

4. REPORTS TO BE RECEIVED FOR FILING:

- a. City of Tarpon Springs Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2012, together with the Schedules of Revenues and Expenditures of the Fire and the EMS Departments.
- b. Southwest Florida Water Management District Comprehensive Annual Financial Report (CD) and Annual Financial Report for the Fiscal Year Ended September 30, 2012.
- c. Dock Fee Report for the month of March 2013.
- d. Quarterly Report of Routine Dock Permits issued from January 1, 2013 to March 31, 2013.

# **CITY OF TARPON SPRINGS, FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



# **City of Tarpon Springs, Florida**

## