility System Revenue Bonds, Series 2013A is the only outstanding debt of the City with a total principal balance of \$33,335,000.

### USING THIS ANNUAL REPORT

The following graphic provides information and location on the Basic Financial Statements and the Required Supplementary Information.



## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The Government-wide Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business, in that all governmental and business-type activities are consolidated into columns which add up to a total for the primary government.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and inter-governmental 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 reflects the City's basic services, including general government, police, fire, protective inspections, public works, cultural and recreation. Property taxes, utility services taxes, gas taxes, and sales taxes, along with the City's utilities contribution, finance the majority of these services. The Business-type Activities reflect private sector-type operations, including water, wastewater, reclaimed water, storm water, marina, golf course and solid waste management, where the fee for service typically covers all or most of the cost of operation including depreciation.

The government-wide financial statements can be found on pages B-16 to B-17 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over 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 a government's near-term financing requirements.

Because the focus of governmental fund financial statements 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community redevelopment agency-downtown fund and the local option sales tax fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for the major governmental funds and budgetary comparison schedules have been provided for the non-major governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages B-18 to B-23 of this report.

#### Proprietary funds.

The City maintains two different types of proprietary funds, enterprise and internal service 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 sanitation, water and sewer, storm water, marina and golf course operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle maintenance and risk management activities. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds 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 sanitation fund and the water and sewer fund, both of which are considered to be major funds of the City. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements in the combining and individual financial statements and schedules section of this report. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages B-24 to B-27 of this report.

#### Fiduciary funds.

The City maintains one type of fiduciary fund, a pension trust fund. Employee retirement funds are used to report the functions of the pension trust fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because 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. Individual fund data for the fiduciary funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic fiduciary fund financial statements can be found on pages B-28 to B-29 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 B-30 to B-83 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages B-84 to B-89 of this report.

The combining and individual fund statements and schedules section referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds and fiduciary funds are presented immediately

following the required supplementary information on pensions and other postemployment benefits. Combining and individual fund statements and schedules can be found on pages C-1 to C-21 of this report.

## GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$147,646,843 at the close of fiscal year September 30, 2017.

By far the largest portion of the City's net position (75%) reflects its net investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net 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.

The following table reflects the condensed Statement of Net Position compared to the prior fiscal year.

<b>Statement of Net Position as of September 30</b>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 25,770,225	\$ 28,762,219	\$ 20,715,510	\$ 19,458,561	\$ 46,485,735	\$ 48,220,780
Capital assets	51,456,378	49,600,615	92,761,821	93,590,819	144,218,199	143,191,434
Total assets	<u>77,226,603</u>	<u>78,362,834</u>	<u>113,477,331</u>	<u>113,049,380</u>	<u>190,703,934</u>	<u>191,412,214</u>
<b>Deferred Outflows of Resources</b>						
Deferred Outflows of Resources	<u>1,910,545</u>	<u>3,636,004</u>	<u>-</u>	<u>-</u>	<u>1,910,545</u>	<u>3,636,004</u>
<b>Liabilities</b>						
Current and other liabilities	1,024,231	1,665,514	2,906,677	3,050,937	3,930,908	4,716,451
Long-term debt outstanding:						
Due within one year	81,438	78,781	898,775	866,690	980,213	945,471
Due in more than one year	5,620,225	7,032,367	33,260,058	34,106,559	38,880,283	41,138,926
Total liabilities	<u>6,725,894</u>	<u>8,776,662</u>	<u>37,065,510</u>	<u>38,024,186</u>	<u>43,791,404</u>	<u>46,800,848</u>
<b>Deferred Inflows of Resources</b>						
Deferred Inflows of Resources	<u>1,165,471</u>	<u>937,312</u>	<u>10,761</u>	<u>25,811</u>	<u>1,176,232</u>	<u>963,123</u>
<b>Net Position</b>						
Net investment in capital assets	51,456,378	49,600,615	59,032,457	59,405,819	110,488,835	109,006,434
Restricted	9,695,502	10,994,276	5,402,860	5,033,042	15,098,362	16,027,318
Unrestricted	10,093,903	11,689,973	11,965,743	10,560,522	22,059,646	22,250,495
Total net position	<u>\$ 71,245,783</u>	<u>\$ 72,284,864</u>	<u>\$ 76,401,060</u>	<u>\$ 74,999,383</u>	<u>\$ 147,646,843</u>	<u>\$ 147,284,247</u>

An additional portion of the City's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$22,059,646) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Tarpon Springs 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. Total government net position increased by \$362,596 during the current fiscal year.

For more detailed information see the Statement of Net Position (page B-16).

## Statement of Activities

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 4,192,717	\$ 3,996,605	\$ 23,192,460	\$ 22,009,106	\$ 27,385,177	\$ 26,005,711
Operating grants and contributions	701,467	606,237	10,093	-	711,560	606,237
Capital grants and contributions	306,924	774,297	482,469	2,055,112	789,393	2,829,409
General revenues:						
Property taxes	8,286,893	7,828,030	-	-	8,286,893	7,828,030
Property taxes-TIF County portion	185,586	165,527	-	-	185,586	165,527
Utility taxes	2,963,184	2,896,032	-	-	2,963,184	2,896,032
Communication service taxes	919,582	940,076	-	-	919,582	940,076
Sales, gas and other taxes	4,404,121	4,315,525	-	-	4,404,121	4,315,525
Franchise fees	1,649,933	1,666,479	-	-	1,649,933	1,666,479
State revenue sharing	834,871	787,803	-	-	834,871	787,803
Investment income	207,753	269,278	153,778	199,000	361,531	468,278
Miscellaneous	209,878	284,976	-	-	209,878	284,976
Total revenues	<u>24,862,909</u>	<u>24,530,865</u>	<u>23,838,800</u>	<u>24,263,218</u>	<u>48,701,709</u>	<u>48,794,083</u>
<b>EXPENSES</b>						
Program Activities						
Primary Government:						
Governmental Activities:						
General government	3,700,268	3,432,723	-	-	3,700,268	3,432,723
Public safety	14,815,058	14,852,516	-	-	14,815,058	14,852,516
Physical environment	1,203,122	1,140,607	-	-	1,203,122	1,140,607
Transportation	2,352,119	2,313,101	-	-	2,352,119	2,313,101
Economic environment	582,470	531,483	-	-	582,470	531,483
Culture/recreation	4,502,297	4,239,363	-	-	4,502,297	4,239,363
Business-type Activities:						
Water/Sewer	-	-	13,765,541	12,912,634	13,765,541	12,912,634
Sanitation	-	-	4,748,340	4,335,007	4,748,340	4,335,007
Storm water	-	-	1,322,226	1,057,100	1,322,226	1,057,100
Golf Course	-	-	1,233,795	1,369,316	1,233,795	1,369,316
Marina	-	-	113,877	113,616	113,877	113,616
Total expenses	<u>27,155,334</u>	<u>26,509,793</u>	<u>21,183,779</u>	<u>19,787,673</u>	<u>48,339,113</u>	<u>46,297,466</u>
Increase (decrease) in Net Position before Transfers	<u>(2,292,425)</u>	<u>(1,978,928)</u>	<u>2,655,021</u>	<u>4,475,545</u>	<u>362,596</u>	<u>2,496,617</u>
Transfers	1,253,344	1,055,277	(1,253,344)	(1,055,277)	-	-
Change in Net Position	<u>(1,039,081)</u>	<u>(923,651)</u>	<u>1,401,677</u>	<u>3,420,268</u>	<u>362,596</u>	<u>2,496,617</u>
Net Position - Beginning of year	72,284,864	73,208,515	74,999,383	71,579,115	147,284,247	144,787,630
Net Position - End of year	<u>\$ 71,245,783</u>	<u>\$ 72,284,864</u>	<u>\$ 76,401,060</u>	<u>\$ 74,999,383</u>	<u>\$ 147,646,843</u>	<u>\$ 147,284,247</u>

## Governmental activities.

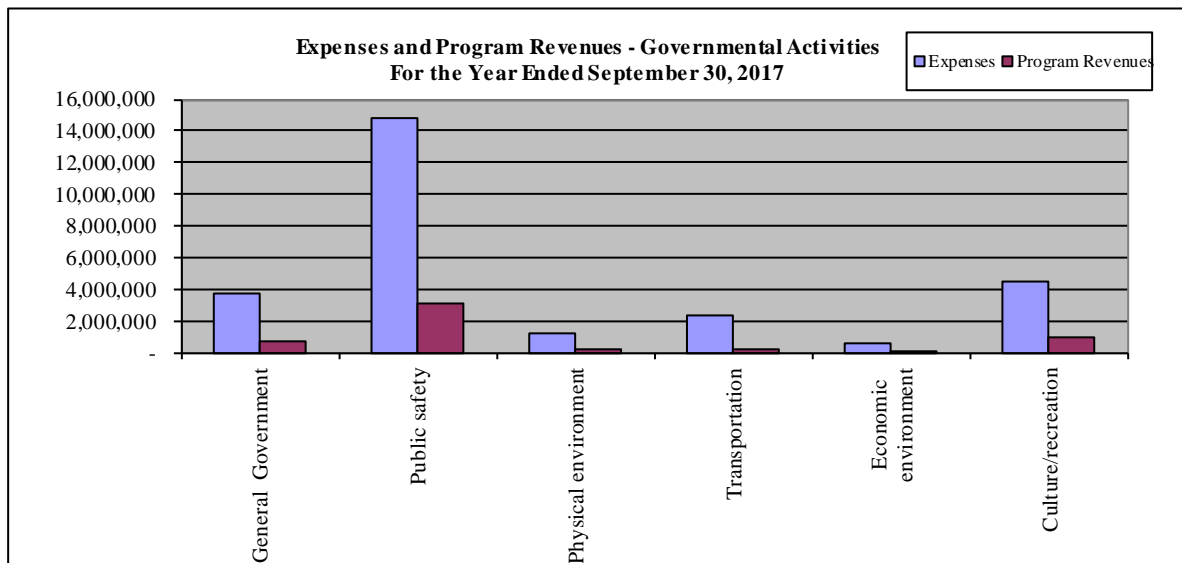
Governmental activities decreased the City's net position by \$1,039,081 accounting for a 287% decrease in the total growth in the net position of the City. The change in net position decreased in comparison to the change noted in the previous fiscal year. Key elements of this change are as follows:

Total Governmental activity revenues increased \$332,044 in comparison to the previous year. The major changes were:

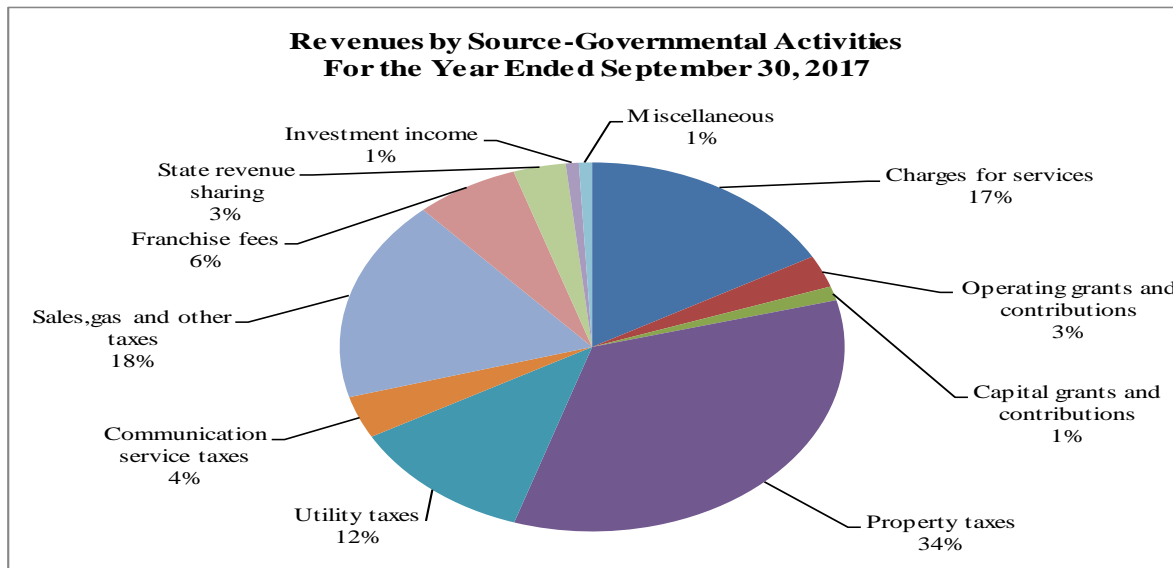
Ad Valorem Taxes:

Property Taxes General Fund	\$ 440,752	Taxable Assessed Value increase of 6.40%
Utility Tax Electric	\$ (5,767)	Slight decrease
Utility Tax Water	\$ 63,993	Higher consumption in FY 2017
Franchise Fee Electric	\$ (18,772)	Fuel cost reduction
Communication Service Tax	\$ (20,494)	Land line decrease
Half Cent Sales Tax	\$ 19,426	Improved economy increase in sales tax
One Cent Local Option Sales Tax (Penny)	\$ 62,780	Improved economy increase in sales tax
State Revenue Sharing	\$ 47,068	Improved economy increase in sales tax
Building Permits	\$ 35,079	Improved economy construction increase
Code Enforcement Fines	\$ (146,067)	Decrease in fines received

Total Governmental activity expenses increased \$645,541 in comparison to the previous year. The major changes were related to personnel costs.







Business-type activities.

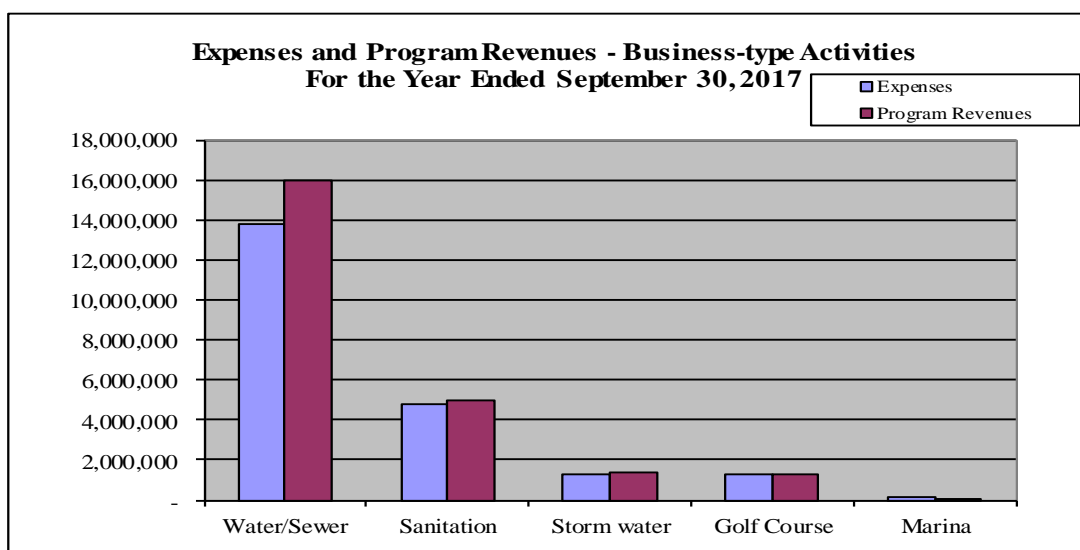
Business-type activities (enterprise funds) increased the City's net position by \$1,401,677, accounting for 387% of the total growth in the governments net position. The change in net position decreased in comparison to the change noted in the previous fiscal year. Key elements of this change are as follows:

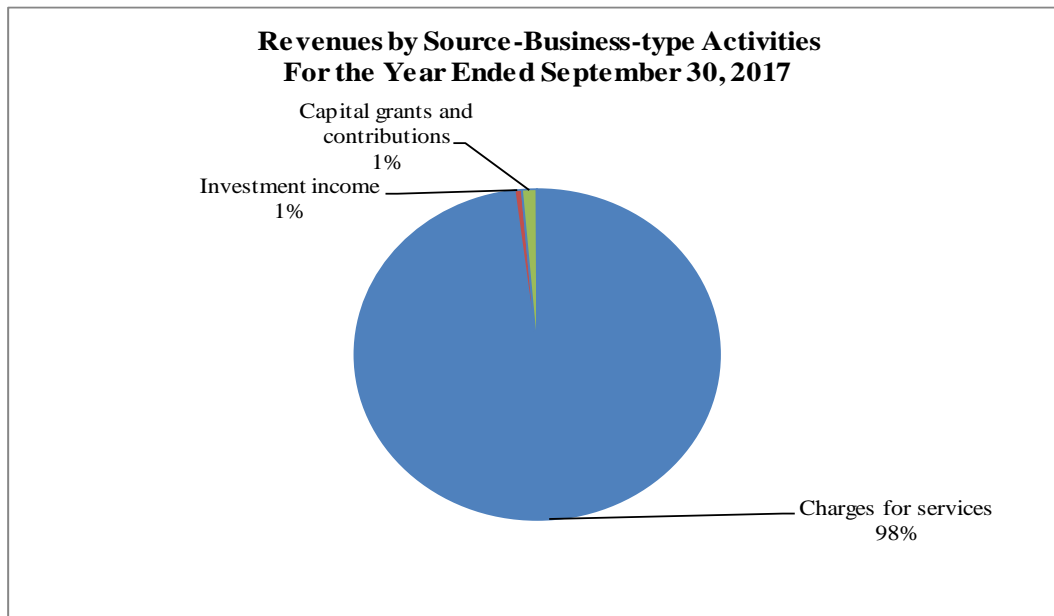
Total Business-type activity revenues decreased \$424,418 in comparison to the previous year. The major changes were:

**Charges for Services:**

Sanitation Fees	\$	213,073	9% Average Rate Increase with new contract
Water Sales	\$	720,737	9.50% Rate Increase
Sewer Sales	\$	159,485	3.00% Rate Increase
Capital Grant Items	\$	(1,539,836)	SWFMD grant FY 2016 for reclaimed tank \$1,682,486 SWFMD grant FY 2017 for reclaimed tank \$142,650

Total Business-type activity expenses increased \$1,396,106 in comparison to the previous year. This increase is due to personnel costs, new sanitation contract and depreciation expense.





### FUND FINANCIAL STATEMENT ANALYSIS

As noted earlier, the City of Tarpon Springs uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

#### **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, unassigned 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 the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,882,189, a decrease of \$2,156,382 in comparison with the prior year. The majority of this total amount (\$8,562,911) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been restricted, committed or assigned. Major restrictions, commitments or assignments include 1) restricted for capital projects (\$4,950,449), 2) committed for perpetual care of the cemetery (\$1,949,668), and 3) assigned for compensated absences (\$1,218,091).

#### **General Fund.**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,562,911, while total fund balance was \$13,799,349. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 37% of total General Fund expenditures.

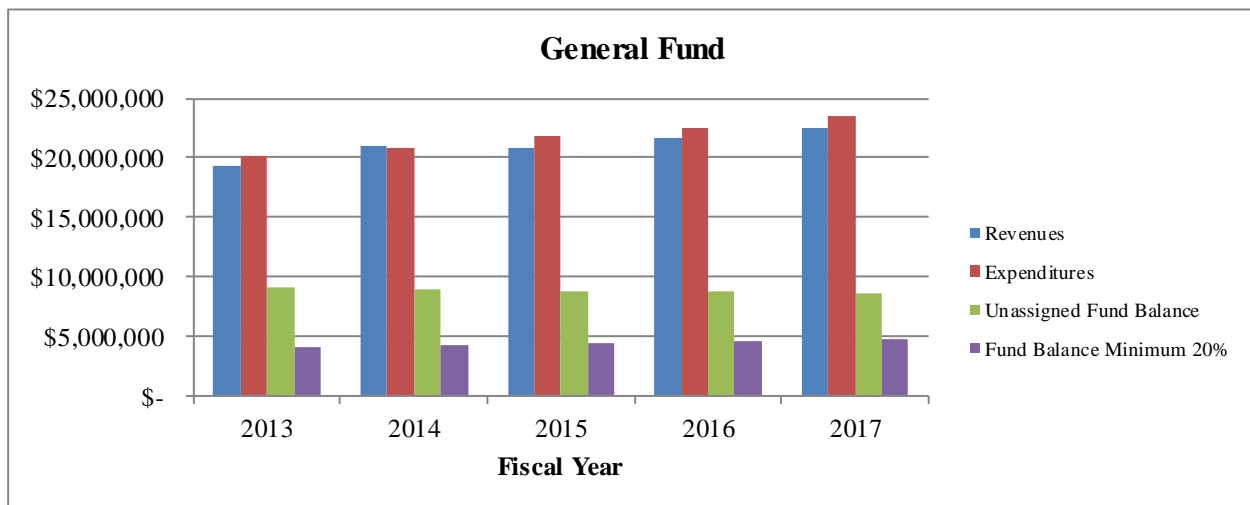
The fund balance of the City's General Fund decreased by \$944,334 during the current fiscal year, a decrease in comparison to the change in fund balance from the previous fiscal year. Key factors in this change are a combination of factors:

Revenues including Transfers In totaled \$22,424,734, an increase of \$796,715 over the previous fiscal year. The major changes were:

Property Taxes	\$ 440,752	Taxable Assessed Value increase of 6.40%
Utility Tax Electric	\$ (5,767)	Slight decrease
Utility Tax Water	\$ 63,993	Higher consumption in FY 2017
Franchise Fee Electric	\$ (18,772)	Fuel cost reduction
Communication Service Tax	\$ (20,494)	Land line decrease
Half Cent Sales Tax	\$ 19,426	Improved economy increase in sales tax
State Revenue Sharing	\$ 47,068	Improved economy increase in sales tax
Building Permits	\$ 35,079	Improved economy construction increase
Code Enforcement Fines	\$ (146,067)	Decrease in fines received

Expenditures including Transfers Out totaled \$23,435,272, an increase of \$864,514 over the previous fiscal year. The major increases were for personnel increases related to salaries and benefits.

The chart below list the General Fund revenues, expenditures, unassigned fund balance and fund balance minimum.



#### Community Redevelopment Agency Fund.

The fund balance of the City's Community Redevelopment Agency Fund increased by \$142,107 during the current fiscal year. Key factors in this change are as follows:

- Revenues were \$409,037 an increase of \$45,998 over the previous fiscal year. Property Tax receipts (City portion) increased \$18,712 and Tax Increment Financing receipts (County portion) increased \$20,059 (due to increasing property values).
- Expenditures were \$266,930, an increase of \$62,182 over the previous fiscal year. The majority of the increase is due to the increase in facade grants issued in FY 2017.

#### Optional Sales Tax Fund.

The fund balance of the City's Optional Sales Tax Fund decreased by \$844,953 during the current fiscal year. Key factors in this change are as follows:

- Revenues were \$2,552,048 an increase of \$198,533 from the previous fiscal year. One cent sales tax receipts (Penny for Pinellas) increased by \$62,780 over the previous fiscal year. The City was also reimbursed \$297,882 for the County portion of the construction cost of Fire Station 71, Penny Fund \$221,301 and Fire Impact Fund \$76,581.

- Expenditures were \$3,397,001, an increase of \$882,796 over the previous fiscal year. The major Capital items were, Police Vehicles, City Hall Restoration, and Fire Station 71 construction

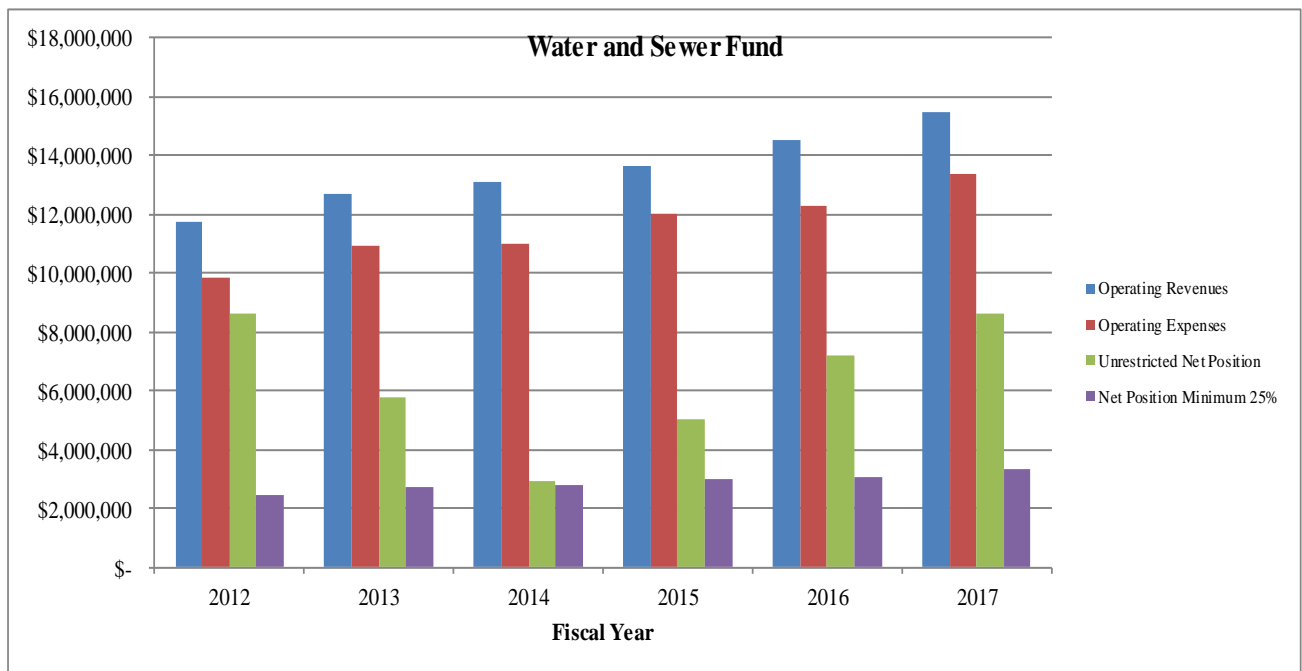
### Proprietary Funds.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

#### Water and Sewer Fund.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$8,628,405, and total growth in net position for the year was \$1,502,487, a decrease over the change noted in the previous fiscal year. This year operating revenues increased \$928,695, water sales increased \$720,737 or 9.00% (9.50% rate increase), sewer sales increased \$159,485 or 2.91% (3% rate increase). SWFWMD (Southwest Florida Water Management District) grant funding for the new Reclaimed Tank was received in the amount of \$142,650. Operating expenses increased \$883,803, personnel costs increased \$353,792 and depreciation increased \$388,749.

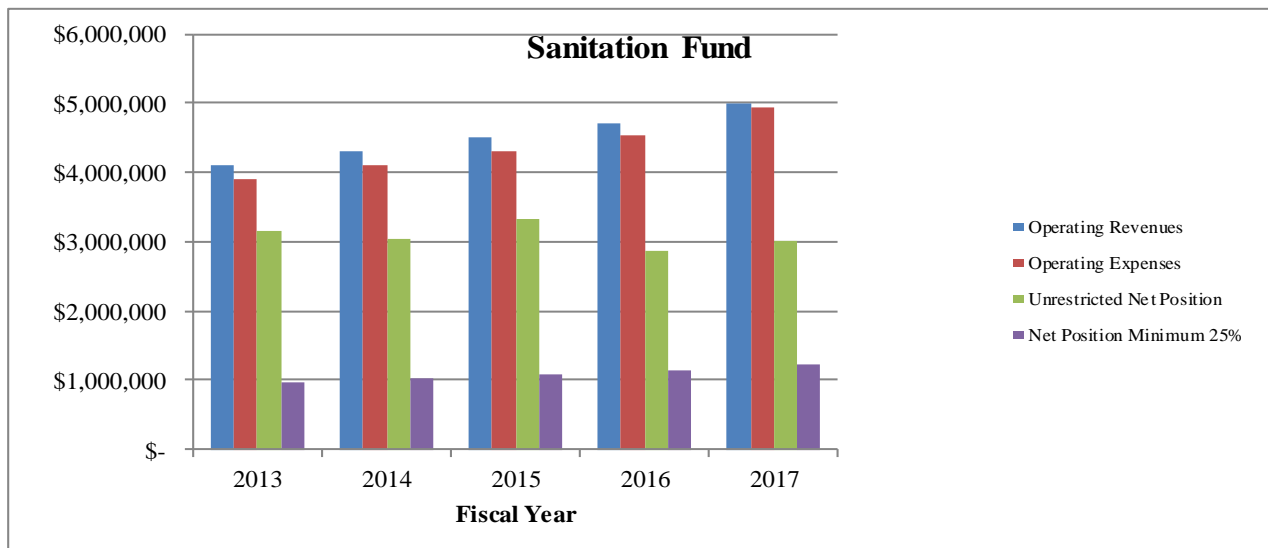
The chart below list the Water and Sewer Fund revenues, expenses, unrestricted net position and unrestricted net position minimum.



#### Sanitation Fund.

Unrestricted net position of the Sanitation Fund at the end of the year amounted to \$3,021,814, and total growth in net position for the year was \$63,179, slightly less than the previous fiscal year. Fiscal Year 2017 was the first year of the new five year contract with the City's garbage contractor. This year operating revenues increased \$290,738, sanitation fees increased \$213,073, recycling fees increased \$42,705 and yard waste fees (not part of the garbage contract) decreased \$27,006. Operating expenses increased \$397,093. The City administration portion remained at 20% in order to cover the operational expenses.

The chart below list the Sanitation Fund revenues, expenses, unrestricted net position and unrestricted net position minimum.



Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the final amended budget for appropriations (expenditures) in the General Fund was an increase of \$2,001,297. Significant budgetary changes between the original budget and the final amended budget in the General Fund involved:

- An increase of \$557,295 for outstanding encumbrances from FY 2016 carried over to FY 2017.
- An increase of \$196,215 for outstanding donations from FY 2016 carried over to FY 2017.
- An increase of \$257,090 for Cemetery land purchase and \$270,042 for Hurricane Irma expenditures.

The differences between the final amended budget for appropriations (expenditures) and actual expenditures in the General Fund was a positive variance of \$799,622. Significant changes between the final amended budget for expenditures and the actual expenditures in the General Fund involved:

- A positive variance of \$281,422 in Capital Outlay due to items budgeted but not expensed as of fiscal year end.
- A positive variance of \$116,163 in Non-departmental due to items budgeted but not expensed as of fiscal year end.

Funding for the projects was from current revenues, transfers and the available fund balance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$144,218,199 (net of accumulated depreciation). This investment in capital assets includes land and land rights, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was .72% (\$1,026,765). Separately there was a 3.74% (\$1,855,763) increase for governmental activities and a .89% (\$828,998) decrease for business-type activities.

Major capital asset events completed during the current fiscal year included the following:

Governmental activities – Fire Station 71 completed at a total cost of \$3,066,170, and City Hall exterior improvements at a total cost of \$2,335,041.

Business-type activities – Reclaimed Tank completed at a total cost of \$4,818,556.

### Capital Assets at Year-End Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land and land rights	\$ 5,519,629	\$ 5,235,802	\$ 3,382,051	\$ 3,287,697	\$ 8,901,680	\$ 8,523,499
Buildings and improvements	11,981,281	7,429,680	1,512,103	1,512,590	13,493,384	8,942,270
Improvements other than buildings	10,223,021	9,626,819	84,197,382	79,426,164	94,420,403	89,052,983
Machinery and equipment	3,033,702	3,472,583	2,353,459	2,784,697	5,387,161	6,257,280
Infrastructure	20,158,766	19,076,628	-	-	20,158,766	19,076,628
Total	50,916,399	44,841,512	91,444,995	87,011,148	142,361,394	131,852,660
Construction in progress	539,979	4,759,103	1,316,826	6,579,671	1,856,805	11,338,774
Total	<u>\$ 51,456,378</u>	<u>\$ 49,600,615</u>	<u>\$ 92,761,821</u>	<u>\$ 93,590,819</u>	<u>\$ 144,218,199</u>	<u>\$ 143,191,434</u>

The following reconciliation summarizes the change in capital assets, which is presented in detail in Note III-C on Pages B-55 to B-56 of the notes.

### Change in Capital Assets

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 49,600,615	\$ 93,590,819	\$ 143,191,434
Additions	9,956,848	9,118,649	19,075,497
Construction in progress	(4,219,124)	(5,262,845)	(9,481,969)
Net Retirements	(41,635)	(144,799)	(186,434)
Depreciation	<u>(3,840,326)</u>	<u>(4,540,003)</u>	<u>(8,380,329)</u>
Ending Balance	<u>\$ 51,456,378</u>	<u>\$ 92,761,821</u>	<u>\$ 144,218,199</u>

## Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$33,729,364 which comprises bonds secured solely by specified revenue sources.

The City's total debt decreased by \$866,472 (2.50%), principal payment and amortization of premium during the current fiscal year. Utility System Revenue Bonds, Series 2013A had a principal payment of \$850,000.

The City has no outstanding general obligation (G.O.) debt.

### Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Utility Revenue Bonds	\$ -	\$ -	\$ 33,729,364	\$ 34,595,836	\$ 33,729,364	\$ 34,595,836
Total	\$ -	\$ -	\$ 33,729,364	\$ 34,595,836	\$ 33,729,364	\$ 34,595,836

The City received a rating from Standard & Poor's of AA-/Stable on February 14, 2013 on the Utility System Revenue Bonds, Series 2013A.

Additional information on the City's long-term debt can be found in Note III-F on pages B-60 to B-63 of the notes.

## ECONOMIC FACTORS

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, permits, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and nonrecurring (one-time) grants from the State of Florida, federal government and other grantor agencies.

For the business-type and certain governmental activities (permitting, recreational programs, etc) the user pays a related fee or charge associated with the service.

The level of taxes, fees and charges for services (including development related impact fees) will have a bearing on the City's specific competitive ability to (a) annex additional land into their corporate limits and (b) encourage development (office, retail, residential and industrial) to choose to be located in their jurisdiction. The City places significant emphasis on encouraging both annexation and economic development. The City now competes with unincorporated Pinellas County for new regional development. In areas of concern affecting all Pinellas County municipalities, City officials regularly meet with other members of Pinellas County Governments.

Construction activity within the City has increased in FY 2017. The number of building permits pulled has increased over the previous fiscal year. Property values have also been increasing within the City.

## FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional information, contact the City Finance Director or Assistant Finance Director, offices located on the Second Floor of City Hall, 324 East Pine Street, Tarpon Springs, Florida, 34689.

# ***BASIC FINANCIAL STATEMENTS***

*This section contains the following subsections:*

## **Government-Wide Financial Statements**

Statement of Net Position  
Statement of Activities

## **Fund Financial Statements**

### **Governmental Fund Financial Statements**

Balance Sheet - Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of  
Net Position - Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual:  
General Fund  
Community Redevelopment Agency Fund - Downtown

### **Proprietary Fund Financial Statements**

Statement of Net Position - Proprietary Funds  
Statement of Revenues, Expenses, and Changes in Net Position -  
Proprietary Funds  
Statement of Cash Flows - Proprietary Funds

### **Fiduciary Fund Financial Statements**

Statement of Fiduciary Net Position - Fiduciary Funds  
Statement of Changes in Fiduciary Net Position - Fiduciary Funds

## **Notes to the Financial Statements**



**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,566,607	\$ 4,705,826	\$ 12,272,433
Investments	15,865,271	7,708,258	23,573,529
Receivables (net of allowance)	830,664	2,222,223	3,052,887
Due from other governments	801,351	-	801,351
Internal balances	489,975	(489,975)	-
Inventories	31,324	190,024	221,348
Prepaid items	185,033	137,988	323,021
Restricted assets:			
Cash and cash equivalents	-	5,837,216	5,837,216
Investments	-	389,742	389,742
Receivables	-	14,208	14,208
Capital Assets:			
Land and land rights	5,519,629	3,382,051	8,901,680
Buildings and improvements	25,197,856	2,005,150	27,203,006
Improvements other than buildings	16,443,696	121,971,562	138,415,258
Machinery and equipment	10,887,002	6,706,568	17,593,570
Infrastructure	46,858,435	-	46,858,435
Construction in progress	539,979	1,316,826	1,856,805
Accumulated depreciation	(53,990,219)	(42,620,336)	(96,610,555)
Total Assets	<u>77,226,603</u>	<u>113,477,331</u>	<u>190,703,934</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows of resources related to pension plans.	<u>1,910,545</u>	<u>-</u>	<u>1,910,545</u>
<b>LIABILITIES</b>			
Accounts payable	605,610	673,002	1,278,612
Accrued liabilities	76,698	39,802	116,500
Contracts payable	-	462,308	462,308
Deposits	17,553	-	17,553
Unearned revenue	324,370	25,461	349,831
Payable from restricted assets:			
Customer deposits	-	1,706,104	1,706,104
Non Current Liabilities			
Due Within One Year:			
Bonds payable	-	880,000	880,000
Compensated absences	70,303	18,775	89,078
Claims payable	11,135	-	11,135
Due In More Than One Year:			
Bonds payable	-	32,849,364	32,849,364
Other postemployment benefits	342,010	169,504	511,514
Compensated absences	1,157,057	241,190	1,398,247
Net pension liability	3,957,980	-	3,957,980
Claims payable	163,178	-	163,178
Total Liabilities	<u>6,725,894</u>	<u>37,065,510</u>	<u>43,791,404</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Local business tax-future year	111,827	-	111,827
Mausoleum revenue-future year	4,041	-	4,041
Sewer impacts/connections-future year	-	10,761	10,761
Deferred inflows of resources related to pension plans	1,049,603	-	1,049,603
Total Deferred Inflows of Resources	<u>1,165,471</u>	<u>10,761</u>	<u>1,176,232</u>
<b>NET POSITION</b>			
Net investment in capital assets	51,456,378	59,032,457	110,488,835
Restricted for :			
Capital projects - optional sales tax	3,772,696	-	3,772,696
Capital projects - impact fee programs	1,092,152	1,587,356	2,679,508
Transportation	406,686	-	406,686
CRA	731,695	-	731,695
Law enforcement programs	234,534	-	234,534
Grant programs	77,877	-	77,877
Special programs	426,241	-	426,241
Other contractual obligations	753,621	1,036,126	1,789,747
Loan receivable	200,000	-	200,000
Street and sidewalk per Charter	2,000,000	-	2,000,000
Bond reserve	-	2,045,894	2,045,894
Bond renewal and replacement	-	733,484	733,484
Unrestricted	<u>10,093,903</u>	<u>11,965,743</u>	<u>22,059,646</u>
Total Net Position	<u>\$ 71,245,783</u>	<u>\$ 76,401,060</u>	<u>\$ 147,646,843</u>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 3,700,268	\$ 727,516	\$ -	\$ 16,481	\$ (2,956,271)	\$ -	\$ (2,956,271)
Public safety	14,815,058	2,814,847	124,081	86,841	(11,789,289)	-	(11,789,289)
Physical environment	1,203,122	186,427	18,212	-	(998,483)	-	(998,483)
Transportation	2,352,119	-	73,601	65,632	(2,212,886)	-	(2,212,886)
Economic environment	582,470	-	109,050	-	(473,420)	-	(473,420)
Culture/recreation	4,502,297	463,927	376,523	137,970	(3,523,877)	-	(3,523,877)
Total governmental activities	<u>27,155,334</u>	<u>4,192,717</u>	<u>701,467</u>	<u>306,924</u>	<u>(21,954,226)</u>	<u>-</u>	<u>(21,954,226)</u>
Business-Type Activities:							
Water/Sewer	13,765,541	15,487,892	10,093	482,469	-	2,214,913	2,214,913
Sanitation	4,748,340	4,998,115	-	-	-	249,775	249,775
Storm Water	1,322,226	1,334,347	-	-	-	12,121	12,121
Golf Course	1,233,795	1,293,925	-	-	-	60,130	60,130
Marina	113,877	78,181	-	-	-	(35,696)	(35,696)
Total business-type activities	<u>21,183,779</u>	<u>23,192,460</u>	<u>10,093</u>	<u>482,469</u>	<u>-</u>	<u>2,501,243</u>	<u>2,501,243</u>
Total primary government	<u>\$ 48,339,113</u>	<u>\$ 27,385,177</u>	<u>\$ 711,560</u>	<u>\$ 789,393</u>	<u>(21,954,226)</u>	<u>2,501,243</u>	<u>(19,452,983)</u>
General Revenues:							
Taxes:							
Property taxes					8,286,893	-	8,286,893
Property taxes -Tax Increment							
Financing (TIF) - County portion					185,586	-	185,586
Utility taxes					2,963,184	-	2,963,184
Communication service taxes					919,582	-	919,582
Half-cent sales tax					1,542,364	-	1,542,364
Local option gas tax					324,217	-	324,217
Local option sales tax					2,313,011	-	2,313,011
Local business tax					160,636	-	160,636
Other taxes					63,893	-	63,893
Franchise fees					1,649,933	-	1,649,933
State revenue sharing					834,871	-	834,871
Investment income					207,753	153,778	361,531
Miscellaneous					209,878	-	209,878
Transfers					1,253,344	(1,253,344)	-
Total General Revenues					<u>20,915,145</u>	<u>(1,099,566)</u>	<u>19,815,579</u>
Change in Net Position					(1,039,081)	1,401,677	362,596
Net Position - Beginning					<u>72,284,864</u>	<u>74,999,383</u>	<u>147,284,247</u>
Net Position - Ending					<u>\$ 71,245,783</u>	<u>\$ 76,401,060</u>	<u>\$ 147,646,843</u>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	General	Community Redevelopment Agency Downtown	Optional Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>	<b>Fund</b>				
Cash and cash equivalents	\$ 2,685,171	\$ 457,384	\$ 1,153,618	\$ 2,939,731	\$ 7,235,904
Investments	10,275,342	600,000	1,795,165	2,195,052	14,865,559
Accounts receivable - net of allowance for doubtful accounts	93,371	-	-	-	93,371
Loan receivable	200,000	-	-	-	200,000
Taxes receivable	495,554	-	-	-	495,554
Due from other funds (deficit in pooled cash)	950,783	-	-	-	950,783
Due from other governments	214,782	-	510,263	76,306	801,351
Advance to other fund	-	-	321,085	-	321,085
Prepaid items	179,224	1,001	-	-	180,225
Total Assets	<u>\$ 15,094,227</u>	<u>\$ 1,058,385</u>	<u>\$ 3,780,131</u>	<u>\$ 5,211,089</u>	<u>\$ 25,143,832</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 419,995	\$ 1,967	\$ 7,435	\$ 171,832	\$ 601,229
Accrued liabilities	74,216	628	-	-	74,844
Deposits	14,543	3,010	-	-	17,553
Advance from other fund	345,886	321,085	-	460,808	1,127,779
Unearned revenue	324,370	-	-	-	324,370
Total Liabilities	<u>1,179,010</u>	<u>326,690</u>	<u>7,435</u>	<u>632,640</u>	<u>2,145,775</u>
Deferred Inflows of Resources:					
Local business tax-future year	111,827	-	-	-	111,827
Mausoleum revenue-future year	4,041	-	-	-	4,041
Total Deferred Inflows of Resources	<u>115,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,868</u>
Fund Balances:					
Nonspendable:					
Prepaid items	179,224	1,001	-	-	180,225
Advance to other fund	-	-	321,085	-	321,085
Loan receivable	200,000	-	-	-	200,000
Street and sidewalk per Charter, nonexpendable	-	-	-	2,000,000	2,000,000
Restricted for:					
Donations received	192,379	-	-	-	192,379
Capital projects - impact fee programs	-	-	-	1,092,152	1,092,152
CRA	-	730,694	-	-	730,694
Capital projects - optional sales tax	-	-	3,451,611	-	3,451,611
Transportation	-	-	-	406,686	406,686
Law enforcement programs	-	-	-	234,582	234,582
Grant programs	-	-	-	6,060	6,060
Public art program	-	-	-	365,278	365,278
Land preservation	-	-	-	60,963	60,963
Physical environment	-	-	-	71,769	71,769
Committed to:					
Cemetery	1,949,668	-	-	-	1,949,668
Tree bank	511,085	-	-	-	511,085
Right of way	145,557	-	-	-	145,557
Employee benefit cost deferral	-	-	-	340,959	340,959
Assigned to:					
Compensated absences	1,218,091	-	-	-	1,218,091
Disaster reserve	50,000	-	-	-	50,000
Subsequent years expenditures	274,517	-	-	-	274,517
Insurance/Other	257,648	-	-	-	257,648
Library	61,331	-	-	-	61,331
Other contractual obligations	196,938	-	-	-	196,938
Unassigned:	<u>8,562,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,562,911</u>
Total Fund Balances	<u>13,799,349</u>	<u>731,695</u>	<u>3,772,696</u>	<u>4,578,449</u>	<u>22,882,189</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,094,227</u>	<u>\$ 1,058,385</u>	<u>\$ 3,780,131</u>	<u>\$ 5,211,089</u>	<u>\$ 25,143,832</u>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

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Fund balances - total governmental funds \$ 22,882,189

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	\$ 104,763,203	
Less accumulated depreciation	<u>(53,699,079)</u>	51,064,124

Certain deferred outflows of resources are not available to pay current period expenditures and therefore are not reported in the funds.

Deferred outflows of resources related to pension plans.		1,910,545
--	--	-----------

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

Compensated absences	(1,218,091)	
Other postemployment benefits	<u>(327,569)</u>	(1,545,660)

Certain liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability	(3,957,980)	
Deferred inflows of resources related to pension plans	<u>(1,049,603)</u>	(5,007,583)

Interest revenues are not recognized in the current period because the resources are not available, therefore, are not reported in the funds.

		37,970
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Internal service funds are used by management to charge the costs of fleet maintenance and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

		<u>1,904,198</u>
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Net position of governmental activities.	\$	<u><u>71,245,783</u></u>
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**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General Fund	Community Redevelopment Agency Downtown	Optional Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 12,142,170	\$ 188,126	\$ 2,313,011	\$ 324,217	\$ 14,967,524
Permits and fees	2,071,374	-	-	306,923	2,378,297
Intergovernmental	2,872,566	185,586	-	143,766	3,201,918
Charges for services	2,793,163	-	221,301	76,581	3,091,045
Fines and forfeitures	79,076	-	-	7,164	86,240
Other	1,013,041	35,325	17,736	54,433	1,120,535
Total Revenues	<u>20,971,390</u>	<u>409,037</u>	<u>2,552,048</u>	<u>913,084</u>	<u>24,845,559</u>
Expenditures:					
Current:					
General Government:					
Board of commissioners	142,939	-	-	-	142,939
City manager	306,766	-	-	-	306,766
Financial administration	444,099	-	-	-	444,099
Human resources	233,459	-	-	-	233,459
Purchasing	233,885	-	-	-	233,885
Management information services	440,085	-	-	-	440,085
City attorney	210,414	-	-	-	210,414
Planning	288,375	-	-	-	288,375
City clerk	325,516	-	-	-	325,516
Projection administration	44,442	-	-	-	44,442
Non-departmental	534,674	-	-	-	534,674
	<u>3,204,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,204,654</u>
Public Safety:					
Police	7,070,255	-	-	55,346	7,125,601
Fire/ems/emergency management	4,903,704	-	-	-	4,903,704
Protective inspections	952,012	-	-	-	952,012
	<u>12,925,971</u>	<u>-</u>	<u>-</u>	<u>55,346</u>	<u>12,981,317</u>
Physical Environment:					
City buildings/grounds	638,893	-	-	-	638,893
Cemetery	275,630	-	-	-	275,630
Other	85,274	-	-	32,417	117,691
	<u>999,797</u>	<u>-</u>	<u>-</u>	<u>32,417</u>	<u>1,032,214</u>
Transportation:					
Roads and streets	1,035,593	-	-	-	1,035,593
	<u>1,035,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035,593</u>
Economic Environment:					
Other	121,316	266,930	-	-	388,246
	<u>121,316</u>	<u>266,930</u>	<u>-</u>	<u>-</u>	<u>388,246</u>
Culture and Recreation:					
Library	1,227,318	-	-	-	1,227,318
Parks and recreation	1,688,303	-	-	-	1,688,303
Cultural	950,649	-	-	-	950,649
Other	-	-	-	15,400	15,400
	<u>3,866,270</u>	<u>-</u>	<u>-</u>	<u>15,400</u>	<u>3,881,670</u>
Capital Outlay	<u>1,281,671</u>	<u>-</u>	<u>3,397,001</u>	<u>1,052,919</u>	<u>5,731,591</u>
Total Expenditures	<u>23,435,272</u>	<u>266,930</u>	<u>3,397,001</u>	<u>1,156,082</u>	<u>28,255,285</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,463,882)</u>	<u>142,107</u>	<u>(844,953)</u>	<u>(242,998)</u>	<u>(3,409,726)</u>
Other Financing Sources (Uses):					
Transfers in	1,519,548	-	-	180,000	1,699,548
Transfers out	-	-	-	(446,204)	(446,204)
Total Other Financing Sources (Uses)	<u>1,519,548</u>	<u>-</u>	<u>-</u>	<u>(266,204)</u>	<u>1,253,344</u>
Net Change in Fund Balances	(944,334)	142,107	(844,953)	(509,202)	(2,156,382)
Fund Balances - Beginning of Year	<u>14,743,683</u>	<u>589,588</u>	<u>4,617,649</u>	<u>5,087,651</u>	<u>25,038,571</u>
Fund Balances - End of Year	<u>\$ 13,799,349</u>	<u>\$ 731,695</u>	<u>\$ 3,772,696</u>	<u>\$ 4,578,449</u>	<u>\$ 22,882,189</u>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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Net change in fund balances - total governmental funds		\$	(2,156,382)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures.			
However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.			
Expenditures for capital assets	\$	5,731,591	
Less current year depreciation		<u>(3,786,681)</u>	1,944,910
In the statement of activities the loss on disposition of capital assets is reported. The loss is not a use of current resources and thus is not reported in the funds.			(41,635)
Deferred outflows of resources related to pension plans.			(1,148,539)
Liability for other postemployment benefits (OPEB) does not require the use of current financial resources and consequently is not reported in the funds.			
Current year change in the liability for other postemployment benefits			(55,964)
Revenues which do not provide current financial resources and are not reported in the governmental funds.			
Current year change in accrued interest			3,935
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Current year change in compensated absences		(20,405)	
Net pension liability		1,416,958	
Deferred inflows of resources related to pension plans		<u>(850,587)</u>	545,966
Internal service funds are used by management to charge the costs of fleet maintenance and risk management to individual funds.			
The net income of the internal service funds is reported with governmental activities.			<u>(131,372)</u>
Change in net position of governmental activities.		\$	<u><u>(1,039,081)</u></u>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 12,119,016	\$ 12,119,016	\$ 12,142,170	\$ 23,154
Permits and fees	2,181,074	2,034,744	2,071,374	36,630
Intergovernmental	2,566,911	2,761,911	2,872,566	110,655
Charges for services	2,718,756	2,733,756	2,793,163	59,407
Fines and forfeitures	184,775	184,775	79,076	(105,699)
Other	1,016,550	1,020,135	1,013,041	(7,094)
Total Revenues	20,787,082	20,854,337	20,971,390	117,053
Expenditures:				
Current:				
General Government:				
Board of commissioners	145,754	145,754	142,939	2,815
City manager	298,447	306,728	306,766	(38)
Financial administration	490,610	481,982	444,099	37,883
Human resources	303,294	239,495	233,459	6,036
Purchasing	238,805	247,107	233,885	13,222
Management information services	438,201	463,438	440,085	23,353
City attorney	162,841	210,841	210,414	427
Planning	284,220	287,384	288,375	(991)
City clerk	318,710	325,834	325,516	318
Project administration	-	44,448	44,442	6
Non-departmental	554,674	650,837	534,674	116,163
	3,235,556	3,403,848	3,204,654	199,194
Public Safety:				
Police	7,036,195	7,233,078	7,070,255	162,823
Fire/ems/emergency management	4,782,920	4,931,970	4,903,704	28,266
Protective inspections	1,017,269	952,989	952,012	977
	12,836,384	13,118,037	12,925,971	192,066
Physical Environment:				
City buildings/grounds	606,331	636,003	638,893	(2,890)
Cemetery	279,546	297,252	275,630	21,622
Tree bank	75,000	89,877	85,274	4,603
	960,877	1,023,132	999,797	23,335
Transportation:				
Roads and streets	1,043,147	1,050,167	1,035,593	14,574
Economic Environment:				
Economic development	120,254	122,140	121,316	824
Culture and Recreation:				
Library	1,025,203	1,291,832	1,227,318	64,514
Parks and recreation	1,666,922	1,711,725	1,688,303	23,422
Cultural	892,565	950,920	950,649	271
	3,584,690	3,954,477	3,866,270	88,207
Capital Outlay	452,689	1,563,093	1,281,671	281,422
Total Expenditures	22,233,597	24,234,894	23,435,272	799,622
Excess of Revenues Over (Under) Expenditures	(1,446,515)	(3,380,557)	(2,463,882)	916,675
Other Financing Sources:				
Transfers in	1,275,915	1,453,344	1,519,548	66,204
Total Other Financing Sources	1,275,915	1,453,344	1,519,548	66,204
Net Change in Fund Balances	(170,600)	(1,927,213)	(944,334)	982,879
Fund Balances - Beginning of Year	14,743,683	14,743,683	14,743,683	-
Fund Balances - End of Year	\$ 14,573,083	\$ 12,816,470	\$ 13,799,349	\$ 982,879

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**COMMUNITY REDEVELOPMENT AGENCY FUND - DOWNTOWN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 188,407	\$ 188,407	\$ 188,126	\$ (281)
Intergovernmental	185,863	185,863	185,586	(277)
Other	22,250	22,250	35,325	13,075
Total Revenues	396,520	396,520	409,037	12,517
Expenditures:				
Current:				
Economic Environment:				
Other	145,240	305,004	266,930	38,074
Capital Outlay	251,280	239,280	-	239,280
Total Expenditures	396,520	544,284	266,930	277,354
Net Change in Fund Balances	-	(147,764)	142,107	289,871
Fund Balances - Beginning of Year	589,588	589,588	589,588	-
Fund Balances - End of Year	\$ 589,588	\$ 441,824	\$ 731,695	\$ 289,871

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



**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	Business-type Activities					Governmental Activities - Internal Service Funds
	Enterprise Funds			Total		
	Sanitation	Water and Sewer	Non-Major Enterprise Funds			
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,399,626	\$ 2,534,531	\$ 771,669	\$ 4,705,826	\$ 330,703	
Investments	1,572,339	5,325,952	809,967	7,708,258	999,712	
Receivables:						
Interest	5,293	24,468	3,108	32,869	3,769	
Accounts - billed (net)	381,588	988,114	97,184	1,466,886	-	
Accounts - unbilled	158,461	511,515	52,492	722,468	-	
Advance to other fund	708,114	-	-	708,114	345,886	
Inventories	-	165,409	24,615	190,024	31,324	
Prepaid items	10,075	111,397	16,516	137,988	4,808	
Restricted cash and cash equivalents:						
Customer deposits	550,253	1,153,010	-	1,703,263	-	
Total Current Assets	4,785,749	10,814,396	1,775,551	17,375,696	1,716,202	
Non-Current Assets:						
Restricted:						
Cash and cash equivalents:						
Impact fees	-	1,194,167	-	1,194,167	-	
Reserve fund	-	2,045,894	-	2,045,894	-	
Renewal and replacement fund	-	733,484	-	733,484	-	
Construction fund	-	160,408	-	160,408	-	
Investments - Impact fees	-	389,742	-	389,742	-	
Receivables:						
Accrued interest	-	8,604	-	8,604	-	
Accounts receivable - billed (net)	-	5,604	-	5,604	-	
Capital Assets:						
Land and land rights	421,435	2,566,730	393,886	3,382,051	-	
Buildings and improvements	91,593	1,402,832	510,725	2,005,150	44,756	
Improvements other than buildings	108,029	116,373,562	5,489,971	121,971,562	521,093	
Machinery and equipment	761,182	3,765,367	2,180,019	6,706,568	117,545	
Accumulated depreciation	(441,662)	(38,746,563)	(3,432,111)	(42,620,336)	(291,140)	
Construction in progress	-	1,050,200	266,626	1,316,826	-	
Total Non-Current Assets	940,577	90,950,031	5,409,116	97,299,724	392,254	
Total Assets	5,726,326	101,764,427	7,184,667	114,675,420	2,108,456	
LIABILITIES						
Current Liabilities:						
Accounts payable	37,483	498,216	137,303	673,002	4,381	
Accrued liabilities	2,281	31,865	5,656	39,802	1,854	
Contracts payable	430,838	31,470	-	462,308	-	
Due to other fund (deficit in pooled cash)	-	-	950,783	950,783	-	
Advance from other fund	-	-	247,306	247,306	-	
Bonds payable	-	880,000	-	880,000	-	
Claims payable	-	-	-	-	11,135	
Compensated absences	1,472	15,655	1,648	18,775	3,196	
Unearned revenue	-	7,383	18,078	25,461	-	
Current Liabilities (payable from restricted assets):						
Customer deposits	550,253	1,153,010	2,841	1,706,104	-	
Total Current Liabilities	1,022,327	2,617,599	1,363,615	5,003,541	20,566	
Non-Current Liabilities:						
Bonds payable	-	32,849,364	-	32,849,364	-	
Claims payable	-	-	-	-	163,178	
Other postemployment benefits	20,929	121,435	27,140	169,504	14,441	
Compensated absences	2,490	210,559	28,141	241,190	6,073	
Total Non-Current Liabilities	23,419	33,181,358	55,281	33,260,058	183,692	
Total Liabilities	1,045,746	35,798,957	1,418,896	38,263,599	204,258	
DEFERRED INFLOWS OF RESOURCES						
Sewer impacts/connections-future year	-	10,761	-	10,761	-	
Total Deferred Inflows of Resources	-	10,761	-	10,761	-	
NET POSITION						
Net investment in capital assets	940,577	52,682,764	5,409,116	59,032,457	392,254	
Restricted for:						
Revenue bond reserve requirements	-	2,045,894	-	2,045,894	-	
Revenue bond renewal and replacement requirements	-	733,484	-	733,484	-	
Capital projects - impact fee program	-	1,587,356	-	1,587,356	-	
Other contractual obligations	718,189	276,806	41,131	1,036,126	382,018	
Unrestricted	3,021,814	8,628,405	315,524	11,965,743	1,129,926	
Total Net Position	\$ 4,680,580	\$ 65,954,709	\$ 5,765,771	\$ 76,401,060	\$ 1,904,198	

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sanitation	Water and Sewer	Non-Major Enterprise Funds	Total	
Operating Revenues:					
Charges for services	\$ 4,983,676	\$ 15,267,334	\$ 2,698,800	\$ 22,949,810	\$ 1,544,700
Other	14,439	204,086	7,653	226,178	2,984
Total Operating Revenues	4,998,115	15,471,420	2,706,453	23,175,988	1,547,684
Operating Expenses:					
Personnel services	485,573	4,717,310	879,181	6,082,064	287,573
Contractual services	4,060,431	713,864	918,819	5,693,114	46,651
Supplies	27,275	1,171,663	208,840	1,407,778	394,519
Repairs and maintenance	40,218	864,624	127,100	1,031,942	333,680
Utilities	4,933	1,100,992	72,404	1,178,329	758
Claims	-	-	-	-	(20,172)
Insurance	-	-	-	-	595,816
Depreciation	97,725	3,979,837	462,441	4,540,003	53,646
Total Operating Expenses	4,716,155	12,548,290	2,668,785	19,933,230	1,692,471
Operating Income (Loss)	281,960	2,923,130	37,668	3,242,758	(144,787)
Non-Operating Revenues (Expenses):					
Investment income	37,221	113,033	15,318	165,572	14,145
Net change in fair value of investments	(3,061)	(8,127)	(606)	(11,794)	(730)
Intergovernmental grants	-	10,093	-	10,093	-
Interest expense	(3,059)	(1,199,579)	-	(1,202,638)	-
Amortization of bond premium	-	16,472	-	16,472	-
Other	(29,126)	(17,672)	(1,113)	(47,911)	-
Total Non-Operating Revenues (Expenses)	1,975	(1,085,780)	13,599	(1,070,206)	13,415
Income (Loss) before Contributions and Transfers	283,935	1,837,350	51,267	2,172,552	(131,372)
Capital grants and contributions	-	482,469	-	482,469	-
Transfers out	(220,756)	(817,332)	(215,256)	(1,253,344)	-
	(220,756)	(334,863)	(215,256)	(770,875)	-
Change in Net Position	63,179	1,502,487	(163,989)	1,401,677	(131,372)
Net Position - Beginning of Year	4,617,401	64,452,222	5,929,760	74,999,383	2,035,570
Net Position - End of Year	\$ 4,680,580	\$ 65,954,709	\$ 5,765,771	\$ 76,401,060	\$ 1,904,198

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sanitation	Water and Sewer	Non-Major Enterprise Funds	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 4,924,189	\$ 16,019,075	\$ 2,693,967	\$ 23,637,231	\$ -
Cash payments to suppliers	(4,092,055)	(4,093,967)	(1,261,105)	(9,447,127)	(1,431,185)
Cash payments to employees	(491,603)	(4,663,176)	(874,528)	(6,029,307)	(283,406)
Cash received from other funds	-	-	-	-	1,547,181
Other	(29,126)	(17,672)	(1,113)	(47,911)	-
Net cash provided (used) by operating activities	<u>311,405</u>	<u>7,244,260</u>	<u>557,221</u>	<u>8,112,886</u>	<u>(167,410)</u>
Cash flows from noncapital financing activities:					
Transfers out	(220,756)	(817,332)	(215,256)	(1,253,344)	-
Intergovernmental grants	-	10,093	-	10,093	-
Interest paid	(3,059)	(6,566)	-	(9,625)	-
Advance to other fund	76,665	-	-	76,665	89,246
Advance from other fund	-	-	(37,473)	(37,473)	-
Payment of cash on loans to/from other funds	-	-	17,788	17,788	-
Net cash provided (used) by noncapital financing activities	<u>(147,150)</u>	<u>(813,805)</u>	<u>(234,941)</u>	<u>(1,195,896)</u>	<u>89,246</u>
Cash flows from capital and related financing activities:					
Principal payments on debt	-	(850,000)	-	(850,000)	-
Interest payments on debt	-	(1,193,013)	-	(1,193,013)	-
Disposal of capital assets	139,166	5,570	63	144,799	-
Acquisition and construction of capital assets	(221,419)	(3,191,759)	(442,626)	(3,855,804)	(6,134)
Contributed capital from other governmental entities	-	142,650	-	142,650	-
Contributed capital - impact fees	-	339,819	-	339,819	-
Net cash used for capital and related financing activities	<u>(82,253)</u>	<u>(4,746,733)</u>	<u>(442,563)</u>	<u>(5,271,549)</u>	<u>(6,134)</u>
Cash flows from investing activities:					
Interest on investments	37,221	113,033	15,318	165,572	14,145
Proceeds of investment sales & maturities	1,715,000	2,615,000	610,000	4,940,000	529,454
Purchase of investments	(1,200,000)	(3,147,615)	(310,258)	(4,657,873)	(500,000)
Net cash provided (used) by investing activities	<u>552,221</u>	<u>(419,582)</u>	<u>315,060</u>	<u>447,699</u>	<u>43,599</u>
Net increase (decrease) in cash and cash equivalents	634,223	1,264,140	194,777	2,093,140	(40,699)
Cash and cash equivalents at beginning of year	<u>1,315,656</u>	<u>6,557,354</u>	<u>576,892</u>	<u>8,449,902</u>	<u>371,402</u>
Cash and cash equivalents at end of year	<u>\$ 1,949,879</u>	<u>\$ 7,821,494</u>	<u>\$ 771,669</u>	<u>\$ 10,543,042</u>	<u>\$ 330,703</u>
Cash and cash equivalents classified as:					
Cash and cash equivalents	\$ 1,399,626	\$ 2,534,531	\$ 771,669	\$ 4,705,826	\$ 330,703
Restricted cash and cash equivalents - current:					
Customer deposits	550,253	1,153,010	-	1,703,263	-
Restricted cash and cash equivalents - non-current:					
Impact fees	-	1,194,167	-	1,194,167	-
Reserve fund	-	2,045,894	-	2,045,894	-
Renewal and replacement fund	-	733,484	-	733,484	-
Construction fund	-	160,408	-	160,408	-
	<u>\$ 1,949,879</u>	<u>\$ 7,821,494</u>	<u>\$ 771,669</u>	<u>\$ 10,543,042</u>	<u>\$ 330,703</u>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sanitation	Water and Sewer	Non-Major Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 281,960	\$ 2,923,130	\$ 37,668	\$ 3,242,758	\$ (144,787)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other	(29,126)	(17,672)	(1,113)	(47,911)	-
Depreciation expense	97,725	3,979,837	462,441	4,540,003	53,646
Change in assets and liabilities:					
Increase in accounts receivable - interest	(1,926)	(10,987)	(404)	(13,317)	(503)
Increase in accounts receivable - billed (net)	(46,740)	(17,546)	(4,455)	(68,741)	-
Increase in unbilled accounts receivable	(25,260)	(66,092)	(8,653)	(100,005)	-
Decrease in due from other governments	-	653,100	-	653,100	-
(Increase) decrease in inventories	-	14,876	(7,439)	7,437	(927)
(Increase) decrease in prepaid items	(907)	9,473	(1,750)	6,816	(2,058)
Increase (decrease) in accounts and contracts payable	10,285	(289,207)	75,400	(203,522)	(3,883)
Increase (decrease) in accrued liabilities	(411)	789	323	701	(2)
Decrease in claims payable	-	-	-	-	(73,065)
Increase in unavailable revenue	-	4,230	1,026	5,256	-
Increase (decrease) in customer deposits	31,424	22,034	(153)	53,305	-
Increase in other postemployment benefits	3,696	21,976	4,010	29,682	2,922
Increase (decrease) in compensated absences	(9,315)	31,369	320	22,374	1,247
Decrease in deferred inflows of resources	-	(15,050)	-	(15,050)	-
Total adjustments	29,445	4,321,130	519,553	4,870,128	(22,623)
Net cash provided (used) by operating activities	\$ 311,405	\$ 7,244,260	\$ 557,221	\$ 8,112,886	\$ (167,410)

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**

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		Employee Retirement Funds
	<b>Assets</b>	
	Cash and cash equivalents	\$ 821,478
	Accounts receivable	3,960
	Interest receivable	82,840
	Investments, at fair value:	
	U.S. Government Securities	8,763,430
	Equities Common Stock	34,269,591
	Mutual Funds	9,719,250
	Corporate Bonds	4,614,409
	Real Estate	3,599,886
	Total Investments	<u>60,966,566</u>
	Total Assets	<u>61,874,844</u>
	<b>Net Position</b>	
	Restricted for Pension Benefits	\$ <u><u>61,874,844</u></u>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Employee Retirement Funds
Additions:	
Contributions:	
Employer	\$ 1,598,358
Plan members	452,369
State of Florida	431,081
Total Contributions	<u>2,481,808</u>
Investment Income:	
Net increase in fair value of investments (realized and unrealized)	5,642,466
Interest	724,302
Dividends	618,279
	<u>6,985,047</u>
Less Investment Expenses:	
Investment management fees	229,395
	<u>229,395</u>
Net Investment Income	<u>6,755,652</u>
Total Additions	<u>9,237,460</u>
Deductions:	
Benefits	3,464,236
Refunds of contributions	16,604
Administrative expense	237,397
Total Deductions	<u>3,718,237</u>
Change in Net Position	5,519,223
Net Position - Beginning of Year	<u>56,355,621</u>
Net Position - End of Year	<u><u>\$ 61,874,844</u></u>

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

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Note I - Summary of Significant Accounting Policies

The financial statements of the City of Tarpon Springs, Florida (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

##### **A. The Financial Reporting Entity**

The City of Tarpon Springs was incorporated in 1887 and operates as a Commission/Manager form of government. The City provides traditional governmental services such as public safety, culture and recreation, public works, water and sewer services, and solid waste disposal. The legal authority by which the City was created and governed is Chapter 5364 Laws of Florida 1903, as amended.

As required by generally accepted accounting principles, these financial statements present the City of Tarpon Springs (the primary government) and its component units. Component units are included in the reporting entity due to the significance of their operational or financial relationships with the City.

The City has developed criteria to determine whether other entities are component units of the City. Component units are legally separate organizations for which the elected officials of the City of Tarpon Springs are *financially accountable*.

The City of Tarpon Springs would be considered *financially accountable* if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City of Tarpon Springs (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization).

The City of Tarpon Springs would be considered *financially accountable* if an organization is fiscally dependent (budget, rates, tax levies and ability to issue debt requires City approval) on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City of Tarpon Springs regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Blended Component Unit: Community Redevelopment Agency – Downtown Tarpon Springs:

The Community Redevelopment Agency (CRA), created by statutory authority of Florida Statute Chapter 163, Part III, and legal authority was created and is governed by City of Tarpon Springs Ordinance 2001-24, although it is legally separate, is reported as if it was part of the City (blended component unit) due to the City Commission serving as the governing board of the CRA and there is a financial benefit or burden relationship between the City and the CRA. All revenues of the CRA are used in the district to fund capital improvements within the district that belong to the City. The operations of the CRA have been incorporated into the City's comprehensive annual financial report as a major governmental fund. Separate financial statements for the CRA are not available.

#### Related Organization – Tarpon Springs Housing Authority (TSHA):

TSHA is a public housing authority created by City Resolution 1062 (1964), under Section 421.04 of the Florida Statutes. TSHA receives primary funding from the Federal Department of Housing and Urban Development (HUD). The City Commission appoints the governing board, however, the City Commission is not able to impose its will on the TSHA, nor does the City have any responsibility for the budget, debt, financing deficits, or fiscal management of TSHA. Consequently it is not a component unit of the City of Tarpon Springs. Separate audited financial statements of TSHA, as of March 31, 2017, are available from TSHA.

## **B. Basic Financial Statements**

The City's Basic Financial Statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

1. Government-wide financial statements. The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component unit using the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all of the assets and liabilities of the City. The difference between assets and deferred outflows of revenue, and liabilities and deferred inflows of revenues is reported as net position. Changes in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.



**Notes to the Financial Statements**  
**September 30, 2017**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported instead as general revenues. All revenues and expenses are reported as soon as the underlying transaction has occurred, regardless of when cash is received or paid.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other quasi-external charges between enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

2. Fund financial statements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. An emphasis is on the major funds in either the governmental or business-type categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds (by category) are summarized into a single column.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are an exception, as they are considered available

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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when eligible expenditures have occurred even though they may be collected for up to one year after the current fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when the liability has matured, with the exception of interest and principal which are recognized as expenditures when funds are transferred to the debt service fund to make payments due shortly after the fiscal year end.

Property taxes, utility taxes, franchise fees, certain other tax revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

#### The City reports the following major governmental funds:

General Fund – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Community Redevelopment Agency Fund-Downtown Tarpon Springs – is a special revenue fund used to account for the activity of the Downtown Tarpon Springs Community Redevelopment Agency Trust Fund with Tax Increment Financing. The main source of revenues is the Tax Increment Financing provided by the City and Pinellas County and any interest thereon.

Optional Sales Tax Fund – is a capital project fund used to account for the majority of the City's capital projects. Revenues are received from the one-cent sales tax.

#### The City reports the following major proprietary funds:

Sanitation Fund – is used to account for the activities of the City's residential and commercial refuse, recycling and yard waste collection system where the intent is that costs of providing services to the public is recovered primarily through user charges.

Water and Sewer Fund – is used to account for the water, sewer and reclaimed system, where the intent is that costs of providing services to the public is recovered primarily through user charges.

#### Additionally, the City reports the following fund types:

Internal Service Funds – is used to account for the activities of the vehicle maintenance and risk management services provided to other departments of the City on a cost reimbursement basis.

Notes to the Financial Statements  
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Employee Retirement Funds – is used to account for the activities of the police and fire defined benefit pension plans and the general employees defined contribution plans.

Operating and Non-operating items in Proprietary Funds:

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds (water and sewer, sanitation, stormwater, marina and golf course) are charges to customers for the use of the service. The principal operating revenues of the City's internal service funds (vehicle maintenance and risk management) are the internal charges to the user departments of the City. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 they are needed.

The preparation of the basic financial statements in conformity with U. S. generally accepted accounting principles requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance**

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. The cash pool utilizes a single checking account for all City receipts and disbursements with a separate checking account for payroll disbursements.

All pooled cash and investment accounts in the individual funds that are in a deficit (overdraft) position with respect to the consolidated cash pool are reclassified at year-end to short-term interfund payables to the General Fund, the fund selected by management to reflect the offsetting interfund receivables in such cases.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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The City utilizes a very conservative investment philosophy when it invests its pooled cash funds in that the return of the principal is more important than the return on the principal. The City does not actively trade its portfolio and generally holds investments until maturity. Through the use of a ladder approach to maturities and by timing maturities to cash needs, the City does not anticipate the need to sell investments to meet cash flow requirements.

For purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Under the current investment policy, consolidated cash pool investments are limited to the following: time deposits and savings accounts of authorized financial institutions, Money Market Funds, United States Government Securities, Non-Negotiable Certificates of Deposit, Non-Taxable Governmental Bonds, Florida State Board of Administration Investment Pool (name changed to "Florida Prime") and the Florida Municipal Investment Trust Fund. The Fire and Police Pension Trust Funds are authorized to invest in a wide range of investments including common stock, corporate bonds, commercial paper and the Fire Pension can also invest in real estate.

#### Receivables and payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset equally by a Nonspendable fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### Inventories and prepaid items:

Inventories are valued at cost, which approximates market, using the average cost method. Governmental fund-type inventories are charged to the budgetary accounts as the items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements when purchased.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Capital Assets:

Capital assets, which include property, plant, equipment, intangibles and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Contributed assets are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred and are not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>YEARS</u>
Buildings and Improvements	20-30
Improvements Other Than Buildings	15-30
Machinery and Equipment	5-10
Intangibles-Software Purchases	5-10
Infrastructure	30

Net interest cost (interest cost less interest earned on the investment of unexpended debt proceeds) is capitalized for business-type activities on construction projects financed with tax-exempt debt. Interest cost is not capitalized on projects financed by government grants, third party donations or on assets in the governmental funds. Total interest incurred for business-type activities during the current fiscal year was \$1,193,013. There was no capitalized interest in Fiscal Year 2017.

#### Compensated Absences:

Accrued Leave – Regular, full-time, permanent employees earn vacation and sick leave starting with the first day of employment.

Vacation Leave – All regular full-time and part-time (over 19 hours) employees are eligible after completion of their probationary period (Police and Fire employees follow their respective bargaining unit). Non-exempt employees are allowed to accrue two years and exempt employees are allowed to accrue three years. Part-Time employees' accruals are pro-rated based on the scheduled work week. Employees lose the excess vacation accrual without compensation for balances exceeding the allowable limits on October 1<sup>st</sup> of each year.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Vacation leave is earned based on years of continuous and credible service as follows:

<u>Years Of Service</u>	<u>Total Weeks Per Year</u>
1 to 5	two weeks
5 to 9	three weeks
10 and over	four weeks

Sick Leave – All regular full-time employees are eligible after one month of employment to receive one day a month. Maximum allowable sick leave that can be carried forward from one fiscal year to the next is 528 hours plus the equivalent of the current year's accrued sick leave for General Employees. Police and Fire employees have no maximum and follow their respective bargaining unit. Upon retirement or separation in good standing, employees shall be paid a percentage of accrued sick time equal to their full years of service, i.e. five (5) years = 5%, six (6) years = 6%, etc. with a maximum not to exceed forty (40) days.

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested vacation or sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

#### Long-Term Obligations:

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

#### Unearned Revenue:

Unearned revenue recorded in the general fund relates to rental payments from Florida Hospital North Pinellas (formerly Helen Ellis Memorial Hospital) that is for the next fiscal year.

Unearned revenue in the golf course fund is for gift certificates and rainchecks that will be redeemed in the next fiscal year.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Deferred Outflows of Resources/Deferred Inflows of Resources:

Government Accounting Standards Board (GASB) Concept Statement No. 4 “Elements of Financial Statements” introduced two new elements of the financial statements in addition to Assets, Liabilities and Net Position:

Deferred Outflows of Resources - is a consumption of net position by the government that is applicable to a future reporting period.

Deferred Inflows of Resources - is an acquisition of net position by the government that is applicable to a future reporting period.

Government Accounting Standards Board (GASB) Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” provides financial reporting guidance for Deferred Outflows of Resources and Deferred Inflows of Resources and also identifies Net Position as the residual of all the elements (Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources) presented in a statement of financial position.

Government Accounting Standards Board (GASB) Statement No. 65 “Items Previously Reported as Assets and Liabilities” establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In accordance with GASB Statement No. 65, the City has previously determined that Local Business Taxes, Mausoleum Loans, Sewer Impact/Connection Loans that were all billed in FY 2017, Grants that met the eligibility requirements, and Differences between Expected and Actual Experience in Pensions, are revenues of the subsequent year FY 2018, are to be classified as Deferred Inflows of Resources. Differences between Projected and Actual Earnings in Pensions, are to be classified as Deferred Outflows of Resources.

Net Position:

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted – This component consists of net position that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$15,098,362 of restricted net position, of which \$6,228,968 is restricted by enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “net investment in capital assets” and “restricted”.

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 they are needed.

#### Fund Balance:

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority which includes ordinances and resolutions that are both equally binding. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance and resolution) it employed previously to commit those amounts.

Assigned – This component consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on Commission direction.



**Notes to the Financial Statements**  
**September 30, 2017**

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Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

**Fund Balance/Net Position Policy:**

**I. Purpose**

To establish a fund balance/net position policy tailored to the needs of the City to insure against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. This policy will ensure the City maintains adequate fund balance / net position and reserves in the City's various operating funds to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns and revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

**II. Definitions of Fund Balance/Net Position**

**Fund Balance of Governmental Funds:**

**Fund Balance** - As defined by the *Governmental Accounting, Auditing and Financial Reporting* of the Government Finance Officers Association, fund balance is "the difference between assets and liabilities reported in a governmental fund."

**Non-Spendable Fund Balance** – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

**Restricted Fund Balance** – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers (such as creditors, grantors, or contributors), or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (ordinance or resolution) of the Board of Commissioners, the City's highest level of decision making authority. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action (ordinance or resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned Fund Balance – Consists of amounts that the City intends to use for specific purposes that are neither restricted nor committed; the intent shall be expressed by the management of the City.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

#### Net Position of Proprietary Funds:

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers (such as creditors, grantors, or contributors), or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – The residual balance of net position after the elimination of the following amounts, net investment in capital assets and the restricted net position.

### III. Policy

The City will maintain reservations of unassigned fund balance in the General Fund and unrestricted net position in the Proprietary Funds of the City. The City shall retain the minimum requirement for each fund listed below.

A. General Fund - There shall be a reserve balance in its unassigned fund balance equal to 20% of the current fiscal year operating expenditure and transfers out budgeted for the fund. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 30<sup>th</sup> for the subsequent fiscal year. The reserve shall be in addition to all other categories of fund balance which include Non-Spendable, Restricted, Committed and Assigned. In any fiscal year where the City is unable to fund the reserve balance of Unassigned fund balance as required in this section, the City shall not budget any amount of unappropriated fund balance for the purpose of balancing the budget.

**Notes to the Financial Statements**  
**September 30, 2017**

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B. Enterprise Funds - The City maintains a Sanitation Fund, Water and Sewer Fund, Storm Water Fund, Marina Fund and a Golf Course Fund. With the exclusion of the Marina and Golf Course Funds the City shall maintain a balance of unrestricted net position equal to 25% of the operating expenses and transfers out of the current fiscal year budget for that fund. For the purposes of this calculation, the current year shall be the budget as originally adopted by resolution on or before September 30<sup>th</sup> for the subsequent fiscal year. The unrestricted amount shall be in addition to all other required restrictions of net position including but limited to amounts restricted for debt service and/or amounts restricted for renewal and replacement of long lived assets.

**IV. Utilization of Surplus Reserves**

In the event that the unassigned fund balance of the General Fund or unrestricted net position of the Proprietary Funds exceed the amounts set forth above, the excess may be utilized for any lawful purpose. Nevertheless, it is recommended that priority be given to utilizing the excess within the fund in which it was generated. It may also be used for one-time costs including the establishment of or increase in legitimate restrictions, commitments or assignments of fund balance or restrictions of net position.

**V. Replenishment of Reserve Deficits**

If, at the end of any fiscal year, the actual amount of unassigned fund balance or unrestricted net position falls below the required fund levels set forth herein, the City Manager shall prepare and submit a plan for expenditure or expense reductions and/or revenue increases to the City Commission. As a part of the annual budget review, the City Commission shall review and, if necessary, amend the plan submitted by the City Manager for restoring the amounts of unassigned fund balance or unrestricted net position to the required levels. Any deficit in the required amount must be restored no later than the end of the second fiscal year following the occurrence.

**VI. Annual Review**

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process.

**Interfund Transactions:**

Interfund transactions are reflected as either loans (advances), services provided, reimbursements or transfers. Loans are reported as 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 occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation of the Government-wide columnar presentation.

Notes to the Financial Statements  
September 30, 2017

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Establishment/Elimination of Funds:

During the fiscal year ended September 30, 2017 the Pinellas County Cooperative Fund a Special Revenue Fund within Special Programs was closed and transferred to the General Fund, there were no new funds.

**E. Recently Issued and Implemented Accounting Pronouncements**

The following Government Accounting Standards were effective in fiscal year 2017.

*GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This standard is effective for fiscal year end September 30, 2017. This standard replaces Statements No. 43 and 57, and the scope of this standard includes OPEB plans, both defined benefit and defined contribution plans, administered through trusts. This standard will not impact the City's financial statements because the City does not have an OPEB plan administered through a trust.

*GASB 77 - Tax Abatement Disclosures.* This standard will become effective for fiscal year end September 30, 2017. This standard sets forth requirements for financial statement disclosures on a governmental entity's tax abatement agreements. This standard is not expected to have an effect on the City's financial statements.

*GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* This standard will become effective for fiscal year end September 30, 2017. This standard amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This standard will not impact the City's financial statements.

*GASB 80 - Blending Requirements for Certain Component Units.* This standard will become effective for fiscal year end September 30, 2017. This standard improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This standard amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This standard is not expected to materially impact the City's financial statements.

*GASB 82 - Pension Issues.* This standard will become effective for fiscal year end September 30, 2017. This standard addresses certain issues that have been raised with

**Notes to the Financial Statements**  
**September 30, 2017**

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respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this standard addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This standard is not expected to materially impact the City's financial statements.

**Note II - Stewardship, Compliance and Accountability**

**A. Budgetary information**

Annual appropriated budgets are adopted for all funds except for the trust funds which are not required to be budgeted. All annual appropriations lapse at fiscal year-end. Project-length financial plans, in addition to annual appropriated budgets, are adopted for all capital project funds. Supplemental budgetary appropriations were necessary during fiscal 2017, but had immaterial financial statement impact.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as restricted, committed or assigned fund balances and do not constitute expenditures or liabilities because they will be re-appropriated and honored during the subsequent year.

In accordance with state law, the City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is approved by the Commission through the passage of a resolution.
4. All budget transfers between departments and all budget amendments must be approved by the Commission. The City Manager is authorized to transfer budgeted amounts within a department of a fund. The legal level of budgetary control per the city charter is the department level. During fiscal 2017, periodic amendments were made to the approved budget.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Budgets for the Governmental Funds are adopted on a basis consistent with generally accepted accounting principles.

6. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.

The assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Pinellas County Property Appraiser and Pinellas County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten mills. The millage rate in effect for the fiscal year ended September 30, 2017 was 5.4200.

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

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 roll meets all of the appropriate requirements of state 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 Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they were assessed, and at such time a lien on the property is recorded. 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 or after are without discount.

Delinquent taxes on real property bear interest of 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 holders after a period of two years. Unsold certificates are held by the 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.

The City does not accrue its portion of the County-held certificates due to the immateriality of the amount.

#### **Excess of Expenditures Over Appropriations**

The City had no expenditures over appropriations.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### **Deficit Fund Balance/Net Position**

The City's Golf Course Enterprise Fund contains a total net position deficit of \$345,812. This is caused by extensive capital projects being undertaken at the golf course. A reduction of the interfund transfer to the General Fund on a temporary basis, a decrease in the amount of Capital expenses, and rate adjustments will alleviate this deficit.

#### **Note III - Detailed Notes on all Funds**

##### **A. Deposits and Investments**

###### Deposits:

All cash of the City is entirely insured either by federal depository insurance corporation (FDIC) or via banks' participation as qualified public depositories pursuant to Florida Statutes, Chapter 280, "Security for Public Deposits". The City is required to verify that monies are invested in "qualified public depositories" as defined in Florida Statutes section 280.02. Florida Statutes require depositories of public funds to provide collateral each month at least equal to 50 percent of the average daily balance of all public deposits in excess of deposit insurance. At year-end, the carrying amount of the City's deposits that were insured through the "FDIC" or as "Qualified Public Deposits" was \$20,109,189 which consisted of Checking accounts \$3,950,439, BankUnited Public Funds Savings \$8,148,953, Hancock Bank Public Funds Savings \$9,797 and Certificate of Deposits \$8,000,000.

###### Pooled Cash and Investments:

To increase returns and minimize fees, the City follows the practice of pooling available cash and investments of all funds with the exception of retirement plan investments.

Investment Policy – Authorized Investments: Florida Statutes (218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, Local Government Surplus Funds Trust Fund (name changed to "Florida Prime") and mutual funds investing in U.S. Government securities. The City adopted its own investment policy that also authorizes the City to invest in the following: a) obligations of government-sponsored corporations (Instrumentalities – which are usually "AAA" rated but have no explicit government guarantee) which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve; b) commercial paper having received an "A1/P1" or higher rating by a nationally recognized rating agency; c) non-negotiable certificates of deposit and bank investment contracts (BIC), which can be insured, collateralized at the Federal Reserve or qualify as State qualified public deposits as defined by Florida statutes; d) taxable or tax-exempt government bonds, notes or other obligations of state or local governments, including municipal corporations and special districts, of investment grade quality; e) Florida Municipal Investment Trust Funds (FMIVT) and f) any other investments authorized by law and by resolution of the City Commission.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Over the years, the City has held to a conservative investment philosophy with the idea that the return of the investment principal is more important than the return on the principal. We believe that a conservative investment philosophy best serves the residents of Tarpon Springs. Given this strategy, the basis to determine whether market yields are being achieved shall be the average investment return as stated by the Florida Prime, formerly the SBA, for each fiscal year ending September 30. The average investment return as stated by the Florida Prime for fiscal year ending September 30, 2017 is 1.08%. During Fiscal Year 2017, the average cash/investment pool balance was \$43,651,715 (not including bond/debt service funds) and the total annual earnings net of all bank charges was \$418,237 (not including bond/debt service earnings) giving an average rate of return of .96% on the average balance.

Additional information regarding the Local Government Surplus Funds Trust Fund (Prime Fund) may be obtained from the State Board of Administration.

The Florida Municipal Investment Trust Fund (FMIVT) is an external investment pool administrated by the Florida League of Cities, Inc. It is an interlocal governmental entity created under the laws of the State of Florida. The FMIVT is an authorized investment under section 163.01 of the Florida Statutes. The fair value of the positions in the FMIVT portfolios is the same as the value of the portfolio shares.

The City follows Government Accounting Standards Board (GASB) Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments". The City of Tarpon Springs does not invest in derivative instruments.

The City follows Government Accounting Standards Board (GASB) Statement No. 72 "Fair Value Measurement and Application". GASB 72 establishes a three-tier fair value hierarchy to certain investments as mentioned below:

Level 1 Inputs – directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by the observable market data through correlation or by other means.

Level 3 Inputs – unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

Investments are held by the City's/Funds' custodians, trust companies having trust powers in the State of Florida. Investments in the Fund are reported at fair value. Level 2 hierarchy market values were determined by the custodians using a market approach, and matrix pricing techniques. Investment transactions are recognized on the trade date.



## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

At year-end, the government's cash and investment balances were as follows, excluding pension plan investments:

Cash and Cash Equivalents and Investments	Maturity/ WAM	Fair Value	Rating	Rating Agency	Hierarchy Level
<b>Cash and Cash Equivalents:</b>					
Cash on Hand		\$ 108,079			
Deposits with Banks -					
Chase Bank - Checking Accounts					
Operating Funds		3,517,285			
Bond Proceeds		160,408			
		<u>3,677,693</u>			
Bank of America - Checking Account					
Operating Funds		272,746			
		<u>272,746</u>			
Public Funds Savings Accounts:					
BankUnited		8,148,953			
Hancock		9,797			
		<u>8,158,750</u>			
State Board of Administration (Florida Prime)					
Plan A	51 days	148	AAAm	S & P	n/a
Total State Board of Administration (Florida Prime)		<u>148</u>			
Florida Municipal Investment Trust -					
High Quality Government Fund	0.80	144,020	AAAf/S1	Fitch	2
1-3 Year High Quality Bond Fund	1.50	1,204,898	AAAf/S2	Fitch	2
Intermediate High Quality Bond Fund	3.80	4,543,318	AAAf/S3	Fitch	2
Total Florida Municipal Investment Trust		<u>5,892,236</u>			
Total Cash and Cash Equivalents		<u>18,109,652</u>			
<b>Investments:</b>					
Certificate of Deposit - BankUnited	12/15/2017	4,000,000	n/a		n/a
Certificate of Deposit - BankUnited	8/9/2018	2,000,000	n/a		n/a
Certificate of Deposit - BankUnited	8/29/2018	2,000,000	n/a		n/a
Treasury Bill 2 Year	12/31/2017	1,998,038	AA+	S & P	1
Federal Home Loan Mortgage Corporation	10/29/2018	995,439	AA+	S & P	2
Federal Farm Credit Bank Note	3/29/2019	1,990,386	AA+	S & P	1
Federal Home Loan Mortgage Corporation	3/29/2019	995,494	AA+	S & P	2
Federal Home Loan Mortgage Corporation	9/27/2019	1,993,690	AA+	S & P	2
Federal Home Loan Bank Note	11/25/2019	1,998,836	AA+	S & P	1
Federal Home Loan Mortgage Corporation	12/30/2019	1,493,577	AA+	S & P	2
Federal Farm Credit Bank Note	1/6/2020	2,000,010	AA+	S & P	1
Federal Home Loan Bank Note	4/27/2020	1,498,464	AA+	S & P	1
Federal Home Loan Bank Note	7/30/2020	999,334	AA+	S & P	1
Total Investments		<u>23,963,268</u>			
Total Pooled Cash and Investments		<u>\$ 42,072,920</u>			

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Cash and investments as of September 30, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position	9/30/2017
Primary Government:	
Cash and cash equivalents	\$ 12,272,433
Investments	23,573,529
Restricted assets:	
Cash and cash equivalents	5,837,216
Investments	389,742
Total Pooled Cash and Investments per CAFR	<u>\$ 42,072,920</u>

#### Interest Rate Risk:

In compliance with the City's Investment Policy, as of September 30, 2017, the City minimized the interest rate risk by limiting the effective duration of security types not to exceed five years with the exception of securities related to a specific cash flow such as a reserve fund and investing operating funds in primarily shorter-term securities or similar government investment pools so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

#### Credit Risk:

In compliance with the City's Investment Policy, as of September 30, 2017, the City minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities, U. S. Government Agency securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business.

#### **Pension Plan Assets**

The City reports three pension funds in the accompanying financial statements. Each of the plans has a separate governing board of trustees, a separate investment policy, and differing investment restrictions/risks. Consequently each is disclosed separately below. The Firefighters and Police Officers retirement systems are defined benefit plans and the General Employees retirement plan is a defined contribution plan. All investments at year-end were in compliance with the respective plan investment policies.

Investments are held by the City's/Funds' custodians, trust companies having trust powers in the State of Florida. Investments in the Fund are reported at fair value. Level 2 hierarchy

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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market values were determined by the custodians using a market approach, and matrix pricing techniques. Investment transactions are recognized on the trade date.

#### Firefighters' Retirement System

##### Deposits:

Fiduciary Trust International periodically holds un-invested cash in its capacity as custodian of the Firefighters' Retirement System (the Plan). These funds exist temporarily as cash in the process of collection from the sale of securities.

##### Investments:

Investment Policy – Authorized Investments: The Board of Trustees of the Firefighters' Retirement System are authorized to invest in time, savings and money market accounts of an institution insured by the Federal Deposit Insurance Corporation; obligations of the U. S. Government or an agency or instrumentality of the U. S. Government, including mortgage-related securities; domestic and international equity securities such that not more than 5% of the Plan's assets shall be invested in the common stock of any one issuing company and no more than 5% of the Plan's assets shall be invested in foreign securities; domestic fixed income investments rated "Aaa, Aa, A or Baa" or the equivalent of a nationally recognized rating agency; money market funds with an "A1" rating or the equivalent of a nationally recognized rating agency; bonds issued by the State of Israel; and investments in direct real estate investment partnerships which may be in open end or closed end limited partnership funds, all real estate investments are limited to 20% of the total fund at market value.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

At year-end, the Firefighters' Retirement System cash and investment balances were as follows:

<u>Firefighters' Retirement System Cash and Investments</u>	<u>Fair Value</u>	<u>Moody's Rating</u>	<u>Hierarchy Level</u>
Cash and Cash Equivalents:			
Cash in Managed Investment Accounts	\$ 208,132	n/a	1
Investments:			
U. S. Treasuries	90,420	AAA	1
U. S. Government Agencies	661,214	AAA	1
Municipals	42,071	AAA	1
Mortgage-Backed Obligations	673,924	AAA	2
Canadian Treasury Security	58,848	Aa1/Aa2/Aa3	2
Domestic Corporate Bonds	363,297	Aa1/Aa2/Aa3	2
Domestic Corporate Bonds	1,036,790	A1/A2/A3	2
Domestic Corporate Bonds	1,437,651	Baa1/Baa2/Baa3	2
Real Estate Fund-Measured at Net Asset Value (NAV)	3,599,886	n/a	n/a
Equities Common Stock	16,506,569	n/a	1
Total Investments	<u>24,470,670</u>		
Total Managed Cash and Investments	<u>\$ 24,678,802</u>		

The real estate fund has no unfunded commitments at September 30, 2017. The redemption frequency is quarterly and requires 30 days notice. The fund is valued at NAV of units held at the end of the period based upon the fair value of the underlying investments.

#### Credit Risk:

State law provides that retirement plan fixed income securities must have a quality rating of "A" or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments which are downgraded to a "BAA" or equivalent rating must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments that are downgraded below a "BAA" rating are to be liquidated immediately.

#### Interest Rate Risk:

Through its investment policies, the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard, the Plan adopted the Lehman Aggregate Bond Index (LBAB) bench mark performance evaluator. Additionally, the bond portion of the Plan's portfolio is expected to perform in the top 40<sup>th</sup> percentile and the effective duration of its fixed income investment portfolio will not exceed 125% of the duration of the (LBAB) duration.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Police Officers' Retirement System

##### Deposits:

Salem Trust periodically holds un-invested cash in its capacity as custodian of the Police Officers' Retirement System (the Plan). These funds exist temporarily as cash in the process of collection from the sale of securities.

##### Investments:

Investment Policy – Authorized Investments: The Board of Trustees of the Police Officers' Retirement System are authorized to invest in time, savings and money market accounts of an institution insured by the Federal Deposit Insurance Corporation; obligations of the U. S. Government or an agency or instrumentality of the U. S. Government, including mortgage-related securities; domestic equity securities such that not more than 5% of the Plan's assets shall be invested in the common stock of any one issuing company; domestic fixed income investments rated "Aaa, Aa, or A" or the equivalent of a nationally recognized rating agency; money market funds with an "A1" rating or the equivalent of a nationally recognized rating agency.

At year-end, the Police Officers' Retirement System cash and investment balances were as follows:

<u>Police Officers' Retirement System Cash and Investments</u>	<u>Fair Value</u>	<u>Moody's Rating</u>	<u>Hierarchy Level</u>
Cash and Cash Equivalents:			
Cash in Managed Investment Accounts	\$ 613,346	n/a	
Investments:			
U. S. Government Agencies	5,800,807	AAA	1
Mortgage-Backed Obligations	1,436,146	Not Rated	2
Domestic Corporate Bonds	270,502	Aa1/Aa2/Aa3	2
Domestic Corporate Bonds	1,506,169	A1/A2/A3	2
Domestic Corporate Bonds	-	Baa1/Baa2/Baa3	2
Equities Common Stock	17,763,022	n/a	1
Total Investments	<u>26,776,646</u>		
Total Managed Cash and Investments	<u>\$ 27,389,992</u>		

##### Credit Risk:

State law provides that retirement plan fixed income securities must have a quality rating of "A" or equivalent as rated by one or more recognized bond rating services at the time of

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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purchase. Fixed income investments which are downgraded to a “BAA” or equivalent rating must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments that are downgraded below a “BAA” rating are to be liquidated immediately.

#### Interest Rate Risk:

Through its investment policies, the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard, the Plan adopted the Lehman Brothers Government/Credit Bond Index (LBGC) bench mark performance evaluator. Additionally, the bond portion of the Plan’s portfolio is expected to perform in the top 40<sup>th</sup> percentile and the effective duration of its fixed income investment portfolio will not exceed 125% of the duration of the Lehman Brothers Government/Corporate Bond Index duration.

#### General Employees’ Retirement Systems

##### Deposits:

The General Employees Retirement Systems is a defined contribution plan and all contributions are self directed by the plan participants (including the non-vested portion) to their investment choices. There is no un-invested cash with ICMA-RC (International City/County Management Association Retirement Corporation) the administrator of the plans.

##### Investments:

Investment Policy – Authorized Investments: The plan participants of the General Employees’ Retirement Systems may elect to allocate investments among a variety of mutual funds, money market funds and fixed return funds.

			Moody's
General Employees' Retirement System Investments		Fair Value	Rating
Investments:			
Mutual Funds - General Employees Pension Plan		\$ 9,719,250	n/a

#### Interest Rate Risk:

Through its investment policies, the Plan manages its investment options by requiring that they rank in the top 40% of their Morning Star Category Universe for the trailing three and five year periods.

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2017**

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**B. Receivables**

Receivables as of year-end for the Governmental and Business-type activities in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
		Internal		
	General	Service	Total	
Interest	\$ 37,970	\$ 3,769	\$ 41,739	
Accounts - billed	93,371	-	93,371	
Loan	200,000	-	200,000	
Taxes	495,554	-	495,554	
Total receivables	\$ 826,895	\$ 3,769	\$ 830,664	
Allow. for uncollectibles	-	-	-	
Net total receivables	\$ 826,895	\$ 3,769	\$ 830,664	
	Business-type Activities			
		Water/	Non-Major	
	Sanitation	Sewer	Enterprise	Total
		Funds		
Interest	\$ 5,293	\$ 24,468	\$ 3,108	\$ 32,869
Accounts - billed	426,400	1,107,906	106,273	1,640,579
Accounts - unbilled	158,461	511,515	52,492	722,468
	590,154	1,643,889	161,873	2,395,916
Allow. for uncollectibles	(44,812)	(119,792)	(9,089)	(173,693)
Net total receivables	\$ 545,342	\$ 1,524,097	\$ 152,784	\$ 2,222,223
Restricted:				
Accrued interest	-	8,604	-	8,604
Accounts - billed	-	5,604	-	5,604
Total restricted receivables	\$ -	\$ 14,208	\$ -	\$ 14,208

# City of Tarpon Springs, Florida

## Notes to the Financial Statements September 30, 2017

### C. Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and land rights	\$ 5,235,802	\$ 283,827	\$ -	\$ 5,519,629
Construction in progress	4,759,103	3,733,730	(7,952,854)	539,979
Total capital assets, not being depreciated	<u>9,994,905</u>	<u>4,017,557</u>	<u>(7,952,854)</u>	<u>6,059,608</u>
Capital assets, being depreciated:				
Buildings	19,939,572	5,258,284	-	25,197,856
Improvements other than buildings	15,092,987	1,399,145	(48,436)	16,443,696
Machinery and equipment	10,560,866	619,755	(293,619)	10,887,002
Infrastructure	44,462,598	2,395,837	-	46,858,435
Total capital assets, being depreciated	<u>90,056,023</u>	<u>9,673,021</u>	<u>(342,055)</u>	<u>99,386,989</u>
less accumulated depreciation for:				
Buildings	(12,509,892)	(706,683)	-	(13,216,575)
Improvements other than buildings	(5,466,168)	(789,337)	34,830	(6,220,675)
Machinery and equipment	(7,088,283)	(1,030,607)	265,590	(7,853,300)
Infrastructure	(25,385,970)	(1,313,699)	-	(26,699,669)
Total accumulated depreciation	<u>(50,450,313)</u>	<u>(3,840,326)</u>	<u>300,420</u>	<u>(53,990,219)</u>
Total capital assets, being depreciated, net	39,605,710	5,832,695	(41,635)	45,396,770
Governmental activities capital assets, net	<u>\$ 49,600,615</u>	<u>\$ 9,850,252</u>	<u>\$ (7,994,489)</u>	<u>\$ 51,456,378</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land and land rights	\$ 3,287,697	\$ 94,354	\$ -	\$ 3,382,051
Construction in progress	6,579,671	1,670,858	(6,933,703)	1,316,826
Total capital assets, not being depreciated	<u>9,867,368</u>	<u>1,765,212</u>	<u>(6,933,703)</u>	<u>4,698,877</u>
Capital assets, being depreciated:				
Buildings	1,926,161	78,989	-	2,005,150
Improvements other than buildings	113,475,633	8,507,106	(11,177)	121,971,562
Machinery and equipment	6,499,828	438,200	(231,460)	6,706,568
Total capital assets, being depreciated	<u>121,901,622</u>	<u>9,024,295</u>	<u>(242,637)</u>	<u>130,683,280</u>
less accumulated depreciation for:				
Buildings	(413,571)	(79,476)	-	(493,047)
Improvements other than buildings	(34,049,469)	(3,731,961)	7,250	(37,774,180)
Machinery and equipment	(3,715,131)	(728,566)	90,588	(4,353,109)
Total accumulated depreciation	<u>(38,178,171)</u>	<u>(4,540,003)</u>	<u>97,838</u>	<u>(42,620,336)</u>
Total capital assets, being depreciated, net	83,723,451	4,484,292	(144,799)	88,062,944
Business-type activities capital assets, net	<u>\$ 93,590,819</u>	<u>\$ 6,249,504</u>	<u>\$ (7,078,502)</u>	<u>\$ 92,761,821</u>



## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 425,342
Public safety	1,134,052
Physical environment	159,287
Transportation	1,299,348
Economic environment	189,068
Culture/recreation	579,583
Internal service funds	<u>53,646</u>
Total depreciation expense - governmental activities	<u>\$ 3,840,326</u>
Business-type activities:	
Sanitation	\$ 97,725
Water and Sewer	3,979,837
Stormwater	375,312
Marina	16,748
Golf Course	<u>70,381</u>
Total depreciation expense - business-type activities	<u>\$ 4,540,003</u>

The City follows Government Accounting Standards Board (GASB) Statement No. 51 "Accounting and Financial Reporting for Intangible Assets". The City implemented GASB 51 and has included software purchases within the category "Improvements other than buildings" and easements are included within "Land and land rights".

#### **D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2017, is as follows:

Due to / from other funds:

As discussed in Note I – D, individual fund deficits from all pooled cash and investment accounts, if any, have been reclassified as of September 30, 2017, as inter-fund loans from the General Fund, which was selected by management for this purpose.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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The amounts of the reclassified balances at September 30, 2017 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 950,783	\$ -
Enterprise Fund:		
Golf Course	-	950,783
Total	<u>\$ 950,783</u>	<u>\$ 950,783</u>

Advances to / from other funds:

<u>Fund</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ -	\$ 345,886
Capital Project Fund:		
Optional Sales Tax	321,085	-
Special Revenue Fund:		
CRA	-	321,085
Impact Fees	-	460,808
Enterprise Fund:		
Sanitation	708,114	-
Golf Course	-	247,306
Internal Service Fund:		
Risk Management	345,886	-
Total	<u>\$ 1,375,085</u>	<u>\$ 1,375,085</u>

In Fiscal Year 2005, the one cent local option sales tax fund advanced funds to the community redevelopment agency (CRA) fund in the amount of \$2,200,465 for the purpose of providing the balance of monies required for CRA expenditures. This advance was decreased with a reimbursement of \$189,120 in Fiscal Year 2017. This noninterest-bearing advance is to be repaid per the Interlocal Reimbursement Agreement schedule below, from CRA property tax receipts as they are collected. At September 30, 2017, the unpaid advance was \$321,085, which is included in the total advances of \$1,375,085 in the City's financial statements.

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2017**

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Due Date	Amount Due
September 30, 2018	\$ 195,030
September 30, 2019	126,055
	<u>\$ 321,085</u>

In Fiscal Year 2010, the sanitation fund advanced funds to the golf course fund in the amount of \$430,415 for the purpose of providing the balance of monies required for past capital expenditures and declining revenues. The sanitation fund advanced additional funds in Fiscal Year 2014 in the amount of \$180,000 for the reconstruction of the greens. This advance was decreased with a reimbursement of \$37,473 in Fiscal Year 2017. This noninterest-bearing advance is to be repaid from golf course capital improvement program (CIP) fees as they are collected. At September 30, 2017, the unpaid advance was \$247,306, which is included in the total advances of \$1,375,085 in the City's financial statements.

In Fiscal Year 2014, the risk management fund advanced funds to the general fund in the amount of \$601,078 for the purpose of providing the balance of monies required for the energy performance contract expenditures. This advance was decreased with a reimbursement of \$89,246 in Fiscal Year 2017. This noninterest-bearing advance is to be repaid by the annual energy savings as they are collected. At September 30, 2017, the unpaid advance was \$345,886, which is included in the total advances of \$1,375,085 in the City's financial statements.

In Fiscal Year 2017, the sanitation fund advanced funds to the fire impact fund in the amount of \$500,000 for the purpose of providing the balance of monies required for the construction of fire station 71. This advance was decreased with a reimbursement of \$39,192 in Fiscal Year 2017. This noninterest-bearing advance is to be repaid by fire impact fees as they are collected. At September 30, 2017, the unpaid advance was \$460,808, which is included in the total advances of \$1,375,085 in the City's financial statements.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Interfund transfers:

	Transfer In:		Total
	General Fund	Non-major Governmental Funds	
Transfer Out:			
Non-major Governmental Funds	\$ 266,204	\$ 180,000	\$ 446,204
Enterprise Funds:			
Sanitation	220,756	-	220,756
Water & Sewer	817,332	-	817,332
Non-major Enterprise Funds	215,256	-	215,256
	<u>\$ 1,519,548</u>	<u>\$ 180,000</u>	<u>\$ 1,699,548</u>

Transfers are primarily used to 1) transfer revenues that have been collected in the required fund per state law to the funds and activities that state law allows for expenditures; 2) transfer of “payment in lieu of taxes” contributions from the utility funds to the General Fund; 3) transfer funding from governmental funds to capital project funds; and 4) transfer matching funds from the General Fund and Special Revenue Funds to various grant programs.

#### **E. Leases**

##### Operating Leases:

The City is lessor on various leases. Aggregate rental income totaled \$480,848 in fiscal year 2017. Included in this amount are rents of \$342,498 received under the terms of a 40-year lease dated September 1, 2000, with the Tarpon Springs Hospital Foundation, Inc. for rental of the Helen Ellis Memorial Hospital property and facilities that are owned by the City. The previous lease with the Tarpon Springs Health Facilities Authority was terminated on September 1, 2000 and a new lease between the City and the Tarpon Springs Hospital Foundation, Inc. was commenced on September 1, 2000. The annual rent with the new lease is \$250,000 and on the fifth anniversary the base rent shall be increased by ten percent and on each annual anniversary thereafter the annual base rent shall be increased by two percent.

On December 1, 2015 Ordinance 2015-23 was approved by the Board of Commissioners which submitted to the electors of the City of Tarpon Springs a proposed amendment to section 5.0 (base rent) of the lease between the City of Tarpon Springs and the Tarpon Springs Hospital Foundation. The electors approved this referendum question on March 15, 2016. If a state of the art emergency room is completed by July 31, 2022 the base rent will be \$300,000 annually. Beginning FY 2017-2018 the City will reserve the difference between the current base rent and the \$300,000 and upon issuance of a certificate of completion before July 31, 2022 the reserve funds shall be remitted to the Foundation.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Included in the aggregate rental income of \$480,848 is \$73,500 received under the terms of a 50-year lease dated March 17, 2004 with Savannah Cove Limited Partnership for leasing of the land in which Savannah Cove Limited Partnership has an elder housing apartment complex. The annual rent with the lease is \$73,500 annually. As part of the closing of the lease on March 17, 2004, the City loaned Savannah Cove Limited Partnership \$200,000 in which interest shall be payable on this Promissory Note at a fixed per annum rate equal to zero percent (0%). The entire remaining unpaid Principal shall be due and payable on the 17<sup>th</sup> day of March, 2054 (the "Maturity Date"). In the event this Note is not repaid on the Maturity Date, interest shall commence accruing at such time at a rate of eighteen percent (18%) per annum. The loan is recorded as an accounts receivable in the City's financial statements at September 30, 2017 in the amount of \$200,000.

Also included in the aggregate rental income of \$480,848 is \$40,298 received under the terms of a 5-year lease dated August 1, 2005 (Commencement date) with GTP Towers I, LLC ("Global Tower") who was assigned the lease on May 27, 2008 from Ridan Industries, LLC to construct, maintain, and operate a communication tower on property at the City's Fire Station #2. The lease was renewed with GTP Towers I, LLC ("Global Tower") on August 1, 2010 for an additional five years. On October 1, 2013 American Tower acquired the ownership of GTP Towers I, LLC with no change in the lease agreement. The annual rent initially with the lease was \$30,000 (\$2,500 per month) and commencing with the second (2<sup>nd</sup>) year of the agreement the basic monthly rent shall be adjusted annually upon each anniversary of the commencement date of this agreement, by any change in the index now known as "United States Bureau of Labor Statistics, Consumer Price Index for Urban Consumers".

#### **F. Long-Term Debt**

##### Utility System Revenue Bonds:

On March 12, 2013 the City issued \$35,795,000 Utility System Revenue Bonds, Series 2013A; \$28,370,000 of the Series 2013A issue (2013A-2) is issued to pay the costs of the design, permitting, acquisition and construction of well sites, pipelines and the reverse osmosis water plant project, funding necessary reserves, and paying all related costs; \$7,425,000 of the Series 2013 issue (2013A-1) is for refunding the City's outstanding Utility System Revenue Bond Anticipation Note, Series 2007A.

The 2013A-1 serial bonds are due in annual installments of \$255,000 at October 1, 2017 to \$355,000 due October 1, 2028, interest at 2.00% to 4.00%; 3.375% term bonds in the amount of \$1,950,000 due October 1, 2029 to October 1, 2033 in annual installments of \$365,000 to \$415,000; 3.50% term bonds in the amount of \$1,335,000 due October 1, 2034 to October 1, 2036 in annual installments of \$430,000 to \$460,000.

The 2013A-2 serial bonds are due in annual installments of \$595,000 at October 1, 2017 to \$835,000 due October 1, 2028, interest at 2.00% to 5.00%; 3.375% term bonds in the amount of \$3,680,000 due October 1, 2029 to October 1, 2033 in annual installments of \$670,000 to

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

\$805,000; 5.00% term bonds in the amount of \$1,000,000 due October 1, 2029 to October 1, 2033 in annual installments of \$200,000; 3.50% term bonds in the amount of \$3,240,000 due October 1, 2034 to October 1, 2036 in annual installments of \$1,045,000 to \$1,115,000; 3.625% term bonds in the amount of \$2,600,000 due October 1, 2037 to October 1, 2038 in annual installments of \$1,270,000 to \$1,330,000; 5.00% term bonds in the amount of \$730,000 due October 1, 2037 to October 1, 2038 in annual installments of \$365,000; 3.75% term bonds in the amount of \$7,465,000 due October 1, 2039 to October 1, 2042 in annual installments of \$1,765,000 to \$1,970,000.

The Utility System Revenue Bonds, Series 2013A are limited obligations of the City payable solely from and secured by a lien upon and pledge of the net revenues of the City's Utility System "System". The pledge of the Systems net revenues does not constitute a lien upon any property of the City. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix and maintain such rates, and collect such fees, rentals and other charges for the services and facilities of the System and revise the same from time to time whenever necessary, which will provide gross revenues in each fiscal year sufficient to pay the cost of operation and maintenance of the system. The City's bond resolution requires a minimum debt service coverage of net revenues sufficient to pay 110% of the bond service requirement on all outstanding bonds in the applicable bond year; or net revenues sufficient to pay 105% of the bond service requirement on all outstanding bonds and net revenues, water system capital facilities fees and sewer system capital facilities fees sufficient to pay 120% of the bond service requirement on all outstanding bonds; plus one hundred percent (100%) of all reserve and other payments required to be made pursuant to the ordinances authorizing the bonds. The City further covenants that such rates, fees, rentals and other charges will not be reduced so as to render them insufficient to provide gross revenues for such purpose.

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ended September 30 -	Utility System Revenue Bonds					
	2013A-1		2013A-2		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 265,000	\$ 212,713	\$ 615,000	\$ 948,850	\$ 880,000	\$ 1,161,563
2019	275,000	204,763	640,000	924,250	915,000	1,129,013
2020	280,000	196,513	660,000	905,050	940,000	1,101,563
2021	290,000	185,313	685,000	885,250	975,000	1,070,563
2022	300,000	178,513	695,000	871,550	995,000	1,050,063
2023-2027	1,630,000	761,125	3,810,000	4,015,438	5,440,000	4,776,563
2028-2032	1,890,000	497,906	4,510,000	3,321,106	6,400,000	3,819,013
2033-2037	1,750,000	155,231	5,880,000	2,433,256	7,630,000	2,588,488
2038-2042	-	-	9,160,000	1,059,088	9,160,000	1,059,088
Totals	\$ 6,680,000	\$ 2,392,075	\$ 26,655,000	\$ 15,363,838	\$ 33,335,000	\$ 17,755,913

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

The City has pledged future net revenues of the City of Tarpon Springs, Florida Utility System defined as all income or earnings, including any income from the investment of funds, derived by the City from the operation of the utility after deduction of current expenses for the operation, maintenance and repair of the system, but not including reserves for renewals and replacements, for extraordinary repairs or any allowance for depreciation to repay the \$35,795,000 Utility System Revenue Bonds issued in March 2013. Proceeds from the bonds provided financing for the costs of the design, permitting, acquisition and construction of well sites, pipelines and the reverse osmosis water plant project, funding necessary reserves, and paying all related costs; refunding the City's outstanding Utility System Revenue Bond Anticipation Note, Series 2007A. The bonds are payable solely from the Utility System net revenues and are payable through October 1, 2042. The principal of the Bonds at September 30, 2017 are \$33,335,000, Series 2013A-1 \$6,680,000 and Series 2013A-2 \$26,655,000. Interest paid for the current year and net revenues were Series 2013A-1 \$220,363 and Series 2013A-2 \$972,650 and \$7,210,897 respectively. There was no Interest expense capitalized in Fiscal Year 2017.

Long-term liability activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Other Liabilities:					
Compensated absences	\$ 1,205,708	\$ 719,982	\$ (698,330)	\$ 1,227,360	\$ 70,303
Other postemployment benefits	283,124	138,275	(79,389)	342,010	-
Net pension liability	5,374,938	-	(1,416,958)	3,957,980	-
Claims payable	247,378	-	(73,065)	174,313	11,135
Governmental activities					
Long-term liabilities	<u>\$ 7,111,148</u>	<u>\$ 858,257</u>	<u>\$ (2,267,742)</u>	<u>\$ 5,701,663</u>	<u>\$ 81,438</u>
Business-type Activities:					
Bonds and notes payable:					
Utility system revenue bonds	\$ 34,185,000	\$ -	\$ (850,000)	\$ 33,335,000	\$ 880,000
Less deferred amounts:					
For issuance premiums (discounts)	410,836	-	(16,472)	394,364	-
Net utility system revenue bonds	<u>34,595,836</u>	<u>-</u>	<u>(866,472)</u>	<u>33,729,364</u>	<u>880,000</u>
Utility grant anticipation note	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total bonds and notes payable	<u>34,595,836</u>	<u>-</u>	<u>(866,472)</u>	<u>33,729,364</u>	<u>880,000</u>
Other Liabilities:					
Compensated absences	237,591	265,585	(243,211)	259,965	18,775
Other postemployment benefits	139,822	32,892	(3,210)	169,504	-
Business-type activities					
Long-term liabilities	<u>\$ 34,973,249</u>	<u>\$ 298,477</u>	<u>\$ (1,112,893)</u>	<u>\$ 34,158,833</u>	<u>\$ 898,775</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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end \$9,269 of internal service funds compensated absences are included in the above amounts. Compensated absences for governmental activities, are generally liquidated by the general fund with \$1,218,091. Also, for governmental activities, net pension liabilities and other post-employment benefits are liquidated by the general fund.

There is no long term debt from Governmental Activities in the Statement of Activities.

#### Note IV - Other Information

##### A. Risk Management

The City is self-insured within certain parameters for losses arising from claims for property and general liability. The City converted to the Florida League of Cities \$25,000 Stop/Loss property and liability self-insurance program on January 1, 1995. The City is responsible for up to a maximum liability of \$420,397 for Fiscal Year 2017. Claims for each occurrence above \$25,000 and above \$420,397 for all occurrences for the fiscal year, along with the related legal fees, are covered by the Florida League of Cities. Settled claims have not exceeded excess coverage in any of the past three years. The unrestricted net position balance of \$1,097,904 is a reserve for unexpected catastrophic events.

The transactions relating to the self-insurance program are accounted for in the Risk Management Fund, an Internal Service Fund. The billings by the Risk Management Fund to the various operating funds (the interfund premiums) are based on the total of the premium charged by the Florida League of Cities for the fiscal year.

Expenditures/expenses reported in excess of actual losses is the result of a reasonable provision for anticipated future losses. The claims liability reported at September 30, 2017 is based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, the liability includes amounts to cover claims incurred but not reported at September 30, 2017.

Changes in the claims liability amounts in Fiscal Years 2017 and 2016 were:

	Self Insurance
Balance at September 30, 2015	\$ 205,853
Current year claims and changes in estimates	154,889
Claim payments	(113,364)
Balance at September 30, 2016	247,378
Current year claims and changes in estimates	(20,172)
Claim payments	(52,893)
Balance at September 30, 2017	<u>\$ 174,313</u>



## **City of Tarpon Springs, Florida**

### **Notes to the Financial Statements September 30, 2017**

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The City is not self-insured for workers' compensation, health and dental insurance. Due to the City's experience rating on workers' compensation, the City purchases insurance through the Florida League of Cities. The workers' compensation premium is adjusted from year to year based upon past experience, i.e., claims incurred. The City purchases health, dental, life and long-term disability insurance for the employees, employees pay for a portion of their own dependent coverage. Health and Dental insurance is purchased through Florida Municipal Insurance Trust. Life and Long-Term Disability insurance is purchased through Hartford Life & Accident.

#### **B. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Effective January 1, 1997, Federal Legislation converted the deferred compensation assets from City assets to employee assets held in trust for the exclusive benefit of plan participants and their beneficiaries. As a result of these changes, plan assets are no longer subject to the claims of the City's general creditors.

#### **C. Conduit Debt**

From time to time, the City will issue conduit debt to fulfill a public need or purpose. Conduit debt is not reported as liabilities in the financial statements of the City and the City is not obligated in any manner for their repayment. As of September 30, 2017, there were no conduit debt obligations of the City.

#### **D. Landfill Monitoring Costs**

In October 1992, the City closed its landfill. State and federal laws require the City to perform post-closure monitoring for 20 years, which began in 1994. This facility is classified as a closed Class III landfill and shall be monitored and maintained in accordance with State requirements. The closed landfill includes a disposal footprint of approximately fifty-five acres.

On August 24, 2012 a new permit titled "Solid Waste Closure [long-term care] Permit – Landfill" was issued by the Florida Department of Environmental Protection which replaces the previous permit. This extension of the long-term care period was required at the facility for an indefinite period of time until sufficient data has been collected to demonstrate that the site has "stabilized" as defined in Rule 17-701.020(64), F.A.C. The new permit (which expires August 24, 2022) states that financial assurance is no longer required for this facility. The City

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

had expenses of \$39,209 in Fiscal Year 2017 for post-closure monitoring and maintenance at the facility.

#### **E. Commitments and Contingencies**

The following table lists the outstanding encumbrances at September 30, 2017. These encumbrances are reported in the financial statements based on the specific purpose of the resources that have been provided.

	Governmental Activities				Total
	General Fund	Optional Sales Tax	Non-Major Governmental Funds	Internal Service Funds	
Encumbrances Outstanding	\$ 196,938	\$ 936,980	\$ 233,671	\$ 3,329	\$ 1,370,918

	Business-Type Activities			Total
	Sanitation	Water and Sewer	Non-Major Enterprise Funds	
Encumbrances Outstanding	\$ 47,481	\$ 2,883,190	\$ 625,816	\$ 3,556,487

General Fund – of the amount above, \$83,909 is for a bucket truck.

Optional Sales Tax – of the amount noted above, \$494,332 is for Ring Avenue construction; \$294,407 is for Meres Blvd. construction.

Non-Major Governmental Funds - of the amount noted above, \$169,753 is for Pool design and engineering.

Water and Sewer – of the amount noted above, \$956,564 is for engineering for Lake Tarpon Phase III; \$907,803 is for clarifier improvements at the sewage treatment plant.

Non-Major Enterprise Funds – of the amount noted above, \$339,026 is for Ring Avenue construction.

During Fiscal Year 2017 and prior fiscal years, the City received revenues and contributions related to grants from Southwest Florida Water Management District, the State of Florida, the federal government and other grantors. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grants. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

The City is a defendant in various legal actions which, in the opinion of management, will not have any significant effect on the financial statements of the City.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### **F. Other Post Employment Benefits**

The City follows GASB No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, for certain postemployment benefits provided by the City. The unfunded actuarially accrued liability at September 30, 2017 is \$1,555,654.

##### Plan Description:

The City of Tarpon Springs administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance benefits to its employees and their eligible dependents. In accordance with Section 112.0801, of the Florida Statutes, because the City provides a medical plan to active employees of the City and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this Plan. Benefit provisions for the Plan are established by the City Commission and may be amended by the City Commission. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. However, the City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Medicare eligible retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The City does not issue stand-alone financial statements for the Plan.

##### Funding Policy:

Contribution rates for the Plan are established on an annual basis by the City Commission. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for health insurance. While the City does not directly contribute towards the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees, constitutes a significant economic benefit to retirees, or an implicit subsidy. This implicit subsidy is considered to be an other postemployment benefit (OPEB) obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go-basis. For the year ended September 30, 2017, the City estimated that it subsidized \$82,599 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 of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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The following table shows 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:

Annual required contribution	\$ 166,968
Interest on net OPEB obligation	21,147
Adjustment to annual required contribution	(16,948)
Annual OPEB cost (expense)	<u>171,167</u>
Contributions made	<u>(82,599)</u>
Increase in net OPEB obligation	88,568
Net OPEB obligation - beginning of year	<u>422,946</u>
Net OPEB obligation - end of year	<u><u>\$ 511,514</u></u>

The actuarially determined contribution requirements for the City's fiscal year ended September 30, 2017 are based on an actuarial valuation as of October 1, 2016.

No trust or agency fund has been established for the plan and there were no adjustments to the annual required contribution or interest earnings.

At fiscal year ended September 30, 2017, of the \$511,514 net OPEB obligation, the general fund will liquidate \$327,569 and the balance will be liquidated by the proprietary funds.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2017, are presented below. Data is presented for three fiscal years as required by GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
9/30/2015	\$ 95,800	54.49%	\$ 337,200
9/30/2016	\$ 161,525	46.91%	\$ 422,946
9/30/2017	\$ 171,167	48.26%	\$ 511,514

#### Funded Status and Funding Progress:

As of September 30, 2017, the actuarial accrued liability for benefits was \$1,555,654 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$1,555,654. The covered payroll (annual payroll for active participating employees) was projected to be \$14,594,570 for Fiscal Year 2017, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.7%. The schedule of funding progress, as part of the required

**Notes to the Financial Statements**  
**September 30, 2017**

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supplementary information immediately following the notes, provides information on the funded ratio over time.

**Actuarial Methods and Assumptions:**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's OPEB actuarial valuation for Fiscal Year 2017 used the projected unit credit cost method to estimate the unfunded actuarial liability and to determine the annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 5.0% rate of return on invested assets, which is the City's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4.0% per year which includes the general wage inflation rate assumption of 3%, and an annual healthcare cost trend rate of 8.5% initially, reduced by .5% per year, to an ultimate rate of 5.0%. The unfunded actuarial accrued liability is being amortized over 30 years, open level percentage of projected payroll method, in calculating the City's Fiscal Year 2017 annual required contribution.

**G. Employee Pension Plans**

The City oversees three separate pension plans: the General Employees' Pension Plan that covers full-time City employees and civilian police and fire department employees; the Police Officers' Retirement System for non-civilian Police Department employees, and; the Municipal Firefighters' Pension Trust Fund for City firefighters and Fire Department officers. Although an outside firm administers each plan, the plans are sponsored by and fiscally dependent on the City.

Substantially all of the government's full-time employees participate in one of three separate pension plans; two of which are single-employer, defined benefit pension plans for Police Officers and Firefighters, and a single-employer defined contribution pension plan for most General Employees.

**Defined Benefit Pension Plans for Firefighters and Police Officers**

The City maintains two separate single employer defined benefit pension plans for Firefighters and Police Officers which are included as Pension Trust Funds of the City's reporting entity. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City Ordinances assign the authority to establish and amend benefit provisions to the Board of Trustees of each retirement plan.

The Firefighters and Police Officers Pension Plans do not issue separate stand-alone financial reports. The assets of each plan may be used only for the payment of benefits to the members and beneficiaries of that plan in accordance with the terms of each plan document.

The Florida Constitution requires local governments to make the actuarially determined contributions. The Florida Division of Retirement reviews and approves each local governments actuarial report prior to its use for funding purposes. Additionally, the State collects two locally authorized insurance premium surcharges (one for the Police Pension Plan on casualty insurance policies and one for the Firefighter Pension Plan on certain real and personal property insurance policies within the corporate limits) which can only be distributed after the State has ascertained that the local government has met their actuarial funding requirement for the then most recently completed fiscal year.

**Police Officers Pension Plan**

**Plan Description:**

Plan administration:

The Police Officers' Pension Trust provides retirement, termination, disability, and death benefits to plan members and their beneficiaries. The City Council has the authority to establish and amend the benefit provisions of the plan.

The Board of Trustees is comprised of:

- a) Two Commission appointees,
- b) Two members of the system elected by a majority of the other covered Police Officers and,
- c) A fifth member elected by the other 4 and appointed by the Commission.

Each person employed by the City Police Department as a full-time Police Officer becomes a member of the Plan as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Plan membership as of October 1, 2016:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	43
	<u>83</u>

#### Benefits provided:

The Plan provides retirement, termination, disability and death benefits.

##### Normal Retirement:

Eligibility: Earlier of 1) Age 50 and the completion of 10 years of credited service, or 2) the completion of 25 years of credited service, regardless of age.

Benefit amount: 3% of average monthly earnings times credited service.

Minimum benefit amount: \$450

##### Early Retirement:

Eligibility: Age 45 and the completion of 10 years of credited service.

Benefit amount: Accrued benefit, reduced 3% per year that the commencement of benefits precedes normal retirement.

##### Vesting (Termination):

Less than 10 years of credited service: Refund of member contributions without interest.

10 years or more: Accrued benefit payable at age 50 or later, on a reduced basis if to commence prior to normal retirement date or refund of member contributions.

##### Disability:

Service Incurred: Covered from date of employment.

Non-service Incurred: 10 years of credited service.

Service Incurred Benefit: 50% of average monthly earnings.

Non-service Incurred Benefit: Benefit accrued to date of disability but not less than 25% of average monthly earnings.

##### Death Benefits:

Service Incurred: Spouse receives 50% of average monthly earnings.

Non-service Incurred:

Vested: Spouse receives 25% of average monthly earnings.

Non-vested: Refund of member contributions.

##### Benefit Adjustment:

Members retiring (including disability retirees) after October 1, 2000 receive a 2.1% increase in their benefits every fifth year.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Contributions:

The City's funding policy for the Police Officer's plans is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll which, when combined with employee and state contributions, are designed to accumulate sufficient assets to pay benefits when due. Administrative costs for the Police Officer's plans are financed through investment earnings.

The state contributions are required by state statute. The Police Officers is a .85% excise tax on the gross receipts from premiums collected on casualty insurance policies covering property within the City's corporate limits.

#### Contribution Rates:

Employee:	8.00%
Premium Tax:	0.85% tax on premiums for applicable insurance policies.
City:	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

#### **Net Pension Liability:**

The measurement date is September 30, 2017.

The measurement period for the pension expense was October 1, 2016 to September 30, 2017.

The reporting period is October 1, 2016 through September 30, 2017.

The sponsor's Net Pension Liability was measured as of September 30, 2017.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

#### Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

#### Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.



## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated August 16, 2016.

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2017 the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	7.50%
International Equity	10%	8.50%
Domestic Bonds	35%	2.50%
Cash	5%	0.00%
	<u>100%</u>	

#### Discount Rate:

The discount rate used to measure the total pension liability was 7.50%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2017**

Changes in Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 26,207,608	\$ 25,073,206	1,134,402
Changes for a year:			
Service cost	604,591	-	604,591
Interest	2,027,488	-	2,027,488
Change in Excess State Money	12,974	-	12,974
Differences between Expected and Actual Experience	(14,341)	-	(14,341)
Changes of assumptions	660,290	-	660,290
Contributions - Employer	-	241,324	(241,324)
Contributions - State	-	225,484	(225,484)
Contributions - Employee	-	251,275	(251,275)
Contributions - Buy Back	-	-	-
Net Investment Income	-	2,640,786	(2,640,786)
Benefit Payments, including Refunds of Employee Contributions	(946,845)	(946,845)	-
Administrative Expense	-	(56,933)	56,933
Net Changes	2,344,157	2,355,091	(10,934)
Reporting Period Ending September 30, 2017	<u>\$ 28,551,765</u>	<u>\$ 27,428,297</u>	<u>\$ 1,123,468</u>

**Sensitivity of the Net Pension Liability to changes in the Discount Rate:**

	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Sponsor's Net Pension (Asset) Liability	\$ 4,658,479	\$ 1,123,468	\$ (1,770,042)

**Pension Plan Fiduciary Net Position.**

Detailed information about the pension Plans Fiduciary Net Position is available in a separately issued Plan financial report.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions:**

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$928,870.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 454,281
Changes of assumptions	765,739	-
Net difference between Projected and Actual Earnings on Pension Plan investments	554,466	-
Total	<u>\$ 1,320,205</u>	<u>\$ 454,281</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:

2018	\$ 397,797
2019	477,589
2020	134,768
2021	(144,230)
2022	-
Thereafter	-

### Firefighters Pension Plan

#### Plan Description:

##### Plan administration:

The Firefighters Pension Trust provides retirement, termination, disability, and death benefits to plan members and their beneficiaries. The City Council has the authority to establish and amend the benefit provisions of the plan.

The Board of Trustees is comprised of:

- Two Commission appointees,
- Two members of the system elected by a majority of the other covered Firefighters and,
- A fifth member elected by the other 4 and appointed by the Commission.

Each person employed by the City Fire Department as a full-time Firefighter becomes a member of the Plan as a condition of his employment. All Firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Plan membership as of October 1, 2016:

Fire

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	30
	<u>67</u>

Benefits provided:

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility:

Earlier of 1) Age 50 and the completion of 10 years of credited service, or 2) the completion of 25 years of credited service, regardless of age.

Benefit amount: 3% of average final compensation times credited service prior to 10/1/1999, plus 3.25% of average final compensation times credited service after 10/1/1999.

Cost of Living Increase: All retirees, excluding disability retirees and vested terminated persons, who retire on or after October 1, 1999, and their joint pensioners and beneficiaries, receive, beginning on the first October 1 following 5 years of retirement, a 2% per year cost of living increase.

Vesting (Termination):

Less than 10 years: Refund of member contributions without interest.

10 years or more: Accrued benefit payable at normal retirement date or refund of member contributions.

Disability:

Eligibility:

a) 10 years of contributing service for non-service related; coverage from date of hire for service incurred.

b) Total and permanent disability prior to normal retirement date.

Benefit amount: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred).

Pre-Retirement Death Benefits:

Service Incurred: Benefit accrued to date of death but not less than 42% of average final compensation. Benefit payable for 10 years.

Non-service Incurred:

Vested: Benefit accrued to date of death but not less than 25% of average final compensation. Benefit payable for 10 years.

Non-vested: Refund of member contributions.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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#### Contributions:

The City's funding policy for the Firefighter's plans is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll which, when combined with employee and state contributions, are designed to accumulate sufficient assets to pay benefits when due. Administrative costs for the Firefighter's plans are financed through investment earnings.

The state contributions are required by state statute. The Firefighters is a 1.85% excise tax on the gross receipts from premiums collected on property insurance policies covering property within the City's corporate limits.

#### Contribution Rates:

Employee:	9.45%
Premium Tax:	1.85% tax on premiums for fire insurance policies.
City:	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years, but not less than 7% of member salaries

#### **Net Pension Liability:**

The measurement date is September 30, 2017.

The measurement period for the pension expense was October 1, 2016 to September 30, 2017.

The reporting period is October 1, 2016 through September 30, 2017.

The sponsor's Net Pension Liability was measured as of September 30, 2017.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

#### Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	7.00%
Discount Rate	7.90%
Investment Rate of Return	7.90%

#### Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

#### Mortality Rate Disabled Lives:

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated June 28, 2012.

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2017 the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	53%	7.50%
International Equity	12%	8.50%
Domestic Bonds	20%	2.50%
Real Estate	15%	4.50%
	<u>100%</u>	

#### Discount Rate:

The discount rate used to measure the total pension liability was 7.90%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2017**

Changes in Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 26,750,682	\$ 22,510,146	\$ 4,240,536
Changes for a year:			
Service cost	451,742	-	451,742
Interest	2,080,242	-	2,080,242
Differences between Expected and Actual Experience	(4,067)	-	(4,067)
Contributions - Employer	-	560,252	(560,252)
Contributions - State	-	205,597	(205,597)
Contributions - Employee	-	201,094	(201,094)
Net Investment Income	-	3,023,816	(3,023,816)
Benefit Payments, including Refunds of Employee Contributions	(1,603,051)	(1,603,051)	-
Administrative Expense	-	(56,818)	56,818
Net Changes	924,866	2,330,890	(1,406,024)
Reporting Period Ending September 30, 2017	<u>\$ 27,675,548</u>	<u>\$ 24,841,036</u>	<u>\$ 2,834,512</u>

Sensitivity of the Net Pension Liability to changes in the Discount Rate:

	1% Decrease 6.90%	Current Discount Rate 7.90%	1% Increase 8.90%
Sponsor's Net Pension Liability	\$ 6,186,942	\$ 2,834,512	\$ 63,791

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plans Fiduciary Net Position is available in a separately issued Plan financial report.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions:**

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$885,955.

On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements**  
**September 30, 2017**

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 113,080	\$ 38,427
Changes of assumptions	477,260	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	556,895
Total	<u>\$ 590,340</u>	<u>\$ 595,322</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:

2018	\$ 249,178
2019	284,554
2020	(284,137)
2021	(254,577)
2022	-



**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2017**

Financial Statements for the Police Officers and Firefighters Pension Plans as provided by the Actuary:

**STATEMENT OF NET POSITION - PENSION TRUST FUNDS**

	<b>Police Officers Pension</b>	<b>Firefighters Pension</b>
<b>Assets</b>		
Cash and cash equivalents:		
Short Term Investments	\$ 613,346	\$ -
Transfer in Transit	-	638,635
Prepaid Benefits	-	114,969
Money Market	-	208,000
Cash	-	132
Total Cash and cash equivalents:	613,346	961,736
Receivables:		
From Broker for Investments Sold	-	-
Tax Reclaims	-	3,960
Investment Income	39,538	43,301
Total Receivables:	39,538	47,261
Investments:		
U.S. Bonds and Bills	5,800,807	149,267
Federal Agency Guaranteed Securities	1,436,146	1,335,139
Corporate Bonds	1,776,670	2,837,738
Municipal Obligations	-	42,071
Stocks	14,532,771	16,506,569
Mutual Funds: Equity	3,230,251	-
Pooled/Common/Commingled Funds: Real Estate	-	2,961,255
Total Investments	26,776,645	23,832,039
Total Assets	27,429,529	24,841,036
<b>Liabilities</b>		
Payables:		
Prior Refunds	1,232	-
To Broker for Investments Purchased	-	-
Total Liabilities	1,232	-
<b>Net Position</b>		
Net Position Restricted for Pensions	\$ 27,428,297	\$ 24,841,036

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2017**

**STATEMENT OF CHANGES IN NET POSITION - PENSION TRUST FUNDS**

	<b>Police Officers Pension</b>	<b>Firefighters Pension</b>
Additions:		
Contributions:		
Plan members	\$ 251,275	\$ 201,094
Buy-Back	-	-
Employer	241,324	560,252
State of Florida	225,484	205,597
Total Contributions	<u>718,083</u>	<u>966,943</u>
Investment Income:		
Net increase in fair value of investments	2,270,809	2,585,850
Interest & Dividends	506,897	555,514
Less Investment Expense (a)	(136,920)	(117,548)
Net Investment Income	<u>2,640,786</u>	<u>3,023,816</u>
Total Additions	<u>3,358,869</u>	<u>3,990,759</u>
Deductions:		
Distributions to Members:		
Benefit Payments	930,326	1,237,475
Lump Sum DROP Distributions	8,192	365,491
Refunds of Member Contributions	8,327	85
Total Distributions	<u>946,845</u>	<u>1,603,051</u>
Administrative Expense	56,933	56,818
Total Deductions	1,003,778	1,659,869
Net Increase in Net Position	2,355,091	2,330,890
Net Position Restricted for Pensions - Beginning of Year	<u>25,073,206</u>	<u>22,510,146</u>
Net Position Restricted for Pensions - End of Year	<u>\$ 27,428,297</u>	<u>\$ 24,841,036</u>

(a) Investment related expenses include investment advisory, custodial and performance monitoring fees.

**Defined Contribution Pension Plans**

The City's General Employees pension plan, a single employer, defined benefit pension plan, was terminated by the Board of Commissioners (BOC) effective November 30, 1995. The City converted its General Employees Defined Benefit plan into a Defined Contribution plan effective October 1, 1996 with the conversion on September 15, 1997. All plan assets accumulated through September 15, 1997 in the previous Defined Benefit pension plan were liquidated and reallocated to the new Defined Contribution plan participants, minus amounts required to liquidate current liabilities of the old plan.

All Plan provisions of the General Employees Defined Contribution plan, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 2002-34. The Plan Ordinance may be amended by the BOC after the public hearings are held. The Plan does not issue a stand-alone financial report and is not included in any other retirement system's or entity's financial report.

The City's General Employees Defined Contribution Pension Plan was established to provide supplemental income to employees upon retirement. The Plan year is from October 1, of a respective year through the following September 30 of that year. All employees are eligible to participate in the Plan, except Firefighters and Police Officers. Also excluded from Plan participation are elected officials and employees whose customary employment is for less than 30 hours in any one week and their total hours for a Plan year are less than One Thousand hours.

At September 30, 2017, there were 194 active Plan members, 100 vested and 94 partially vested. The City contributes 8.7% of covered salary beginning after three months of employment and Plan members do not contribute to the Plan but can contribute to the ICMA Deferred Compensation Plan. Plan provisions and contribution requirements are established and may be amended by the BOC. Employer contributions become vested on a graduated basis at the rate of 20% per Plan year with full vesting after five vested years of employment. The total City contributions to the General Employees pension plan during Fiscal Year 2017 were \$796,782.

On February 22, 2008, the City changed administrators of the Plan and all funds with VALIC (Variable Annuity Life Insurance Company) were transferred to ICMA-RC (International City/County Management Association Retirement Corporation) the new administrator of the Plan.

A new Administrative Services Agreement with ICMA-RC was approved on December 16, 2013 (Inception Date) for an initial term beginning on the Inception Date and ending (3) years after the Inception Date. Following the initial term, this agreement may be renewed automatically for two additional one-year terms.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2017

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The City's General Employees Pension Plan financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period that the contributions are due.

All Investments are reported at their fair value by the administrator of the plan based on their quoted market price. All investments are directed by Plan participants, including the non-vested portion of the City's contributions. Plan participants may elect to allocate investments among a variety of mutual funds, money market funds, and fixed return funds. No individual stocks, bonds or other investments are held within the plan.

As of September 30, 2017, the General Employees Pension fund held investments (other than U.S. Government and U.S. Government guaranteed obligations) in the following organizations comprising 5% or more of the net position available for benefits.

<u>Asset Description</u>	<u>Number of Shares</u>	<u>Fair Value</u>
JPMorgan SmartRetirement 2020	42,902	\$ 848,597
JPMorgan SmartRetirement 2030	67,233	1,428,027
JPMorgan SmartRetirement 2035	40,130	826,283
MFS Moderate Allocation R4	27,915	496,881
MFS Growth Allocation R4	46,238	953,891

***REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MD&A***

**Pension Schedules - Police Officers and Firefighters Pension Trust Funds**

Schedule of Changes in Net Pension Liability and Related Ratios

Police Officers Pension Trust Fund

Firefighters Pension Trust Fund

Schedule of Contributions and Notes to Schedule

Police Officers Pension Trust Fund

Firefighters Pension Trust Fund

Schedule of Investment Returns

Police Officers and Firefighters

**Other Post-Employment Benefits**

Schedule of Employer Contributions

Schedule of Funding Progress

**City of Tarpon Springs, Florida**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Police Officers Pension Trust Fund**  
**Last Five Fiscal Years\***

	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total Pension Liability:					
Service Cost	\$ 604,591	\$ 814,107	\$ 792,099	\$ 755,726	\$ 700,395
Interest	2,027,488	1,960,385	1,845,378	1,732,714	1,632,474
Change in Excess State Money	12,974	7,763	-	-	-
Changes of Benefit Terms	-	-	(119,708)	-	-
Differences between Expected and Actual Experience	(14,341)	(727,466)	(319,167)	-	-
Changes of Assumptions	660,290	541,040	-	-	-
Contributions - Buy Back	-	56,848	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(946,845)	(891,933)	(877,118)	(1,080,852)	(1,157,813)
Net Change in Total Pension Liability	2,344,157	1,760,744	1,321,484	1,407,588	1,175,056
Total Pension Liability - Beginning	26,207,608	24,446,864	23,125,380	21,717,792	20,542,736
Total Pension Liability - Ending (a)	<u>\$ 28,551,765</u>	<u>\$ 26,207,608</u>	<u>\$ 24,446,864</u>	<u>\$ 23,125,380</u>	<u>\$ 21,717,792</u>
Plan Fiduciary Net Position:					
Contributions - Employer	241,324	369,399	639,284	590,013	579,733
Contributions - State	225,484	220,273	207,813	200,056	198,510
Contributions - Employee	251,275	264,978	262,499	259,014	247,826
Contributions - Buy Back	-	56,848	-	-	-
Net Investment Income	2,640,786	1,292,444	(68,190)	2,532,116	2,069,509
Benefit Payments, Including Refunds of Employee Contributions	(946,845)	(891,933)	(877,118)	(1,080,852)	(1,157,813)
Administrative Expense	(56,933)	(52,805)	(36,428)	(27,331)	(32,572)
Net Change in Plan Fiduciary Net Position	2,355,091	1,259,204	127,860	2,473,016	1,905,193
Plan Fiduciary Net Position - Beginning	25,073,206	23,814,002	23,686,142	21,213,126	19,307,933
Plan Fiduciary Net Position - Ending (b)	<u>\$ 27,428,297</u>	<u>\$ 25,073,206</u>	<u>\$ 23,814,002</u>	<u>\$ 23,686,142</u>	<u>\$ 21,213,126</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,123,468</u>	<u>\$ 1,134,402</u>	<u>\$ 632,862</u>	<u>\$ (560,762)</u>	<u>\$ 504,666</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.07%	95.67%	97.41%	102.42%	97.68%
Covered Employee Payroll (1)	\$ 3,140,932	\$ 3,312,219	\$ 3,550,062	\$ 3,080,189	\$ 2,937,877
Net Pension Liability as a Percentage of Covered Employee Payroll	35.77%	34.25%	17.83%	-18.21%	17.18%

Notes to Schedule:

(1) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/15 measurement period which includes DROP payroll.

Changes of assumptions:

For measurement date 9/30/17, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report.

Additionally, the investment return assumption was lowered from 7.7% to 7.5%.

For measurement date 9/30/16 the following assumption changes were made based on August 16, 2016 experience study:

1. Salary increases changed from a flat 7.0% to one based on Credited Service.
2. Investment return assumption was reduced from 7.9% to 7.7%.
3. Reducing the payroll growth assumption from 1.76% to 0%.
4. Changing the turnover table from an age based table to a service based table.
5. Changing the retirement age assumption from 100% at age 50 with 10 years of Credited Service to age 52 with 10 years of Credited Service and assuming 5% rates prior to age 52. 100% is also assumed upon attainment of 25 years of Credited Service.
6. Changing the mortality table to the same rates as used by the Florida Retirement System (FRS) in their July 1, 2015 valuation as required by State law.

Also the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plans investment consultant.

Changes of benefit terms:

For measurement date 9/30/15, amounts reported as benefit changes were resulted from Ordinance 2015-05 was adopted which implemented the following Plan changes:

- \* Salary for service earned on or after June 20, 2012 was limited to not include more than 300 hours of overtime per calendar year.
- \* The Plans definition of Salary was changed to include the lesser of the amount of sick or annual leave time accrued on June 20, 2012 or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement.

\* Information only available for five years.

**City of Tarpon Springs, Florida**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Firefighters Pension Trust Fund**  
**Last Five Fiscal Years\***

	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Total Pension Liability:					
Service Cost	\$ 451,742	\$ 470,186	\$ 433,596	\$ 415,729	\$ 385,291
Interest	2,080,242	1,949,568	1,901,472	1,806,846	1,729,806
Change in excess State money	-	-	4,353	-	-
Differences between Expected and Actual Experience	(4,067)	226,161	(141,504)	-	-
Changes of Assumptions	-	954,519	-	(41,516)	-
Benefit Payments, Including Refunds of					
Employee Contributions	(1,603,051)	(2,252,731)	(989,960)	(1,012,279)	(1,328,432)
Net Change in Total Pension Liability	924,866	1,347,703	1,207,957	1,168,780	786,665
Total Pension Liability - Beginning	26,750,682	25,402,979	24,195,022	23,026,242	22,239,577
Total Pension Liability - Ending (a)	<u>\$ 27,675,548</u>	<u>\$ 26,750,682</u>	<u>\$ 25,402,979</u>	<u>\$ 24,195,022</u>	<u>\$ 23,026,242</u>
Plan Fiduciary Net Position:					
Contributions - Employer	560,252	758,808	974,041	782,526	710,690
Contributions - State	205,597	223,925	242,782	237,443	235,043
Contributions - Employee	201,094	197,641	183,224	162,859	164,853
Net Investment Income	3,023,816	1,821,061	316,096	1,993,557	2,221,341
Benefit Payments, Including Refunds of					
Employee Contributions	(1,603,051)	(2,252,731)	(989,960)	(1,012,279)	(1,328,432)
Administrative Expense	(56,818)	(39,185)	(66,388)	(46,371)	(42,561)
Net Change in Plan Fiduciary Net Position	2,330,890	709,519	659,795	2,117,735	1,960,934
Plan Fiduciary Net Position - Beginning	22,510,146	21,800,627	21,140,832	19,023,097	17,062,163
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,841,036</u>	<u>\$ 22,510,146</u>	<u>\$ 21,800,627</u>	<u>\$ 21,140,832</u>	<u>\$ 19,023,097</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,834,512</u>	<u>\$ 4,240,536</u>	<u>\$ 3,602,352</u>	<u>\$ 3,054,190</u>	<u>\$ 4,003,145</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.76%	84.15%	85.82%	87.38%	82.61%
Covered Employee Payroll (1)	\$ 2,127,978	\$ 2,090,999	\$ 2,535,620	\$ 2,063,310	\$ 2,088,575
Net Pension Liability as a Percentage of Covered Employee Payroll	133.20%	202.80%	142.07%	148.02%	191.67%

Notes to Schedule:

(1) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/15 measurement period which includes DROP payroll.

Changes of assumptions:

For measurement date 9/30/16 as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

Also the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plans investment consultant.

\* Information only available for five years.

**City of Tarpon Springs, Florida**  
**Schedule of Contributions and Notes to Schedule**  
**Police Officers Pension Trust Fund**  
**Last Five Fiscal Years\***

	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Actuarially Determined Contribution	\$ 500,665	\$ 587,919	\$ 722,857	\$ 790,069	\$ 778,243
Contributions in Relation to the					
Actuarially Determined Contributions	453,834	581,909	847,097	790,069	778,243
Contribution Deficiency (Excess)	<u>\$ 46,831</u>	<u>\$ 6,010</u>	<u>\$ (124,240)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll (1)	\$ 3,140,932	\$ 3,312,219	\$ 3,550,062	\$ 3,080,189	\$ 2,937,877
Contributions as a Percentage of					
Covered Employee Payroll	14.45%	17.57%	23.86%	25.65%	26.49%

(1) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/15 measurement period which includes DROP payroll.

Notes to Schedule:

Valuation Date: 10/1/2015

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	29 Years (as of 10/01/2015)
Asset Smoothing Methodology:	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net of fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.
Salary Increases:	7% per year up to the assumed retirement age. Projected salary in the year of retirement is increased 20% to account for non-regular compensation. This assumption is supported by an experience study for the period 1998-2008.
Interest Rate:	7.9% per year, compounded annually net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
Payroll Growth:	1.76% per year (previously 2.70%). This limited in order to comply with the provisions of Part VII of Chapter 112, Florida Statutes.
Marriage Rates:	100% of Plan Members are assumed to be married, with husbands 3 years older than their wives.
Retirement Age:	Earlier of age 50 with 10 years of calculation service or 25 years of calculation service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is supported by an experience study performed in 2008.
Early Retirement:	Commencing with the earliest Early Retirement Age (45), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We believe this assumption is reasonable based on Plan provisions.
Termination Rate:	See table below (1304). This is based on an experience study for the period 2002-2008.
Disability Rate:	See table below (1205). 75% of Disability Retirements, and 75% of Active Employment Deaths are assumed to be service-related. This assumption was developed from those used by other plans containing Florida municipal Police Officers.
Mortality:	RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. We believe this sufficiently accounts for future mortality improvem
Termination and Disability Rate Table:	

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.4%	0.14%
30	10.5%	0.18%
40	5.7%	0.30%
50	1.5%	1.00%

\* Information only available for five years.



**City of Tarpon Springs, Florida**  
**Schedule of Contributions and Notes to Schedule**  
**Firefighters Pension Trust Fund**  
**Last Five Fiscal Years\***

	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Actuarially Determined Contribution	\$ 932,405	\$ 945,300	\$ 992,531	\$ 1,019,969	\$ 945,733
Contributions in Relation to the					
Actuarially Determined Contribution	765,849	982,733	1,212,470	1,019,969	945,733
Contribution Deficiency (Excess)	\$ 166,556	\$ (37,433)	\$ (219,939)	\$ -	\$ -
Covered Employee Payroll (1)	\$ 2,127,978	\$ 2,090,999	\$ 2,535,620	\$ 2,063,310	\$ 2,088,575
Contributions as a Percentage of					
Covered Employee Payroll	35.99%	47.00%	47.82%	49.43%	45.28%

(1) The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/15 measurement period which includes DROP payroll.

Notes to Schedule:

Valuation Date: 10/1/2015

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Cost Method: Entry Age Normal Actuarial Cost Method. Loads: half of year of interest at 7.9% and a full year of salary at 6.34% assumption.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 29 Years (as of 10/01/2015)

Asset Smoothing Methodology: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net of fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Salary Increases: 7% per year for Members with less than 10 years of service, 5.5% for those with 10 or more years of service. This assumption is supported by an experience study issued on June 28, 2012. Projected Salary at retirement is increased 20% before 10/1/2000, 10% 10/1/2000 - 9/30/11, 0.0% on and after 10/1/11. This is based on the expected amount of sick or annual leave time accrued at retirement.

Interest Rate: 7.9% per year, compounded annually net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Payroll Increase: .20%, as capped by prior year amount. This is potentially limited for compliance with Part VII of Chapter 112, Florida Statutes.

Cost of Living Increase: 2% per year beginning on the October 1 following 5 years of payments, as defined by the plan provisions.

Normal Retirement Rates: Number of Years after First  

Eligibility for Normal Retirement	Probability of Retirement
0	50%
1 or more	100%

Termination Rate: This assumption is supported by an experience study issued on June 28, 2012. See table below. This assumption is supported by an experience study issued on June 28, 2012.

Disability Rate: See table below. 75% of Disability and Pre-Retirement Death Retirements are assumed to be service-incurred. This assumption is supported by an experience study issued on June 28, 2012.

Mortality: RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. We feel this assumption sufficiently accommodates mortality improvements.

Termination and Disability Rate Table.

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	8.0%	0.14%
30	6.0%	0.18%
40	4.0%	0.30%
50	0.0%	1.00%

\* Information only available for five years.

**City of Tarpon Springs, Florida**  
**Schedule of Investment returns**  
**Last Five Fiscal Years**

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**Police Officers Pension Trust Fund**  
**Schedule of Investment Returns**

	Fiscal Year				
	2017	2016	2015	2014	2013
Annual money-weighted rate of return net of investment expense	10.62%	5.44%	-0.29%	11.89%	10.70%

**Firefighters Pension Trust Fund**  
**Schedule of Investment Returns**

	Fiscal Year				
	2017	2016	2015	2014	2013
Annual money-weighted rate of return net of investment expense	13.66%	8.52%	1.49%	10.43%	13.04%

**Notes to Schedule:**

This information is required for ten years. However, only five years of information is available.

**CITY OF TARPON SPRINGS, FLORIDA**  
**OTHER POST-EMPLOYMENT BENEFITS**  
**SEPTEMBER 30, 2017**

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**Schedule of Employer Contributions:**

<u>Year Ended</u>	<u>Annual Required Contributions</u>	<u>Estimated Contributions</u>	<u>Percentage Contributed</u>
September 30, 2015	\$ 92,600	\$ 52,200	56.4%
September 30, 2016	158,177	75,779	47.9%
September 30, 2017	166,968	82,599	49.5%

**Schedule of Funding Progress:**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
October 1, 2014	\$ -	\$ 1,021,200	\$ 1,021,200	0.00%	\$ 13,131,232	7.78%
October 1, 2015	-	1,460,626	1,460,626	0.00%	14,033,240	10.41%
October 1, 2016	-	1,555,654	1,555,654	0.00%	14,594,570	10.66%

# ***COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES***

## **Non-Major Governmental Funds**

### **Special Revenue Funds:**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Local Option Gas Tax Fund - This fund is used to account for the City's share of local gas tax revenues that are legally restricted to the maintenance and improvement of City roads and streets.

Impact Fees Fund - This fund is used to account for the receipt of impact fees and interest thereon and disbursements for qualified non-major capital expenditures of Police, Fire, Library, Recreation, General Government, Fire Impact Surcharge and Transportation Impact Fees.

Grants Fund - This fund is used to account for the receipt and disbursement of State and Federal Grants of the Governmental Funds which are legally restricted by the purpose of the grant.

Law Enforcement Programs Fund - This fund is used to account for Law Enforcement sources of funds that are restricted as to their use based on the fine or confiscated property that is received by the City.

Special Programs Fund - This fund is used to account for programs in which the revenue source is restricted or committed by Law and or Interlocal agreement for specific purposes. These include the employee benefit cost deferral, public art program and land preservation.

### **Capital Projects Funds:**

Capital project funds are used to account for and report financial sources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Projects Fund - This fund is used to account for the annual street and sidewalk construction projects. Funding is provided by transfers from the capital investment and local option gas tax funds.

Capital Investment Fund - This fund was established by City Charter for funding street, drainage and sidewalk improvements. Interest earnings over the \$2,000,000 principal balance are to be used only for this purpose.

## **Major Governmental Fund**

### **Capital Projects Fund:**

Optional Sales Tax Fund - This fund is used to account for the one cent local option sales tax revenues received which are to be used only for capital improvements to the City's infrastructure and specified capital outlays as required by state statutes.

**CITY OF TARPON SPRINGS, FLORIDA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	Special Revenue Funds					
	Local Option Gas Tax	Impact Fees	Grants	Law Enforcement Programs	Special Programs	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 187,187	\$ 1,556,975	\$ 91,056	\$ 239,680	\$ 667,248	\$ 2,742,146
Investments	-	100,000	-	-	100,000	200,000
Due from other governments	27,975	48,331	-	-	-	76,306
Total Assets	<u>\$ 215,162</u>	<u>\$ 1,705,306</u>	<u>\$ 91,056</u>	<u>\$ 239,680</u>	<u>\$ 767,248</u>	<u>\$ 3,018,452</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 152,346	\$ 13,179	\$ 5,146	\$ 48	\$ 170,719
Advance from other funds	-	460,808	-	-	-	460,808
Total Liabilities	<u>-</u>	<u>613,154</u>	<u>13,179</u>	<u>5,146</u>	<u>48</u>	<u>631,527</u>
Fund Balances:						
Nonspendable:						
Street and sidewalk per Charter, nonexpendable	-	-	-	-	-	-
Restricted for:						
Transportation	215,162	-	-	-	-	215,162
Capital projects - impact fee programs	-	1,092,152	-	-	-	1,092,152
Law enforcement programs	-	-	48	234,534	-	234,582
Grant programs	-	-	6,060	-	-	6,060
Public art program	-	-	-	-	365,278	365,278
Land Preservation	-	-	-	-	60,963	60,963
Physical environment	-	-	71,769	-	-	71,769
Committed to:						
Employee benefit cost deferral	-	-	-	-	340,959	340,959
Total Fund Balances	<u>215,162</u>	<u>1,092,152</u>	<u>77,877</u>	<u>234,534</u>	<u>767,200</u>	<u>2,386,925</u>
Total Liabilities and Fund Balances	<u>\$ 215,162</u>	<u>\$ 1,705,306</u>	<u>\$ 91,056</u>	<u>\$ 239,680</u>	<u>\$ 767,248</u>	<u>\$ 3,018,452</u>

Capital Projects Funds			Total Non-Major Governmental Funds
General Projects	Capital Investment	Total	
\$ 164,607	\$ 32,978	\$ 197,585	\$ 2,939,731
-	1,995,052	1,995,052	2,195,052
-	-	-	76,306
<u>\$ 164,607</u>	<u>\$ 2,028,030</u>	<u>\$ 2,192,637</u>	<u>\$ 5,211,089</u>
\$ 1,113	\$ -	\$ 1,113	\$ 171,832
<u>-</u>	<u>-</u>	<u>-</u>	<u>460,808</u>
<u>1,113</u>	<u>-</u>	<u>1,113</u>	<u>632,640</u>
-	2,000,000	2,000,000	2,000,000
163,494	28,030	191,524	406,686
-	-	-	1,092,152
-	-	-	234,582
-	-	-	6,060
-	-	-	365,278
-	-	-	60,963
-	-	-	71,769
<u>-</u>	<u>-</u>	<u>-</u>	<u>340,959</u>
<u>163,494</u>	<u>2,028,030</u>	<u>2,191,524</u>	<u>4,578,449</u>
<u>\$ 164,607</u>	<u>\$ 2,028,030</u>	<u>\$ 2,192,637</u>	<u>\$ 5,211,089</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds					
	Local Option Gas Tax	Impact Fees	Grants	Law Enforcement Programs	Special Programs	Total
Revenues:						
Taxes	\$ 324,217	\$ -	\$ -	\$ -	\$ -	\$ 324,217
Permits and fees	-	306,923	-	-	-	306,923
Intergovernmental	-	-	30,962	112,804	-	143,766
Charges for services	-	76,581	-	-	-	76,581
Fines and forfeitures	-	-	-	7,164	-	7,164
Other	2,484	13,221	603	3,083	14,243	33,634
Total Revenues	<u>326,701</u>	<u>396,725</u>	<u>31,565</u>	<u>123,051</u>	<u>14,243</u>	<u>892,285</u>
Expenditures:						
Current:						
Public Safety:						
Police	-	-	-	55,346	-	55,346
Physical Environment:						
Other	-	-	32,417	-	-	32,417
Culture and Recreation:						
Other	-	-	10,500	-	4,900	15,400
Capital Outlay	-	745,770	-	12,575	42,303	800,648
Total Expenditures	<u>-</u>	<u>745,770</u>	<u>42,917</u>	<u>67,921</u>	<u>47,203</u>	<u>903,811</u>
Excess of Revenues Over (Under) Expenditures	<u>326,701</u>	<u>(349,045)</u>	<u>(11,352)</u>	<u>55,130</u>	<u>(32,960)</u>	<u>(11,526)</u>
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(350,000)	-	-	-	(66,204)	(416,204)
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,204)</u>	<u>(416,204)</u>
Net Change in Fund Balances	(23,299)	(349,045)	(11,352)	55,130	(99,164)	(427,730)
Fund Balances - Beginning of Year	<u>238,461</u>	<u>1,441,197</u>	<u>89,229</u>	<u>179,404</u>	<u>866,364</u>	<u>2,814,655</u>
Fund Balances - End of Year	<u>\$ 215,162</u>	<u>\$ 1,092,152</u>	<u>\$ 77,877</u>	<u>\$ 234,534</u>	<u>\$ 767,200</u>	<u>\$ 2,386,925</u>

Capital Projects Funds			Total Non-Major Governmental Funds
General Projects	Capital Investment	Total	
\$ -	\$ -	\$ -	\$ 324,217
-	-	-	306,923
-	-	-	143,766
-	-	-	76,581
-	-	-	7,164
1,364	19,435	20,799	54,433
1,364	19,435	20,799	913,084
-	-	-	55,346
-	-	-	32,417
-	-	-	15,400
252,271	-	252,271	1,052,919
252,271	-	252,271	1,156,082
(250,907)	19,435	(231,472)	(242,998)
180,000	-	180,000	180,000
-	(30,000)	(30,000)	(446,204)
180,000	(30,000)	150,000	(266,204)
(70,907)	(10,565)	(81,472)	(509,202)
234,401	2,038,595	2,272,996	5,087,651
\$ 163,494	\$ 2,028,030	\$ 2,191,524	\$ 4,578,449



**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**LOCAL OPTION GAS TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 315,000	\$ 315,000	\$ 324,217	\$ 9,217
Other	800	800	2,484	1,684
Total Revenues	<u>315,800</u>	<u>315,800</u>	<u>326,701</u>	<u>10,901</u>
Other Financing Uses:				
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net Change in Fund Balances	(34,200)	(34,200)	(23,299)	10,901
Fund Balances - Beginning of Year	<u>238,461</u>	<u>238,461</u>	<u>238,461</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 204,261</u>	<u>\$ 204,261</u>	<u>\$ 215,162</u>	<u>\$ 10,901</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**IMPACT FEES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Permits and Fees	\$ 223,670	\$ 223,670	\$ 306,923	\$ 83,253
Charges for Services	-	-	76,581	76,581
Other	385	385	13,221	12,836
Total Revenues	224,055	224,055	396,725	172,670
Expenditures:				
Capital Outlay	1,591,215	2,126,615	745,770	1,380,845
Total Expenditures	1,591,215	2,126,615	745,770	1,380,845
Excess of Revenues Over (Under) Expenditures	(1,367,160)	(1,902,560)	(349,045)	1,553,515
Other Financing Sources:				
Debt proceeds	350,000	350,000	-	(350,000)
Total Other Financing Sources	350,000	350,000	-	(350,000)
Net Change in Fund Balances	(1,017,160)	(1,552,560)	(349,045)	1,203,515
Fund Balances - Beginning of Year	1,441,197	1,441,197	1,441,197	-
Fund Balances - End of Year	\$ 424,037	\$ (111,363)	\$ 1,092,152	\$ 1,203,515

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GRANTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 53,000	\$ 53,000	\$ 30,962	\$ (22,038)
Other	-	-	603	603
Total Revenues	<u>53,000</u>	<u>53,000</u>	<u>31,565</u>	<u>(21,435)</u>
Expenditures:				
Current:				
Physical Environment:				
Other	55,100	55,100	32,417	22,683
Culture/Recreation:				
Other	<u>35,000</u>	<u>35,000</u>	<u>10,500</u>	<u>24,500</u>
Total Expenditures	<u>90,100</u>	<u>90,100</u>	<u>42,917</u>	<u>47,183</u>
Net Change in Fund Balances	(37,100)	(37,100)	(11,352)	25,748
Fund Balances - Beginning of Year	<u>89,229</u>	<u>89,229</u>	<u>89,229</u>	-
Fund Balances - End of Year	<u>\$ 52,129</u>	<u>\$ 52,129</u>	<u>\$ 77,877</u>	<u>\$ 25,748</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**LAW ENFORCEMENT PROGRAMS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 68,490	\$ 68,490	\$ 112,804	\$ 44,314
Fines and forfeitures	17,000	17,000	7,164	(9,836)
Other	70	70	3,083	3,013
Total Revenues	<u>85,560</u>	<u>85,560</u>	<u>123,051</u>	<u>37,491</u>
Expenditures:				
Current:				
Public Safety:				
Police	80,790	88,790	55,346	33,444
Capital Outlay	20,700	16,900	12,575	4,325
Total Expenditures	<u>101,490</u>	<u>105,690</u>	<u>67,921</u>	<u>37,769</u>
Net Change in Fund Balances	(15,930)	(20,130)	55,130	75,260
Fund Balances - Beginning of Year	<u>179,404</u>	<u>179,404</u>	<u>179,404</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 163,474</u>	<u>\$ 159,274</u>	<u>\$ 234,534</u>	<u>\$ 75,260</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL PROGRAMS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 195,000	\$ -	\$ -	\$ -
Other	200	-	14,243	14,243
Total Revenues	<u>195,200</u>	<u>-</u>	<u>14,243</u>	<u>14,243</u>
Expenditures:				
Current:				
General Government:				
Other	20,000	20,000	-	20,000
Culture/Recreation:				
Other	455,087	169,221	4,900	164,321
Capital Outlay	85,000	118,700	42,303	76,397
Total Expenditures	<u>560,087</u>	<u>307,921</u>	<u>47,203</u>	<u>260,718</u>
Excess of Revenues Over (Under) Expenditures	<u>(364,887)</u>	<u>(307,921)</u>	<u>(32,960)</u>	<u>274,961</u>
Other Financing Uses:				
Transfers out	-	-	(66,204)	(66,204)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(66,204)</u>	<u>(66,204)</u>
Net Change in Fund Balances	(364,887)	(307,921)	(99,164)	208,757
Fund Balances - Beginning of Year	<u>866,364</u>	<u>866,364</u>	<u>866,364</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 501,477</u>	<u>\$ 558,443</u>	<u>\$ 767,200</u>	<u>\$ 208,757</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 600	\$ 600	\$ 1,364	\$ 764
Total Revenues	<u>600</u>	<u>600</u>	<u>1,364</u>	<u>764</u>
Expenditures:				
Capital Outlay	<u>200,000</u>	<u>318,551</u>	<u>252,271</u>	<u>66,280</u>
Total Expenditures	<u>200,000</u>	<u>318,551</u>	<u>252,271</u>	<u>66,280</u>
Excess of Revenues Over (Under) Expenditures	<u>(199,400)</u>	<u>(317,951)</u>	<u>(250,907)</u>	<u>67,044</u>
Other Financing Sources:				
Transfers in	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Total Other Financing Sources	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Net Change in Fund Balances	(19,400)	(137,951)	(70,907)	67,044
Fund Balances - Beginning of Year	<u>234,401</u>	<u>234,401</u>	<u>234,401</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 215,001</u>	<u>\$ 96,450</u>	<u>\$ 163,494</u>	<u>\$ 67,044</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL INVESTMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 16,000	\$ 16,000	\$ 19,435	\$ 3,435
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>19,435</u>	<u>3,435</u>
Other Financing Uses:				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balances	(14,000)	(14,000)	(10,565)	3,435
Fund Balances - Beginning of Year	<u>2,038,595</u>	<u>2,038,595</u>	<u>2,038,595</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,024,595</u>	<u>\$ 2,024,595</u>	<u>\$ 2,028,030</u>	<u>\$ 3,435</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**OPTIONAL SALES TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,259,460	\$ 2,259,460	\$ 2,313,011	\$ 53,551
Charges for Services	-	-	221,301	221,301
Other	10,000	10,000	17,736	7,736
Total Revenues	2,269,460	2,269,460	2,552,048	282,588
Expenditures:				
Capital Outlay	2,709,732	6,867,167	3,397,001	3,470,166
Total Expenditures	2,709,732	6,867,167	3,397,001	3,470,166
Excess of Revenues Over (Under) Expenditures	(440,272)	(4,597,707)	(844,953)	3,752,754
Other Financing Sources:				
Issuance of debt	189,120	189,120	-	(189,120)
Total Other Financing Sources	189,120	189,120	-	(189,120)
Net Change in Fund Balances	(251,152)	(4,408,587)	(844,953)	3,563,634
Fund Balances - Beginning of Year	4,617,649	4,617,649	4,617,649	-
Fund Balances - End of Year	\$ 4,366,497	\$ 209,062	\$ 3,772,696	\$ 3,563,634



## ***Enterprise Funds***

### **Non-Major Enterprise Funds**

Enterprise Funds are used to account for the financing, acquisition, operation and maintenance of governmental facilities and services that are supported primarily by user charges.

Stormwater Fund - This fund is used to account for the provision of stormwater services to the residents of the City.

Marina Fund - This fund is used to account for the provision of marina services to the residents of the City.

Golf Course Fund - This fund is used to account for the provision of golf course services to the residents of the City.

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2017**

	Storm Water	Marina	Golf Course	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 716,883	\$ 54,786	\$ -	\$ 771,669
Investments	809,967	-	-	809,967
Receivables:				
Interest	3,108	-	-	3,108
Accounts - billed (net)	96,158	1,026	-	97,184
Accounts - unbilled	52,492	-	-	52,492
Inventories	-	-	24,615	24,615
Prepaid items	5,016	1,408	10,092	16,516
Total Current Assets	<u>1,683,624</u>	<u>57,220</u>	<u>34,707</u>	<u>1,775,551</u>
Non-Current Assets:				
Capital Assets:				
Land and land rights	342,130	400	51,356	393,886
Buildings and improvements	10,647	25,388	474,690	510,725
Improvements other than buildings	3,568,580	631,849	1,289,542	5,489,971
Machinery and equipment	2,133,339	-	46,680	2,180,019
Accumulated depreciation	(1,944,830)	(548,114)	(939,167)	(3,432,111)
Construction in progress	266,626	-	-	266,626
Total Non-Current Assets	<u>4,376,492</u>	<u>109,523</u>	<u>923,101</u>	<u>5,409,116</u>
Total Assets	<u>6,060,116</u>	<u>166,743</u>	<u>957,808</u>	<u>7,184,667</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	81,838	1,131	54,334	137,303
Accrued liabilities	2,991	339	2,326	5,656
Due to other fund (deficit in pooled cash)	-	-	950,783	950,783
Advance from other fund	-	-	247,306	247,306
Customer deposits	-	2,841	-	2,841
Compensated absences	984	-	664	1,648
Unearned revenue	-	-	18,078	18,078
Total Current Liabilities	<u>85,813</u>	<u>4,311</u>	<u>1,273,491</u>	<u>1,363,615</u>
Non-Current Liabilities:				
Other postemployment benefits	15,555	-	11,585	27,140
Compensated absences	7,642	1,955	18,544	28,141
Total Non-Current Liabilities	<u>23,197</u>	<u>1,955</u>	<u>30,129</u>	<u>55,281</u>
Total Liabilities	<u>109,010</u>	<u>6,266</u>	<u>1,303,620</u>	<u>1,418,896</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,376,492	109,523	923,101	5,409,116
Restricted:				
Other contractual obligations	5,016	1,408	34,707	41,131
Unrestricted (deficit)	1,569,598	49,546	(1,303,620)	315,524
Total Net Position	<u>\$ 5,951,106</u>	<u>\$ 160,477</u>	<u>\$ (345,812)</u>	<u>\$ 5,765,771</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Storm Water	Marina	Golf Course	Total
Operating Revenues:				
Charges for services	\$ 1,331,832	\$ 78,058	\$ 1,288,910	\$ 2,698,800
Other	2,515	123	5,015	7,653
Total Operating Revenues	1,334,347	78,181	1,293,925	2,706,453
Operating Expenses:				
Personnel services	464,517	57,698	356,966	879,181
Contractual services	281,438	21,581	615,800	918,819
Supplies	70,249	2,337	136,254	208,840
Repairs and maintenance	118,990	1,596	6,514	127,100
Utilities	10,607	13,917	47,880	72,404
Depreciation	375,312	16,748	70,381	462,441
Total Operating Expenses	1,321,113	113,877	1,233,795	2,668,785
Operating Income (Loss)	13,234	(35,696)	60,130	37,668
Non-Operating Revenues (Expenses):				
Investment income	14,800	518	-	15,318
Net change in fair value of investments	(606)	-	-	(606)
Other	(1,113)	-	-	(1,113)
Total Non-Operating Revenues	13,081	518	-	13,599
Income (Loss) before Transfers	26,315	(35,178)	60,130	51,267
Transfers out	(111,499)	-	(103,757)	(215,256)
	(111,499)	-	(103,757)	(215,256)
Change in Net Position	(85,184)	(35,178)	(43,627)	(163,989)
Net Position - Beginning of Year	6,036,290	195,655	(302,185)	5,929,760
Net Position - End of Year	\$ 5,951,106	\$ 160,477	\$ (345,812)	\$ 5,765,771

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Storm Water	Marina	Golf Course	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,321,788	\$ 77,228	\$ 1,294,951	\$ 2,693,967
Cash payments to suppliers	(409,756)	(40,036)	(811,313)	(1,261,105)
Cash payments to employees	(463,998)	(56,793)	(353,737)	(874,528)
Other	(1,113)	-	-	(1,113)
Net cash provided (used) by operating activities	446,921	(19,601)	129,901	557,221
Cash flows from noncapital financing activities:				
Transfers out	(111,499)	-	(103,757)	(215,256)
Advance from other fund	-	-	(37,473)	(37,473)
Payment of cash on loans to/from other funds	-	-	17,788	17,788
Net cash used by noncapital financing activities	(111,499)	-	(123,442)	(234,941)
Cash flows from capital and related financing activities:				
Disposal of capital assets	-	-	63	63
Acquisition and construction of capital assets	(436,104)	-	(6,522)	(442,626)
Contributed capital from other governmental entities	-	-	-	-
Net cash used for capital and related financing activities	(436,104)	-	(6,459)	(442,563)
Cash flows from investing activities:				
Interest on investments	14,800	518	-	15,318
Proceeds of investment sales & maturities	580,000	30,000	-	610,000
Purchase of investments	(310,258)	-	-	(310,258)
Net cash provided by investing activities	284,542	30,518	-	315,060
Net increase in cash and cash equivalents	183,860	10,917	-	194,777
Cash and cash equivalents at beginning of year	533,023	43,869	-	576,892
Cash and cash equivalents at end of year	\$ 716,883	\$ 54,786	\$ -	\$ 771,669
Cash and cash equivalents classified as:				
Cash and cash equivalents	\$ 716,883	\$ 54,786	\$ -	\$ 771,669

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Storm Water	Marina	Golf Course	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 13,234	\$ (35,696)	\$ 60,130	\$ 37,668
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other	(1,113)	-	-	(1,113)
Depreciation expense	375,312	16,748	70,381	462,441
Change in assets and liabilities:				
(Increase) decrease in accounts receivable - interest	(477)	73	-	(404)
Increase in accounts receivable - billed (net)	(3,429)	(1,026)	-	(4,455)
Increase in unbilled accounts receivable	(8,653)	-	-	(8,653)
Increase in inventories	-	-	(7,439)	(7,439)
Increase in prepaid items	(971)	(104)	(675)	(1,750)
Increase (decrease) in accounts and contracts payable	72,499	(348)	3,249	75,400
Increase (decrease) in accrued liabilities	437	12	(126)	323
Increase in unavailable revenue	-	-	1,026	1,026
Decrease in customer deposits	-	(153)	-	(153)
Increase in other postemployment benefits	1,310	-	2,700	4,010
Increase (decrease) in compensated absences	(1,228)	893	655	320
Total adjustments	<u>433,687</u>	<u>16,095</u>	<u>69,771</u>	<u>519,553</u>
Net cash provided (used) by operating activities	<u>\$ 446,921</u>	<u>\$ (19,601)</u>	<u>\$ 129,901</u>	<u>\$ 557,221</u>

## ***Internal Service Funds***

Internal Service Funds are established to finance and account for goods and services provided by a designated department to other departments within the City on a cost-reimbursement basis. Revenue in these funds is derived from charges to other City funds for services rendered.

Vehicle Maintenance Fund - This fund is used to account for the repairs and maintenance of all vehicles and heavy equipment owned by the City.

Risk Management Fund - This fund is used to account for the administration of the City's self-insurance activities.

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2017**

	Governmental Activities Internal Service Funds		
	Vehicle Maintenance	Risk Management	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 60,973	\$ 269,730	\$ 330,703
Investments	-	999,712	999,712
Accounts receivable - interest	-	3,769	3,769
Advance to other fund	-	345,886	345,886
Inventories	31,324	-	31,324
Prepaid items	3,027	1,781	4,808
Total Current Assets	95,324	1,620,878	1,716,202
Non-Current Assets:			
Capital Assets:			
Buildings and improvements	44,756	-	44,756
Improvements other than buildings	331,069	190,024	521,093
Machinery and equipment	89,879	27,666	117,545
Accumulated depreciation	(250,151)	(40,989)	(291,140)
Total Non-Current Assets	215,553	176,701	392,254
Total Assets	310,877	1,797,579	2,108,456
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	3,387	994	4,381
Accrued liabilities	1,854	-	1,854
Claims payable	-	11,135	11,135
Compensated absences	3,196	-	3,196
Total Current Liabilities	8,437	12,129	20,566
Non-Current Liabilities:			
Claims payable	-	163,178	163,178
Other postemployment benefits	14,441	-	14,441
Compensated absences	6,073	-	6,073
Total Non-Current Liabilities	20,514	163,178	183,692
Total Liabilities	28,951	175,307	204,258
<b>NET POSITION</b>			
Net investment in capital assets	215,553	176,701	392,254
Restricted for:			
Other contractual obligations	34,351	347,667	382,018
Unrestricted	32,022	1,097,904	1,129,926
Total Net Position	\$ 281,926	\$ 1,622,272	\$ 1,904,198

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Governmental Activities		
	Internal Service Funds		
	Vehicle Maintenance	Risk Management	Total
Operating Revenues:			
Billings to departments	\$ 1,006,537	\$ 538,163	\$ 1,544,700
Other	1,996	988	2,984
Total Operating Revenues	1,008,533	539,151	1,547,684
Operating Expenses:			
Personnel services	287,573	-	287,573
Contractual services	8,809	37,842	46,651
Supplies	393,225	1,294	394,519
Repairs and maintenance	333,680	-	333,680
Utilities	758	-	758
Claims	-	(20,172)	(20,172)
Insurance	-	595,816	595,816
Depreciation	38,526	15,120	53,646
Total Operating Expenses	1,062,571	629,900	1,692,471
Operating Loss	(54,038)	(90,749)	(144,787)
Non-Operating Revenues:			
Investment income	-	14,145	14,145
Net change in fair value of investments	-	(730)	(730)
Total Non-Operating Revenues	-	13,415	13,415
Change in Net Position	(54,038)	(77,334)	(131,372)
Net Position - Beginning of Year	335,964	1,699,606	2,035,570
Net Position - End of Year	\$ 281,926	\$ 1,622,272	\$ 1,904,198



**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Vehicle Maintenance	Risk Management	Total
Cash flows from operating activities:			
Cash received from other funds	\$ 1,008,533	\$ 538,648	\$ 1,547,181
Cash payments to suppliers	(740,289)	(690,896)	(1,431,185)
Cash payments to employees	(283,406)	-	(283,406)
Net cash used by operating activities	(15,162)	(152,248)	(167,410)
Cash flows from noncapital financing activities:			
Advance to other fund	-	89,246	89,246
Net cash provided by noncapital financing activities	-	89,246	89,246
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(6,134)	-	(6,134)
Net cash used by capital and related financing activities	(6,134)	-	(6,134)
Cash flows from investing activities:			
Interest on investments	-	14,145	14,145
Proceeds of investment sales & maturities	-	529,454	529,454
Purchase of investments	-	(500,000)	(500,000)
Net cash provided by investing activities	-	43,599	43,599
Net decrease in cash and cash equivalents	(21,296)	(19,403)	(40,699)
Cash and cash equivalents at beginning of year	82,269	289,133	371,402
Cash and cash equivalents at end of year	\$ 60,973	\$ 269,730	\$ 330,703
Cash and cash equivalents classified as:			
Cash and cash equivalents	\$ 60,973	\$ 269,730	\$ 330,703
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (54,038)	\$ (90,749)	\$ (144,787)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	38,526	15,120	53,646
Change in assets and liabilities:			
Increase in accounts receivable-interest	-	(503)	(503)
Increase in inventories	(927)	-	(927)
Increase in prepaid items	(277)	(1,781)	(2,058)
Decrease in accounts and contracts payable	(2,613)	(1,270)	(3,883)
Decrease in accrued liabilities	(2)	-	(2)
Decrease in claims payable	-	(73,065)	(73,065)
Increase in other postemployment benefits	2,922	-	2,922
Increase in compensated absences	1,247	-	1,247
Total adjustments	38,876	(61,499)	(22,623)
Net cash used by operating activities	\$ (15,162)	\$ (152,248)	\$ (167,410)

## ***Fiduciary Funds***

Fiduciary Funds are used to account for resources that are managed in a trustee capacity or as an agent for other parties.

Police Officers Pension - This fund is used to account for a defined benefit pension plan for City police officers.

Firefighters Pension - This fund is used to account for a defined benefit pension plan for City firefighters.

General Employees Pension - This fund is used to account for a defined contribution pension plan for all City employees other than police officers and firefighters.

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**

	Employee Retirement Funds			
	Defined Benefit		Defined	Total
	Police Officers Pension	Firefighters Pension	Contribution Plans	
			General Employees Pensions	
<b>Assets</b>				
Cash and cash equivalents	\$ 613,346	\$ 208,132	\$ -	\$ 821,478
Accounts receivable	-	3,960	-	3,960
Interest receivable	39,538	43,302	-	82,840
Investments, at fair value:				
U.S. Government Securities	7,236,953	1,526,477	-	8,763,430
Equities Common Stock	17,763,022	16,506,569	-	34,269,591
Mutual Funds	-	-	9,719,250	9,719,250
Corporate Bonds	1,776,671	2,837,738	-	4,614,409
Real Estate	-	3,599,886	-	3,599,886
Total Investments	<u>26,776,646</u>	<u>24,470,670</u>	<u>9,719,250</u>	<u>60,966,566</u>
Total Assets	<u>27,429,530</u>	<u>24,726,064</u>	<u>9,719,250</u>	<u>61,874,844</u>
<b>Net Position</b>				
Restricted for Pension Benefits	\$ <u>27,429,530</u>	\$ <u>24,726,064</u>	\$ <u>9,719,250</u>	\$ <u>61,874,844</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Employee Retirement Funds			
	Defined Benefit		Defined Contribution Plans	Total
	Police Officers Pension	Firefighters Pension	General Employees Pensions	
Additions:				
Contributions:				
Employer	\$ 241,324	\$ 560,252	\$ 796,782	\$ 1,598,358
Plan members	251,275	201,094	-	452,369
State of Florida	225,484	205,597	-	431,081
Total Contributions	<u>718,083</u>	<u>966,943</u>	<u>796,782</u>	<u>2,481,808</u>
Investment Income:				
Net increase in fair value of investments (realized and unrealized)	2,269,881	2,568,586	803,999	5,642,466
Interest	219,125	285,555	219,622	724,302
Dividends	288,975	329,304	-	618,279
	<u>2,777,981</u>	<u>3,183,445</u>	<u>1,023,621</u>	<u>6,985,047</u>
Less Investment Expenses:				
Investment management fees	124,065	105,330	-	229,395
	<u>124,065</u>	<u>105,330</u>	<u>-</u>	<u>229,395</u>
Net Investment Income	<u>2,653,916</u>	<u>3,078,115</u>	<u>1,023,621</u>	<u>6,755,652</u>
Total Additions	<u>3,371,999</u>	<u>4,045,058</u>	<u>1,820,403</u>	<u>9,237,460</u>
Deductions:				
Benefits	930,601	1,618,253	915,382	3,464,236
Refunds of contributions	16,519	85	-	16,604
Administrative expense	69,787	111,121	56,489	237,397
Total Deductions	<u>1,016,907</u>	<u>1,729,459</u>	<u>971,871</u>	<u>3,718,237</u>
Change in Net Position	2,355,092	2,315,599	848,532	5,519,223
Net Position - Beginning of Year	<u>25,074,438</u>	<u>22,410,465</u>	<u>8,870,718</u>	<u>56,355,621</u>
Net Position - End of Year	<u>\$ 27,429,530</u>	<u>\$ 24,726,064</u>	<u>\$ 9,719,250</u>	<u>\$ 61,874,844</u>

**City of Tarpon Springs, Florida**  
**Fire & EMS Service Programs**  
**Supplementary Information**

Pursuant to agreements between the City of Tarpon Springs, the Pinellas County Fire Authority and the Pinellas County Emergency Medical Services Authority, the City has provided fire and emergency medical services to the respective authorities. With respect to fire services, the services are provided for the benefit of properties located outside the corporate limits of the City, but within a designated service area. Emergency medical services are provided for the benefit of persons residing both inside and outside the corporate limits of the City, based on the Authority's nearest unit dispatch policy.

In accordance with Pinellas County EMS Authority's Resolution 09-38 and Section 706 of the 2009 ALS First Responder Agreement, funds provided by the EMS Authority must be used solely for EMS Allowable Costs. Any unspent balance at the conclusion of a fiscal year must be accounted for and returned to the EMS Authority. The return of any such funds will be accomplished through a reduction to the current year funding from the EMS Authority to the Contractor for the ALS Responder Services.

In accordance with Pinellas County Home Rule Charter and Chapter 62, Article II of the Pinellas County Code and the Fire Services Agreement, funds provided by Pinellas County to the Contractor can only be used in support of fire-related activities. Therefore, a proportional share of any unspent balance at the conclusion of a fiscal year is to be returned to Pinellas County where these funds will be retained in a discrete special revenue fund for the Fire District. The return of these funds will be accomplished through a reduction to the current year support funding from Pinellas County to the Contractor.

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**EMERGENCY MEDICAL SERVICES DISTRICT FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
EMS District Funds	\$ 1,428,727	\$ 1,428,727	\$ -
Total Revenue	1,428,727	1,428,727	-
Expenditures:			
Salaries and Benefits	1,294,762	1,368,902	(74,140)
Operating Expenditures	133,965	88,358	45,607
Total Expenditures	1,428,727	1,457,260	(28,533)
Deficiency of Revenues Under Expenditures	\$ -	\$ (28,533)	\$ (28,533)

1	EMS Funding FY 16-17 Received by Contractor	\$ 1,428,727
2	EMS Allowable Costs Incurred by Contractor	1,457,260
3	Difference (If Excess Revenues) Due to Pinellas County	\$ (28,533)

**Reserve for Future Years:**

Beginning of Fiscal Year 10/1/2016	\$ -
Additions:	
Reserve funding FY 2017	-
Reductions:	
FY 2017 Budget	-
End of Fiscal Year - 9/30/2017	\$ -

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FIRE DISTRICT FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>General Fund</b>			
Revenues:			
Municipality - City of Tarpon Springs (1)	\$ 3,154,254	\$ 3,149,420	\$ (4,834)
Tarpon Springs Fire District Funds	402,003	344,664	(57,339)
Total Revenues	<u>3,556,257</u>	<u>3,494,084</u>	<u>(62,173)</u>
Expenditures:			
Salaries and Benefits	2,856,212	2,777,126	79,086
Operating Expenditures	644,291	669,318	(25,027)
Capital Outlay	55,754	47,640	8,114
Total Expenditures	<u>3,556,257</u>	<u>3,494,084</u>	<u>62,173</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<b>Special Revenue Fund - Fire Impacts</b>			
Revenues:			
Fire Impact Fees	\$ 37,170	\$ 39,192	\$ 2,022
Tarpon Springs Fire District Funds	-	-	-
Interest	60	1,066	1,006
Inter-Fund Loan	-	-	-
Fire Impact - Carryover	372,059	-	(372,059)
Total Revenues	<u>409,289</u>	<u>40,258</u>	<u>(369,031)</u>
Expenditures:			
Capital Outlay	409,289	362,328	46,961
Total Expenditures	<u>409,289</u>	<u>362,328</u>	<u>46,961</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>(322,070)</u>	\$ <u>(322,070)</u>
<b>Capital Project Fund</b>			
Revenues:			
Municipality - City of Tarpon Springs (1)	\$ 1,326,735	\$ 1,299,991	\$ (26,744)
Tarpon Springs Fire District Funds	-	-	-
Total Revenues	<u>1,326,735</u>	<u>1,299,991</u>	<u>(26,744)</u>
Expenditures:			
Capital Outlay	1,326,735	1,299,991	26,744
Debt Service Interest - Fire Truck	-	-	-
Total Expenditures	<u>1,326,735</u>	<u>1,299,991</u>	<u>26,744</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<b>Grand Total</b>			
Total Revenues	\$ 5,292,281	\$ 4,834,333	\$ (457,948)
Total Expenditures	<u>5,292,281</u>	<u>5,156,403</u>	<u>135,878</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>(322,070)</u>	\$ <u>(322,070)</u>
(1) Expenditures not covered through Fire District funds are provided by the City.			
1 Total Expenditures by Contractor		\$ 5,156,403	
2 Less: Other Revenues Received by Contractor		<u>-</u>	
3 Total Outlay by Contractor		<u>5,156,403</u>	
4 Pinellas County Percentage of District		9.84%	
5 Total Pinellas County Share (3 times 4)		<u>507,390</u>	
6 Pinellas County Paid to Contractor			
Fire District Funding FY 2017		<u>344,664</u>	
Total Pinellas County Paid to Contractor		<u>344,664</u>	
7 Total Due to Pinellas County (6 less 5), if negative none due		\$ (162,726)	

## *STATISTICAL SECTION*

*Financial Trends*

*Revenue Capacity*

*Debt Capacity*

*Demographic and Economic Information*

*Operating Information*



# **City of Tarpon Springs, Florida**

## **Statistical Section**

### **List of Schedules**

This part of the City of Tarpon Springs comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

#### **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.

- 1 Net Position by Component - Last Ten Fiscal Years
- 2 Changes in Net Position - Last Ten Fiscal Years
- 3 Fund Balances, Governmental Funds - Last Ten Fiscal Years
- 4 Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years
- 5 Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years

#### **Revenue Capacity**

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

- 6 -A Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years
- 6 -B Real and Personal Property Tax Exemptions - Last Ten Fiscal Years
- 7 Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years
- 8 - A Principal Real Property Tax Payers - Current Year and Nine Years Ago
- 8 - B Principal Personal Property Tax Payers - Current Year and Nine Years Ago
- 9 Property Tax Levies and Collections - Last Ten Fiscal Years

#### **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.

- 10 Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
- 11 Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
- 12 Direct and Overlapping Governmental Activities Debt - As of September 30, 2017
- 13 Legal Debt Margin Information - Last Ten Fiscal Years
- 14 Pledged-Revenue Coverage - Last Ten Fiscal Years

#### **Demographic and Economic Information**

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

- 15 Demographic and Economic Statistics - Last Ten Fiscal Years
- 16 Principal Employers, Pinellas County - Current Year and Nine Years Ago

#### **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.

- 17 Full-time Equivalent City Government Employees by Function/Program -  
Last Ten Fiscal Years
- 18 Operating Indicators by Function/Program - Last Ten Fiscal Years
- 19 Capital Asset Statistics by Function/Program - Last Ten Fiscal Years

**City of Tarpon Springs, Florida**  
**Schedule 1**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year						Fiscal Year			
	2008	2009	2010	2011	2012	2013	2014 *	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 40,154,559	\$ 40,672,112	\$ 41,281,743	\$ 42,581,135	\$ 42,653,653	\$ 44,380,440	\$ 45,090,304	\$ 48,199,096	\$ 49,600,615	\$ 51,456,378
Restricted	14,103,319	13,113,128	13,322,303	12,914,081	12,896,516	12,423,712	13,233,342	11,331,250	10,994,276	9,695,502
Unrestricted	14,374,903	17,358,272	18,530,274	19,466,009	19,615,271	18,237,353	14,435,502	13,678,169	11,689,973	10,093,903
Total governmental activities net position	<u>\$ 68,632,781</u>	<u>\$ 71,143,512</u>	<u>\$ 73,134,320</u>	<u>\$ 74,961,225</u>	<u>\$ 75,165,440</u>	<u>\$ 75,041,505</u>	<u>\$ 72,759,148</u>	<u>\$ 73,208,515</u>	<u>\$ 72,284,864</u>	<u>\$ 71,245,783</u>
Business-type activities:										
Net investment in capital assets	\$ 22,499,445	\$ 24,561,610	\$ 26,067,196	\$ 26,751,911	\$ 30,787,409	\$ 33,033,440	\$ 47,376,740 A	\$ 57,038,372	\$ 59,405,819	\$ 59,032,457
Restricted	3,940,536	3,531,319	3,686,103	4,283,180	2,986,956	8,244,803	5,647,475 B	5,801,091	5,033,042	5,402,860
Unrestricted	12,092,799	12,467,175	11,617,680	12,354,958	14,259,417	10,623,313	6,885,518 C	8,739,652	10,560,522	11,965,743
Total business-type activities net position	<u>\$ 38,532,780</u>	<u>\$ 40,560,104</u>	<u>\$ 41,370,979</u>	<u>\$ 43,390,049</u>	<u>\$ 48,033,782</u>	<u>\$ 51,901,556</u>	<u>\$ 59,909,733</u>	<u>\$ 71,579,115</u>	<u>\$ 74,999,383</u>	<u>\$ 76,401,060</u>
Primary government:										
Net investment in capital assets	\$ 62,654,004	\$ 65,233,722	\$ 67,348,939	\$ 69,333,046	\$ 73,441,062	\$ 77,413,880	\$ 92,467,044	\$ 105,237,468	\$ 109,006,434	\$ 110,488,835
Restricted	18,043,855	16,644,447	17,008,406	17,197,261	15,883,472	20,668,515	18,880,817	17,132,341	16,027,318	15,098,362
Unrestricted	26,467,702	29,825,447	30,147,954	31,820,967	33,874,688	28,860,666	21,321,020	22,417,821	22,250,495	22,059,646
Total primary government net position	<u>\$ 107,165,561</u>	<u>\$ 111,703,616</u>	<u>\$ 114,505,299</u>	<u>\$ 118,351,274</u>	<u>\$ 123,199,222</u>	<u>\$ 126,943,061</u>	<u>\$ 132,668,881</u>	<u>\$ 144,787,630</u>	<u>\$ 147,284,247</u>	<u>\$ 147,646,843</u>

\* GASB's 68 and 71 were implemented in fiscal year 2015, fiscal year 2014 balances are restated to reflect the implementation.

A) Increase due to construction of new Alternative Water Plant

B) Decrease in FY 2014 due to Reserve in FY 2013 for emergency sewer break

C) Decrease in FY 2014 due to expenses for Alternative Water Plant, FY 2015 SWFMD receipts will alleviate this.

**City of Tarpon Springs, Florida**  
**Schedule 2**  
**Changes in Net Position,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year					Fiscal Year				
	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,424,454	\$ 3,247,806	\$ 3,151,755	\$ 3,090,494	\$ 2,789,491	\$ 2,927,360	\$ 3,017,621	\$ 3,194,628	\$ 3,432,723	\$ 3,700,268
Public safety	11,231,522	11,007,450	11,296,815	11,325,115	11,712,003	12,282,243	12,723,797	13,021,016	14,852,516	14,815,058
Physical environment	1,188,796	1,086,567	1,129,614	1,155,888	1,240,584	1,177,133	1,171,151	994,433	1,140,607	1,203,122
Transportation	2,140,625	2,154,244	2,130,186	2,077,166	2,116,119	2,200,491	2,315,266	2,267,686	2,313,101	2,352,119
Economic environment	120,911	182,489	361,444	230,382	365,584	466,831	457,145	452,117	531,483	582,470
Culture/recreation	4,043,603	3,968,052	3,862,643	3,780,449	3,899,214	3,901,603	4,002,625	4,083,635	4,239,363	4,502,297
Interest on long-term debt	52,844	25,011	23,373	16,841	12,542	8,114	3,526	-	-	-
Total governmental activities expenses	<u>22,202,755</u>	<u>21,671,619</u>	<u>21,955,830</u>	<u>21,676,335</u>	<u>22,135,537</u>	<u>22,963,775</u>	<u>23,691,131</u>	<u>24,013,515</u>	<u>26,509,793</u>	<u>27,155,334</u>
Business-type activities:										
Water/Sewer	9,740,837	9,639,797	9,681,751	9,407,340	9,348,746	11,139,707	11,328,461	12,745,072	12,912,634	13,765,541
Sanitation	5,124,329	4,931,648	4,877,167	4,888,177	3,701,551	3,705,989	3,892,966	4,106,003	4,335,007	4,748,340
Storm Water	595,846	679,599	814,746	656,883	687,356	764,604	835,943	1,003,463	1,057,100	1,322,226
Golf Course	1,249,106	1,230,148	1,185,149	1,178,261	1,217,951	1,222,499	1,111,819	1,257,698	1,369,316	1,233,795
Marina	92,358	91,013	94,279	96,211	84,547	88,566	92,019	109,403	113,616	113,877
Total business-type activities expenses	<u>16,802,476</u>	<u>16,572,205</u>	<u>16,653,092</u>	<u>16,226,872</u>	<u>15,040,151</u>	<u>16,921,365</u>	<u>17,261,208</u>	<u>19,221,639</u>	<u>19,787,673</u>	<u>21,183,779</u>
Total primary government expenses	<u>\$ 39,005,231</u>	<u>\$ 38,243,824</u>	<u>\$ 38,608,922</u>	<u>\$ 37,903,207</u>	<u>\$ 37,175,688</u>	<u>\$ 39,885,140</u>	<u>\$ 40,952,339</u>	<u>\$ 43,235,154</u>	<u>\$ 46,297,466</u>	<u>\$ 48,339,113</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 655,871	\$ 507,018	\$ 530,030	\$ 526,133	\$ 545,215	\$ 630,026	\$ 643,467	\$ 657,837	\$ 699,323	\$ 727,516
Public safety	1,944,316	1,854,563	2,121,388	2,094,293	1,868,326	2,109,951	2,380,485	2,392,264	2,797,387	2,814,847
Physical environment	186,229	196,589	111,909	218,822	169,750	177,515	209,146	168,483	169,791	186,427
Transportation	13,154	9,288	-	-	-	-	-	-	-	-
Culture/recreation	346,256	374,944	376,447	352,600	374,117	378,345	423,844	356,468	330,104	463,927
Operating grants and contributions	753,292	554,398	890,126	752,469	604,223	632,434	917,380	708,400	606,237	701,467
Capital grants and contributions	767,599	510,046	730,133	877,714	160,702	1,103,109	375,687	386,754	774,297	306,924
Total governmental activities program revenues	<u>4,666,717</u>	<u>4,006,846</u>	<u>4,760,033</u>	<u>4,822,031</u>	<u>3,722,333</u>	<u>5,031,380</u>	<u>4,950,009</u>	<u>4,670,206</u>	<u>5,377,139</u>	<u>5,201,108</u>
Business-type activities:										
Charges for services:										
Water/Sewer	10,305,918	10,315,485	10,277,658	10,987,035	11,698,218	12,656,837	13,067,679	13,626,383	14,559,195	15,487,892
Sanitation	5,484,602	5,263,508	5,170,267	5,089,668	4,031,733	4,108,504	4,290,803	4,501,118	4,707,377	4,998,115
Storm Water	1,095,245	990,438	1,106,548	1,103,375	1,106,378	1,112,834	1,148,787	1,144,356	1,306,718	1,334,347
Golf Course	1,407,793	1,367,577	1,246,668	1,297,338	1,363,095	1,454,599	1,064,827	1,300,411	1,361,752	1,293,925
Marina	65,505	65,828	71,609	68,882	45,235	50,684	60,861	71,084	74,064	78,181
Operating grants and contributions	-	-	-	-	44,988	13,469	-	-	-	10,093
Capital grants and contributions	501,676	844,387	164,608	425,317	2,116,009	2,259,507	6,388,338	11,048,730	2,055,112	482,469
Total business-type activities program revenues	<u>18,860,739</u>	<u>18,847,223</u>	<u>18,037,358</u>	<u>18,971,615</u>	<u>20,405,656</u>	<u>21,656,434</u>	<u>26,021,295</u>	<u>31,692,082</u>	<u>24,064,218</u>	<u>23,685,022</u>
Total primary government program revenues	<u>\$ 23,527,456</u>	<u>\$ 22,854,069</u>	<u>\$ 22,797,391</u>	<u>\$ 23,793,646</u>	<u>\$ 24,127,989</u>	<u>\$ 26,687,814</u>	<u>\$ 30,971,304</u>	<u>\$ 36,362,288</u>	<u>\$ 29,441,357</u>	<u>\$ 28,886,130</u>

**City of Tarpon Springs, Florida**  
**Schedule 2 (Continued)**

**Changes in Net Position,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year					Fiscal Year				
	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (17,536,038)	\$ (17,664,773)	\$ (17,195,797)	\$ (16,854,304)	\$ (18,413,204)	\$ (17,932,395)	\$ (18,741,122)	\$ (19,343,309)	\$ (21,132,654)	\$ (21,954,226)
Business-type activities	2,058,263	2,275,018	1,384,266	2,744,743	5,365,505	4,735,069	8,760,087	12,470,443	4,276,545	2,501,243
Total primary government net expense	<u>\$ (15,477,775)</u>	<u>\$ (15,389,755)</u>	<u>\$ (15,811,531)</u>	<u>\$ (14,109,561)</u>	<u>\$ (13,047,699)</u>	<u>\$ (13,197,326)</u>	<u>\$ (9,981,035)</u>	<u>\$ (6,872,866)</u>	<u>\$ (16,856,109)</u>	<u>\$ (19,452,983)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property	\$ 8,077,123	\$ 7,991,275	\$ 7,648,740	\$ 7,375,405	\$ 7,026,707	\$ 6,853,987	\$ 6,972,982	\$ 7,378,995	\$ 7,828,030	\$ 8,286,893
Property - TIF	236,657	280,701	191,121	145,579	121,924	115,714	135,007	151,086	165,527	185,586
Franchise fees (A)	-	-	-	-	-	-	-	-	-	-
Utility	2,248,065	2,303,766	2,621,960	2,515,843	2,386,538	2,603,245	2,796,901	2,778,970	2,896,032	2,963,184
Communication service	1,228,056	1,369,298	1,199,683	1,128,100	1,142,824	1,073,489	1,024,720	967,373	940,076	919,582
Half-cent sales	1,276,883	1,182,942	1,173,804	1,209,877	1,236,403	1,292,192	1,372,185	1,450,989	1,522,938	1,542,364
Local option gas	307,345	297,770	298,150	290,820	295,330	301,086	301,389	312,407	321,439	324,217
Local option sales	1,798,029	1,650,590	1,610,685	1,665,280	1,762,725	1,862,505	1,987,731	2,139,530	2,250,231	2,313,011
Local business (A)	196,058	193,362	184,452	177,632	176,558	172,804	162,355	161,021	161,569	160,636
Other	58,161	59,029	56,469	55,736	52,478	54,694	57,011	57,623	59,348	63,893
Franchise fees (A)	1,693,510	1,838,955	1,948,215	1,771,745	1,653,880	1,612,675	1,765,945	1,777,207	1,666,479	1,649,933
State revenue sharing	680,637	617,725	615,365	643,733	656,534	662,791	708,168	763,051	787,803	834,871
Investment income	1,070,299	749,301	327,913	233,698	238,069	30,369	173,212	304,826	269,278	207,753
Miscellaneous	150,663	713,590	358,134	337,602	912,698	237,202	867,571	509,088	284,976	209,878
Transfers	912,900	927,200	951,914	969,663	954,751	935,707	951,553	1,040,510	1,055,277	1,253,344
Total governmental activities	<u>19,934,386</u>	<u>20,175,504</u>	<u>19,186,605</u>	<u>18,520,713</u>	<u>18,617,419</u>	<u>17,808,460</u>	<u>19,276,730</u>	<u>19,792,676</u>	<u>20,209,003</u>	<u>20,915,145</u>
Business-type activities:										
Investment income	463,566	679,506	378,523	243,990	232,979	68,412	199,643	239,449	199,000	153,778
Transfers	(912,900)	(927,200)	(951,914)	(969,663)	(954,751)	(935,707)	(951,553)	(1,040,510)	(1,055,277)	(1,253,344)
Total business-type activities	<u>(449,334)</u>	<u>(247,694)</u>	<u>(573,391)</u>	<u>(725,673)</u>	<u>(721,772)</u>	<u>(867,295)</u>	<u>(751,910)</u>	<u>(801,061)</u>	<u>(856,277)</u>	<u>(1,099,566)</u>
Total primary government	<u>\$ 19,485,052</u>	<u>\$ 19,927,810</u>	<u>\$ 18,613,214</u>	<u>\$ 17,795,040</u>	<u>\$ 17,895,647</u>	<u>\$ 16,941,165</u>	<u>\$ 18,524,820</u>	<u>\$ 18,991,615</u>	<u>\$ 19,352,726</u>	<u>\$ 19,815,579</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,398,348	\$ 2,510,731	\$ 1,990,808	\$ 1,666,409	\$ 204,215	\$ (123,935)	\$ 535,608	\$ 449,367	\$ (923,651)	\$ (1,039,081)
Business-type activities	1,608,929	2,027,324	810,875	2,019,070	4,643,733	3,867,774	8,008,177	11,669,382	3,420,268	1,401,677
Total primary government	<u>\$ 4,007,277</u>	<u>\$ 4,538,055</u>	<u>\$ 2,801,683</u>	<u>\$ 3,685,479</u>	<u>\$ 4,847,948</u>	<u>\$ 3,743,839</u>	<u>\$ 8,543,785</u>	<u>\$ 12,118,749</u>	<u>\$ 2,496,617</u>	<u>\$ 362,596</u>

\* GASB's 68 and 71 were implemented in fiscal year 2015.

A) In FY 2008 Per the State Uniform Chart of Accounts Franchise Fees was moved to Permits and Fees from Taxes and Local Business Taxes (Occupational Licenses) was moved to Taxes from Permits and Fees.

**City of Tarpon Springs, Florida**  
**Schedule 3**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

		Fiscal Year					Fiscal Year				
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund											
	Nonspendable	\$ 185,661	\$ 149,243	\$ 330,533	\$ 357,162	\$ 370,883	\$ 378,222	\$ 346,049	\$ 347,936	\$ 372,891	\$ 379,224
	Restricted	381,188	356,340	282,319	272,255	235,644	251,147	264,696	254,281	196,191	192,379
	Committed	1,677,318	2,127,263	2,029,862	2,235,030	2,383,557	2,095,903	2,626,978	2,761,515	2,860,248	2,606,310
	Assigned	2,862,314	3,355,153	2,852,355	4,033,690	4,041,932	4,816,784	4,666,200	3,502,247	2,493,910	2,058,525
	Unassigned	8,716,138	9,203,929	10,935,000	10,410,510	10,559,574	9,178,148	8,872,797	8,820,443	8,820,443	8,562,911
Total general fund		<u>\$ 13,822,619</u>	<u>\$ 15,191,928</u>	<u>\$ 16,430,069</u>	<u>\$ 17,308,647</u>	<u>\$ 17,591,590</u>	<u>\$ 16,720,204</u>	<u>\$ 16,776,720</u>	<u>\$ 15,686,422</u>	<u>\$ 14,743,683</u>	<u>\$ 13,799,349</u>
All Other Governmental Funds											
	Nonspendable	\$ 3,950,809	\$ 3,719,168	\$ 3,557,169	\$ 3,368,659	\$ 4,203,228	\$ 3,042,589	\$ 2,871,358	\$ 2,694,108	\$ 2,511,158	\$ 2,322,086
	Restricted	7,879,659	8,836,197	9,114,170	8,868,090	8,033,543	8,712,030	9,095,312	7,471,368	7,445,756	6,419,795
	Committed	420,921	429,830	433,995	435,298	428,968	431,557	432,353	434,017	337,974	340,959
	Unassigned	-	-	(57,157)	(40,926)	(37,325)	(29,340)	(22,406)	-	-	-
Total all other governmental funds		<u>\$ 12,251,389</u>	<u>\$ 12,985,195</u>	<u>\$ 13,048,177</u>	<u>\$ 12,631,121</u>	<u>\$ 12,628,414</u>	<u>\$ 12,156,836</u>	<u>\$ 12,376,617</u>	<u>\$ 10,599,493</u>	<u>\$ 10,294,888</u>	<u>\$ 9,082,840</u>
Total Fund Balance All Governmental Funds		<u>\$ 26,074,008</u>	<u>\$ 28,177,123</u>	<u>\$ 29,478,246</u>	<u>\$ 29,939,768</u>	<u>\$ 30,220,004</u>	<u>\$ 28,877,040</u>	<u>\$ 29,153,337</u>	<u>\$ 26,285,915</u>	<u>\$ 25,038,571</u>	<u>\$ 22,882,189</u>

**City of Tarpon Springs, Florida**  
**Schedule 4**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year					Fiscal Year				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 13,854,676 *	\$ 13,806,061	\$ 13,563,670	\$ 13,153,081	\$ 12,790,682	\$ 12,867,116	\$ 13,246,078	\$ 13,738,296	\$ 14,397,377	\$ 14,967,524
Licenses, permits and fees	1,905,382 *	1,991,985	2,310,578	2,447,907	1,961,249	2,346,719	2,769,747	2,368,714	2,433,841	2,378,297
Intergovernmental	3,511,257	3,057,455	3,561,195	3,381,804	2,650,694	3,408,688	2,880,488	2,872,827	3,469,094	3,201,918
Charges for services	2,205,261	2,068,616	2,018,521	1,881,376	1,967,159	2,179,396	2,174,865	2,624,418	2,662,086	3,091,045
Fines and forfeitures	193,758	164,884	258,964	266,300	233,909	211,463	160,649	128,387	249,628	86,240
Other	1,896,972	2,192,940	1,266,746	1,214,601	1,772,274	873,106	1,205,617	1,659,084	1,328,446	1,120,535
Total Revenues	23,567,306	23,281,941	22,979,674	22,345,069	21,375,967	21,886,488	22,437,444	23,391,726	24,540,472	24,845,559
<b>Expenditures</b>										
General government	3,361,843	3,000,035	2,952,196	2,852,948	2,563,972	2,644,069	2,788,106	2,970,399	3,009,776	3,204,654
Public safety	10,744,731	10,337,416	10,561,114	10,590,580	10,883,704	11,401,751	11,882,838	12,528,332	12,997,966	12,981,317
Physical environment	1,125,401	1,016,145	1,053,644	1,067,678	1,147,784	1,075,278	1,047,300	875,078	972,368	1,032,214
Transportation	1,109,561	1,088,535	1,027,465	1,002,303	994,527	1,039,533	1,126,516	1,046,882	1,056,737	1,035,593
Economic environment	84,407	145,895	323,588	192,154	199,870	276,719	253,750	245,914	320,472	388,246
Culture & recreation	3,685,949	3,569,756	3,495,903	3,431,376	3,476,283	3,449,764	3,527,733	3,542,855	3,649,825	3,881,670
Capital outlay	2,736,735	2,255,395	3,430,771	3,727,826	2,634,800	4,344,599	3,381,973	6,090,198	4,861,649	5,731,591
Debt service										
Interest	58,389	30,326	27,317	16,841	12,542	8,114	3,526	-	-	-
Principal	758,373	662,523	425,467	132,000	137,000	141,000	146,000	-	-	-
Total expenditures	23,665,389	22,106,026	23,297,465	23,013,706	22,050,482	24,380,827	24,157,742	27,299,658	26,868,793	28,255,285
Excess of revenues over (under) expenditures	(98,083)	1,175,915	(317,791)	(668,637)	(674,515)	(2,494,339)	(1,720,298)	(3,907,932)	(2,328,321)	(3,409,726)
<b>Other Financing Sources (Uses)</b>										
Land sale	-	-	-	-	-	-	802,669	-	-	-
Issuance of debt	-	-	667,000	-	-	-	-	-	-	-
Transfers in	1,443,189	1,378,625	1,258,587	1,419,663	1,450,979	1,568,129	1,554,926	1,402,510	1,644,613	1,699,548
Transfers out	(530,289)	(451,425)	(306,673)	(450,000)	(496,228)	(416,754)	(361,000)	(362,000)	(563,636)	(446,204)
Total other financing sources (uses)	912,900	927,200	1,618,914	969,663	954,751	1,151,375	1,996,595	1,040,510	1,080,977	1,253,344
Net change in fund balances	\$ 814,817	\$ 2,103,115	\$ 1,301,123	\$ 301,026	\$ 280,236	\$ (1,342,964)	\$ 276,297	\$ (2,867,422)	\$ (1,247,344)	\$ (2,156,382)
Debt service as a percentage of noncapital expenditures	3.9%	3.5%	2.3%	0.8%	0.8%	0.7%	0.7%	0.0%	0.0%	0.0%

\* In FY 2008 Per the State Uniform Chart of Accounts Franchise Fees was moved to Licenses, Permits and Fees from Taxes, and Local Business Taxes (Occupational Licenses) was moved to Taxes from Licenses, Permits and Fees.

**City of Tarpon Springs, Florida**  
**Schedule 5**  
**Tax Revenues by Source, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b>Fiscal Year</b>		<b>Property</b>		<b>Franchise</b>		<b>Utility</b>		<b>Communication Service</b>		<b>Local Business Tax</b>		<b>Sales &amp; Use Tax</b>		<b>Total</b>
2008	\$	8,077,123	\$	1,693,510	\$	2,248,065	\$	1,228,056	\$	196,058	\$	2,105,374	\$	15,548,186
2009		7,991,275		1,838,955		2,303,766		1,369,298	A	193,362		1,948,360		15,645,016
2010		7,648,740		1,948,215		2,621,960		1,199,683		184,452		1,908,835		15,511,885
2011		7,375,405		1,771,745		2,515,843		1,128,100		177,632		1,956,100		14,924,825
2012		7,026,707		1,653,880		2,386,538		1,142,824		176,558		2,058,055		14,444,562
2013		6,853,987		1,612,675		2,603,245		1,073,489		172,804		2,163,591		14,479,791
2014		6,972,982		1,765,945		2,796,901		1,024,720		162,355		2,289,120		15,012,023
2015		7,378,995		1,777,207		2,778,970		967,373		161,021		2,451,937		15,515,503
2016		7,828,030		1,666,479		2,896,032		940,076		161,569		2,571,670		16,063,856
2017		8,286,893		1,649,933		2,963,184		919,582		160,636		2,637,228		16,617,456
Change														
2008 - 2017		2.6%		-2.6%		31.8%		-25.1%		-18.1%		25.3%		6.9%

A) State of Florida audited Communication Service Taxes and the City received an adjustment of \$128,400.

**City of Tarpon Springs, Florida**  
**Schedule 6 - A**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	Real Property							Personal Property			Total Real and Personal Property			Total Direct Tax Rate	Tax-Exempt as a Percentage of Total Assessed
	Residential Property	Commercial Property	Industrial Property	Other Property (A)	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value		
2008	\$ 2,244,185,400	\$ 295,216,700	\$ 68,148,300	\$ 274,219,500	\$ 2,881,769,900	\$ 1,021,873,698	\$ 1,859,896,202	\$ 86,243,280	\$ 7,242,510	\$ 79,000,770	\$ 2,968,013,180	\$ 1,029,116,208	\$ 1,938,896,972	4.3089	34.67%
2009	2,080,508,860	B 309,537,550	69,741,100	289,914,000	2,749,701,510	1,015,759,242	1,733,942,268	87,359,270	16,799,101	C 70,560,169	2,837,060,780	1,032,558,343	1,804,502,437	4.5738	36.40%
2010	1,702,929,846	B 309,485,107	65,712,852	234,485,367	2,312,613,172	799,422,279	1,513,190,893	87,936,835	17,767,680	70,169,155	2,400,550,007	817,189,959	1,583,360,048	4.9500	34.04%
2011	1,352,854,790	B 275,694,894	57,753,713	209,822,071	1,896,125,468	565,367,720	1,330,757,748	79,793,060	15,744,372	64,048,688	1,975,918,528	581,112,092	1,394,806,436	5.4500	29.41%
2012	1,294,061,078	B 263,907,132	53,004,754	198,799,665	1,809,772,629	549,402,203	1,260,370,426	83,165,794	14,826,327	68,339,467	1,892,938,423	564,228,530	1,328,709,893	5.4500	29.81%
2013	1,260,764,191	B 261,785,756	50,657,910	203,728,378	1,776,936,235	545,146,481	1,231,789,754	80,263,674	13,708,093	66,555,581	1,857,199,909	558,854,574	1,298,345,335	5.4500	30.09%
2014	1,268,130,129	268,766,883	52,755,583	211,147,924	1,800,800,519	547,856,726	1,252,943,793	76,678,205	13,635,441	63,042,764	1,877,478,724	561,492,167	1,315,986,557	5.4500	29.91%
2015	1,334,111,444	284,024,094	53,657,954	220,000,659	1,891,794,151	559,583,542	1,332,210,609	81,290,925	13,587,262	67,703,663	1,973,085,076	573,170,804	1,399,914,272	5.4500	29.05%
2016	1,409,731,510	293,863,605	56,052,196	224,926,078	1,984,573,389	569,565,707	1,415,007,682	80,383,933	13,191,947	67,191,986	2,064,957,322	582,757,654	1,482,199,668	5.4500	28.22%
2017	1,485,135,800	314,812,488	57,047,971	228,200,974	2,085,197,233	576,890,857	1,508,306,376	84,954,573	16,159,495	68,795,078	2,170,151,806	593,050,352	1,577,101,454	5.4200	27.33%
Change 2008 - 2017	-34%	7%	-16%	-17%	-28%	-44%	-19%	-1%	123%	-13%	-27%	-42%	-19%	26%	

Source: Pinellas County Property Appraiser.

- A) Other Property includes Institutional, Cooperatives, Agricultural, Governmental, Leasehold Interests and Miscellaneous.  
B) Decrease in property values due to economic downturn.  
C) Increase in exemption due to Tangible Personal Property Exemption mentioned below.

**Recent Property Tax Legislation:**

Maximum Millage Rate - FY 2008, Tax Year 2007 the State of Florida passed legislation requiring;  
Majority vote maximum millage rate of roll-back rate plus adjustment for Florida Personal Income (FPI)  
Two-thirds vote maximum millage rate of majority vote maximum times 110%  
Unanimous vote for millage rates above 110% of the two-thirds maximum millage rate

**Amendment One - FY 2009, Tax Year 2008 the State of Florida passed legislation with the following four parts:**

- Additional \$25,000 Homestead Exemption - If you have Homestead Exemption it will be applied on the assessed value between \$50,000 and \$75,000. It does not apply to school taxes.  
Portability - Homestead property owners are able to transfer their Save Our Homes (SOH) benefit (up to \$500,000) to a new homestead within two years of giving up their previous homestead.  
Tangible Personal Property Exemption - A \$25,000 exemption is provided for each tangible personal property return.  
Assessment Cap for Non-Homestead Property - Non-homestead property will have a 10% assessment cap (similar to SOH). This does not apply to school taxes.



**City of Tarpon Springs, Florida**  
**Schedule 6 - B**  
**Real and Personal Property Tax Exemptions**  
**Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	Real Property									Personal Property					Real & Personal Total Exemptions
	Governmental	Institutional	\$25,000 Homestead	Additional \$25,000 Homestead (C )	Additional \$25,000 (Senior) Homestead (B)	Homestead Assessment Diff (SOH) (E)	Other Exemptions (A)	Total Exemptions		Governmental	Institutional	Tangible Personal Property	Other Exemptions (A)	Total Exemptions	
2008	\$ 197,416,400	\$ 51,881,511	\$ 170,290,943	\$ -	\$ 8,797,690	\$ 580,761,343	\$ 12,725,811	\$ 1,021,873,698	\$	127,530	\$ 7,089,630	\$ -	\$ 25,350	\$ 7,242,510	\$ 1,029,116,208
2009	211,378,700	52,812,771	170,502,287	143,249,349	8,766,726	414,634,208	14,415,201	1,015,759,242		126,900	5,836,916	10,809,875	D	25,410	1,032,558,343
2010	216,837,184	51,165,598	167,971,628	141,321,644	9,663,621	196,793,403	15,669,201	799,422,279		123,205	7,557,037	10,064,248	D	23,190	817,189,959
2011	192,112,501	45,726,249	165,929,594	138,775,970	11,172,205	-	11,651,201	565,367,720		189,464	6,296,385	9,236,012	D	22,511	581,112,092
2012	183,499,325	45,571,359	163,055,919	134,246,818	10,847,769	-	12,181,013	549,402,203		176,433	5,898,511	8,729,473	D	21,910	564,228,530
2013	186,759,207	46,040,744	162,222,590	127,760,264	10,759,291	-	11,604,385	545,146,481		158,320	4,969,664	8,558,900	D	21,209	558,854,574
2014	189,015,469	48,492,779	160,787,995	127,159,944	9,794,976	-	12,605,563	547,856,726		143,560	4,760,580	8,710,802	D	20,499	561,492,167
2015	198,182,189	51,512,295	158,339,314	127,280,588	9,585,445	-	14,683,711	559,583,542		383,168	4,372,801	8,811,471	D	19,822	573,170,804
2016	202,633,169	54,045,257	159,306,093	129,832,648	9,588,094	-	14,160,446	569,565,707		352,697	4,049,784	8,770,317	D	19,149	582,757,654
2017	205,311,962	54,091,982	160,601,356	133,049,364	9,386,780	-	14,449,413	576,890,857		320,895	6,921,438	8,898,647	D	18,515	593,050,352

Source: Pinellas County Property Appraiser.

- A) Other Exemptions includes Widow/Widowers, Disability/Blind and Disabled Veterans/Deployed Service Homestead exemption.  
B) The City approved an additional \$25,000 Senior exemption for residents that qualify.  
C) Additional \$25,000 homestead exemption as mentioned below.  
D) Tangible Personal Property Tax exemption as mentioned below.  
E) Florida Statutes, 193.155 , provides for an annual cap on assessment increases for "Homestead properties" (for properties that qualify).  
The cap is the lower of 3% of the assessed value of the property or the percentage change in the Consumer Price Index for All Urban Consumers (CPI).

**Recent Property Tax Legislation:**

Maximum Millage Rate - FY 2008, Tax Year 2007 the State of Florida passed legislation requiring;  
Majority vote maximum millage rate of roll-back rate plus adjustment for Florida Personal Income (FPI)  
Two-thirds vote maximum millage rate of majority vote maximum times 110%  
Unanimous vote for millage rates above 110% of the two-thirds maximum millage rate

**Amendment One - FY 2009, Tax Year 2008 the State of Florida passed legislation with the following four parts:**

Additional \$25,000 Homestead Exemption - If you have Homestead Exemption it will be applied on the assessed value between \$50,000 and \$75,000. It does not apply to school taxes.  
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Tangible Personal Property Exemption - A \$25,000 exemption is provided for each tangible personal property return.  
Assessment Cap for Non-Homestead Property - Non-homestead property will have a 10% assessment cap (similar to SOH). This does not apply to school taxes.

**City of Tarpon Springs, Florida**  
**Schedule 7**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
*(Rate per \$1,000 of Assessed Value)*

Fiscal Year	City Direct Rate (A)	Overlapping Rates (D)					Total
		School	County (B)	Transit District (E)	Emergency Medical Service (E)	Other (C)	
2008	4.3089	7.7310	4.8730	.5601	.5832	1.5121	19.5683
2009	4.5738	8.0610	4.8730	.5601	.5832	1.5551	20.2062
2010	4.9500	8.3460	4.8730	.5601	.5832	1.5106	20.8229
2011	5.4500	8.3400	4.8730	.5601	.5832	1.4410	21.2473
2012	5.4500	8.3850	4.8730	.7305	.8506	1.2390	21.5281
2013	5.4500	8.3020	5.0727	.7305	.9158	1.3034	21.7744
2014	5.4500	8.0600	5.3377	.7305	.9158	1.2959	21.7899
2015	5.4500	7.8410	5.3377	.7305	.9158	1.2799	21.5549
2016	5.4500	7.7700	5.3377	.7305	.9158	1.2629	21.4669
2017	5.4200	7.3180	5.3377	.7500	.9158	1.2448	20.9863

A) The City portion of property taxes is fully committed to operating expenditures.

B) County includes:

General Fund	5.2755
Mosquito Control	0.0000
Health Department	0.0622
	<u>5.3377</u>

C) Other includes:

Pinellas County Planning Council	0.0150
Juvenile Welfare Board	0.8981
SW Florida Water Mgt. District	0.3317
	<u>1.2448</u>

D) Overlapping rates are those of local and county governments that apply to property owners within the City of Tarpon Springs.

E) Emergency Medical Services (EMS) and the Transit District (PSTA) are assessed on Real Property only.

Source: Pinellas County Property Appraiser.

**City of Tarpon Springs, Florida**  
**Schedule 8 - A**  
**Principal Real Property Tax Payers,**  
**Current Year and Nine Years Ago**

Taxpayer	2017			2008		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (A)	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (B)
Centro N P Tarpon Mall LLC	\$ 19,098,000	1	1.21%	\$ 16,645,000	1	0.86%
Riverside Partners LTD	13,931,940	2	0.88%	12,650,000	2	0.65%
CRP/CRE - Sun Valley LLC	13,550,000	3	0.86%	7,900,000	5	0.41%
Lowes Home Centers Inc	12,504,488	4	0.79%	-	-	-
DDR Tarpon Square LLC	10,509,500	5	0.67%	-	-	-
CRP/CRE Meadows Owner LLC	9,775,000	6	0.62%	-	-	-
Wal-Mart Stores East LP	7,220,000	7	0.46%	6,889,200	7	0.36%
River Site LLC -St Lukes Clinic	6,542,727	8	0.41%	8,610,800	3	0.44%
SUSO1 FUQUAY LP	6,457,618	9	0.41%	-	-	-
Storage Trust Properties	6,225,000	10	0.39%	6,300,000	8	0.32%
1527 N Riverside Dr LLC	-	-	-	8,508,400	4	0.44%
W & Z Properties LTD	-	-	-	7,350,000	6	0.38%
City of Tarpon Springs	-	-	-	6,219,300	9	0.32%
Lime Street Properties Inc	-	-	-	6,175,000	10	0.32%
<b>TOTAL</b>	<b>\$ 105,814,273</b>		<b>6.70%</b>	<b>\$ 87,247,700</b>		<b>4.50%</b>

A) Percentages are based on the total assessed value of \$ 1,577,101,454.

B) Percentages are based on the total assessed value of \$ 1,938,896,972

Source: Pinellas County Property Appraiser.

**City of Tarpon Springs, Florida**  
**Schedule 8 - B**  
**Principal Personal Property Tax Payers,**  
**Current Year and Nine Years Ago**

Taxpayer	2017			2008		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (A)	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (B)
Duke Energy (Florida Power Corp)	\$ 19,070,938	1	1.21%	\$ 12,462,540	1	0.64%
Frontier CommunicationsVerizon Florida LLC	5,928,378	2	0.38%	9,940,240	2	0.51%
Barnett Outdoors LLC	4,288,941	3	0.27%	-		-
Bright House Networks LLC	3,192,757	4	0.20%	2,060,660	5	0.11%
Hertz Equip Rental Corp	3,155,940	5	0.20%	5,765,120	3	0.30%
St Lukes Cataract & Laser Inst. Inc	2,144,356	6	0.14%	3,564,260	4	0.18%
Wal-Mart Stores East LP	2,055,422	7	0.13%	-		-
WOW! Internet, Cable & Phone	1,332,980	8	0.08%	-		-
Seminole Equipment Inc	1,237,299	9	0.08%	-		-
Magnegas Corporation	1,159,029	10	0.07%	-		-
Publix Supermarket #144	-		-	1,900,970	6	0.10%
General Electric Credit	-		-	1,142,370	7	0.06%
Knology Broadband of Florida	-		-	1,059,060	8	0.05%
ABC Packaging Machine Co	-		-	812,710	9	0.04%
Bar G Enterprises	-		-	800,620	10	0.04%
TOTAL	\$ <u>43,566,040</u>		<u>2.76%</u>	\$ <u>39,508,550</u>		<u>2.03%</u>

A) Percentages are based on the total assessed value of \$ 1,577,101,454.

B) Percentages are based on the total assessed value of \$ 1,938,896,972

Source: Pinellas County Property Appraiser.

**City of Tarpon Springs, Florida**  
**Schedule 9**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Delinquent Collections (B)	Total Collections to Date				
			Amount (A)	Percentage of Levy		Amount	Percentage of Levy			
2008	\$	8,354,513	\$	8,049,598	96.35%	\$	34,280	\$	8,083,878	96.76%
2009		8,253,433		7,953,461	96.37%		47,015		8,000,476	96.94%
2010		7,837,632		7,591,358	96.86%		65,772		7,657,130	97.70%
2011		7,601,697		7,355,168	96.76%		43,622		7,398,790	97.33%
2012		7,241,470		6,992,075	96.56%		32,800		7,024,875	97.01%
2013		7,075,982		6,823,866	96.44%		36,221		6,860,087	96.95%
2014		7,172,129		6,921,677	96.51%		14,935		6,936,612	96.72%
2015		7,629,535		7,365,640	96.54%		26,078		7,391,718	96.88%
2016		8,077,989		7,798,312	96.54%		16,342		7,814,654	96.74%
2017		8,547,890		8,257,776	96.61%		8,757		8,266,533	96.71%

A) These amounts are net of discounts taken.

B) This column represents delinquent collections received that fiscal year prior to FY 2012.

FY 2012 is the first year the County Tax Collector allocated delinquent taxes collected by the year levied.

Note 1:

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. Penalties are assessed beginning in April.

Source: Pinellas County Property Appraiser.

**City of Tarpon Springs, Florida**  
**Schedule 10**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
	Revenue Note	Capital Leases	Revenue Bonds	Grant Anticipation Note	Capital Leases			
2008	\$ 600,219	\$ 376,771	\$ 3,882,229	\$ -	\$ 68,037	\$ 4,927,256	0.48%	\$ 200
2009	121,958	192,509	5,950,565	-	34,688	6,299,720	0.60%	257
2010	556,000	-	6,673,965	-	-	7,229,965	0.67%	296
2011	424,000	-	6,673,965	-	-	7,097,965	0.74%	302
2012	287,000	-	6,673,965	-	-	6,960,965	0.70%	293
2013	146,000	-	36,255,249	6,741,900	-	43,143,149	3.79%	1,803
2014	-	-	36,238,777	11,197,727	-	47,436,504	4.30%	1,959
2015	-	-	35,432,306	-	-	35,432,306	3.16%	1,451
2016	-	-	34,595,836	-	-	34,595,836	2.94%	1,404
2017	-	-	33,729,364	-	-	33,729,364	2.73%	1,344

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

A) See Schedule 15 for personal income and population data.

**City of Tarpon Springs, Florida**  
**Schedule 11**  
**Ratios of General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding	General Obligation Bonds	Revenue Note	Total	Percentage of Actual Taxable Value of Real Property (A)	Per Capita (B)
2008	\$	-	\$ 600,219	\$ 600,219	0.03%	\$ 24
2009		-	121,958	121,958	0.01%	5
2010		-	556,000	556,000	0.04%	23
2011		-	424,000	424,000	0.03%	18
2012		-	287,000	287,000	0.02%	12
2013		-	146,000	146,000	0.01%	6
2014		-	-	-	0.00%	-
2015		-	-	-	0.00%	-
2016		-	-	-	0.00%	-
2017		-	-	-	0.00%	-

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. The Revenue Note is not General Bonded Debt, it is listed for informational purposes on Governmental Debt outstanding.

A) See Schedule 6 for property value data.

B) See Schedule 15 for population data.

**City of Tarpon Springs, Florida**  
**Schedule 12**  
**Direct and Overlapping Governmental Activities Debt,**  
**As of September 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (A)</u>	<u>Estimated Share of Overlapping Debt</u>
Pinellas County Bonds/Notes	\$ 9,018,561	2.31%	\$ 208,329
Pinellas County Capital Leases	438,052	2.31%	10,119
Pinellas County School District State Bonds	6,045,000	2.31%	139,640
Pinellas County School District Capital Leases	6,451,652	2.31%	149,033
Subtotal, overlapping debt			<u>507,120</u>
City direct debt	-	100.00%	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 507,120</u></u>

A) Applicable net debt percentage is based on ratio of City to County taxable values (\$1,577,101,454/\$68,171,229,061).

Sources: Assessed value data used to estimate applicable percentages provided by the Pinellas County Property Appraiser. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Tarpon Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden by the residents and businesses should be taken into account.



**City of Tarpon Springs, Florida**  
**Schedule 13**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed value (A)	1,577,101,454
Debt limit (100% of total assessed value) (B)	1,577,101,454
Debt applicable to limit (C):	
General obligation bonds	-
Revenue notes	-
Capital leases	-
Total net debt applicable to limit	-
Legal debt margin	1,577,101,454

	Fiscal Year					Fiscal Year				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit (B)	\$ 1,938,896,972	\$ 1,804,502,437	\$ 1,583,360,048	\$ 1,394,806,436	\$ 1,328,709,893	\$ 1,298,345,335	\$ 1,315,986,557	\$ 1,399,914,272	\$ 1,482,199,668	\$ 1,577,101,454
Total net debt applicable to limit ( C)	976,990	314,467	556,000	424,000	287,000	146,000	-	-	-	-
Legal debt margin (B)	\$ 1,937,919,982	\$ 1,804,187,970	\$ 1,582,804,048	\$ 1,394,382,436	\$ 1,328,422,893	\$ 1,298,199,335	\$ 1,315,986,557	\$ 1,399,914,272	\$ 1,482,199,668	\$ 1,577,101,454
Total net debt applicable to the limit as a percentage of debt limit	0.05%	0.02%	0.04%	0.03%	0.02%	0.01%	0.00%	0.00%	0.00%	0.00%

A) Assessed value provided by Pinellas County Property Appraiser, and is Total Taxable Assessed Value.

B) The City of Tarpon Springs has not adopted a legal debt limit; however, the City has traditionally practiced conservative debt issuance.

C) Includes all general government debt not supported by Enterprise Funds.

**City of Tarpon Springs, Florida**  
**Schedule 14**  
**Pledged-Revenue Coverage,**  
**Last Ten Fiscal Years**

Water and Sewer Revenue Bonds														
Fiscal Year	Gross Revenues			Less:		Net		Debt Service			Coverage			
				Operating Expenses (B)		Available Revenue		Principal	Interest	Total				
2008	\$	10,607,925	A	\$	8,196,868	\$	2,411,057	\$	420,000	\$	116,878	\$	536,878	4.49
2009		10,715,997	A		8,134,938		2,581,059		435,000		78,894		513,894	5.02
2010		10,512,915	A		8,149,009		2,363,906		60,000		53,594		113,594	20.81
2011		11,187,120	A		7,807,205		3,379,915		-		51,182		51,182	66.04
2012		11,941,116	A		7,762,107		4,179,009		-		52,075		52,075	80.25
2013		12,947,503	C		8,763,536		4,183,967		-		202,800		202,800	20.63
2014		13,327,366	C		8,823,343		4,504,023		-		873,784		873,784	5.15
2015		13,858,647	C		9,403,297		4,455,350		790,000		1,306,356		2,096,356	2.13
2016		14,803,807	C		8,073,401		6,730,406		820,000		1,223,312		2,043,312	3.29
2017		15,779,350	C		8,568,453		7,210,897		850,000		1,193,013		2,043,013	3.53
A)	Includes interest earnings and gross revenues of the Water and Sewer Fund and 45.5% of sewer impact revenues and interest thereon.													
B)	Excludes depreciation and contributions to the General Fund for administrative expenses.													
C)	Includes interest earnings (net of unrealized gain or loss) and gross revenues of the Water and Sewer Fund and 100% of water impact fees.													

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

**City of Tarpon Springs, Florida**  
**Schedule 15**  
**Demographic and Economic Statistics,**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (A)</u>	<u>Personal Income (per thousand) (B)</u>	<u>Per Capita Income (B)</u>	<u>Median Age (C)</u>	<u>School Enrollment (D)</u>	<u>Unemployment Rate (E)</u>
2008	24,694	\$ 1,035,172	\$ 41,920	44.5	6,861	6.0%
2009	24,472	1,056,823	43,185	45.0	6,861	10.8%
2010	24,429	1,074,583	43,988	45.3	6,840	11.7%
2011	23,465	964,646	41,110	46.3	6,735	10.3%
2012	23,737	996,099	41,964	46.5	6,222	10.5%
2013	23,935	1,137,463	47,523	47.4	5,756	8.5%
2014	24,220	1,103,802	45,574	47.7	6,596	6.7%
2015	24,421	1,121,534	45,925	47.5	6,597	6.3%
2016	24,637	1,175,949	47,731	47.8	6,328	5.4%
2017	25,093	1,234,224	49,186	48.0	6,449	4.9%

Source:

- A) Pinellas County Economic Development Department, City Planning Department, Bureau of Economic & Business Research at the University of Florida.
- B) Data is from per capita personal income for Pinellas County for one year prior. Source is the Bureau of Economic & Business Research at the University of Florida, and Florida Office of Economic and Demographic Research.
- C) Data is from per capita personal income for Pinellas County. Source is the Bureau of Economic & Business Research at the University of Florida, and Pinellas County Economic Development.
- D) Pinellas County School Board, Public school enrollment, elementary through high school. Includes East Lake High School.
- E) U.S. Department of Labor - Bureau of Labor Statistics, and Pinellas County Planning Department. and Florida Department Economic Development Opportunity.

**City of Tarpon Springs, Florida**  
**Schedule 16**  
**Principal Employers, Pinellas County**  
**Current Year and Nine Years Ago**

Employer	2017		2008	
	Employees Full-Time	Rank	Employees Full-Time	Rank
Raymond James Financial	4,000	1	2,850	3
Home Shopping Club	2,000	2	1,600	10
Tech Data Corp.	2,000	3	1,800	9
Spectrum	2,000	4	-	-
Fidelity Information Services	1,500	5	-	-
The Nielsen Company	1,500	6	3,650	1
Jabil Circuit, Inc.	1,500	7	-	-
Honeywell Aerospace	1,500	8	-	-
Valpak	1,500	9	-	-
Superior Uniform Group	1,000	10	-	-
Times Publishing Corp.	-	-	3,187	2
Morton Plant Hospital	-	-	2,448	4
Raytheon	-	-	2,200	5
All Childrens Health Systems	-	-	2,000	6
Bayfront Medical Center, Inc.	-	-	2,000	7
Progress Energy, Florida	-	-	1,950	8
<b>TOTAL</b>	<b>18,500</b>		<b>23,685</b>	

Data is based on Pinellas County since numbers for Tarpon Springs is not available.

Source: Pinellas County Economic Development Department.

# City of Tarpon Springs, Florida

## Schedule 17

### Full-time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>Function/Program</u></b>										
General government	33.10	29.40	30.40	29.80	28.80	29.80	29.80	29.80	31.10	32.10
Public safety	114.00	109.00	109.00	107.00	105.00	106.00	106.00	106.00	111.00	114.00
Physical environment	16.00	16.00	15.00	15.20	15.20	14.20	13.20	12.45	11.65	12.65
Transportation	12.10	11.10	11.10	10.30	10.30	9.30	9.30	8.40	8.40	8.40
Economic Environment	1.00	2.20	2.20	2.20	2.20	2.20	2.85	2.85	2.85	2.85
Culture/recreation	46.00	42.00	38.00	38.00	37.00	37.00	36.45	38.40	36.65	36.65
Water/Sewer	61.00	61.50	61.50	58.55	58.55	59.55	59.55	60.27	73.07	73.82
Sanitation	4.30	4.30	6.30	7.60	7.60	7.60	7.60	8.40	7.40	7.40
Stormwater	7.45	7.45	7.45	7.25	8.25	8.25	8.25	8.43	7.93	7.93
Golf Course	6.00	6.00	5.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Marina	0.05	0.05	0.05	0.10	0.10	0.10	1.00	1.00	1.20	1.20
Total	<u>301.00</u>	<u>289.00</u>	<u>286.00</u>	<u>280.00</u>	<u>277.00</u>	<u>278.00</u>	<u>278.00</u>	<u>281.00</u>	<u>296.25</u>	<u>302.00</u>

Source: City Budget documents.

**City of Tarpon Springs, Florida**  
**Schedule 18**  
**Operating Indicators by Function/Program,**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function/Program</b>										
Public safety										
Police										
Arrests	1,341	1,100	1,424	990	942	1,007	1,008	1,008	1,048	961
Parking violations	340	286	424	553	227	623	341	217	125	303
Citations	3,243	2,366	4,919	3,635	3,004	3,184	2,570	1,981	1,852	2,125
Fire/EMS										
Fire calls	69	60	64	65	71	55	45	68	77	227
EMS calls	2,708	2,031	1,965	2,766	2,672	3,291	3,377	3,518	3,852	3,970
False alarms	169	127	148	185	151	141	195	199	223	247
Culture/recreation										
Community center attendance	13,625	15,246	14,395	14,316	12,767	13,607	13,211	13,695	25,881	32,328
Leagues	8	8	10	10	11	13	12	9	7	7
Library-circulation	254,854	288,481	286,672	290,703	303,567	287,679	287,558	287,797	264,140	246,149
Library-materials	122,064	130,230	119,160	106,762	110,582	101,285	100,734	92,341	99,715	96,242
Water/Sewer										
Water										
Average daily consumption (thousands of gallons)	2,913	2,830	2,609	2,644	2,679	2,707	2,602	2,513	2,525	2,493
Sewer										
Annual average daily flow (thousands of gallons)	2,083	1,950	1,932	1,874	2,115	2,030	1,870	1,950	2,140	2,070
Golf Course										
Rounds of golf played	62,011	60,004	55,136	55,104	56,984	58,535 *	40,320	48,091	47,194	47,184

\* Golf Course closed for renovations from June through September 2014.

Source: City Departments

**City of Tarpon Springs, Florida**  
**Schedule 19**  
**Capital Asset Statistics by Function/Program,**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function/Program</b>										
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	3
Transportation										
Streets paved	92.8	92.8	92.8	92.8	93.0	93.0	95.5	95.5	96.6	107.0
Streets unpaved	1.2	1.2	1.2	1.2	1.0	1.0	1.0	1.0	1.0	4.8
Culture/recreation										
Parks acreage	430.39	430.39	430.39	430.39	430.39	431.39	435.56	435.56	435.56	435.56
Playgrounds	15	16	16	18	18	18	18	18	19	19
Baseball/softball fields	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Recreation centers	3	3	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water/Sewer										
Water mains/miles	160	160	160	160	160	160	160	146	157	168
Sanitary sewer mains/miles	72.0	72.0	72.0	72.0	84.0	84.0	84.0	88.8	93.7	101.0
Treatment daily capacity	4 mgd	4 mgd	4 mgd	4 mgd	4 mgd	4 mgd	4 mgd	4 mgd	4 mgd	4 mgd
Golf Course										
Number of holes	18	18	18	18	18	18	18	18	18	18
Marina										
Boat slips	19	19	19	19	19	19	19	19	19	19

Sources: City Departments

*REPORTS OF INDEPENDENT AUDITORS*





Certified Public Accountants

**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***

Honorable Mayor and  
Members of the City Commission  
City of Tarpon Springs, 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 Tarpon Springs, Florida (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statement, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2018.

**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 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 over financial reporting 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.

The Honorable Mayor and  
Members of the City Commission  
City of Tarpon Springs, Florida

### **Compliance and Other Matters**

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

Pursuant to the provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the City in a separate management letter and Independent Accountant's Report dated March 23, 2018.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 23, 2018



Certified Public Accountants

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and  
Members of the City Commission  
City of Tarpon Springs, Florida

### Report on Financial Statements

We have audited the financial statements of the City of Tarpon Springs, Florida (the City) as of and for the year ended September 30, 2017, and have issued our report thereon dated March 23, 2018.

### Auditor's Responsibility

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.

### Other Reporting Requirements

We have also issued our 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*, and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 23, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions 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.



Honorable Mayor and  
Members of the City Commission  
City of Tarpon Springs, Florida

### **Financial Condition and Management (Continued)**

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

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

### **Special District Component Units**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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



**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 23, 2018



## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and  
Members of the City Commission  
City of Tarpon Springs, Florida

We have examined the City of Tarpon Springs, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2017.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 23, 2018

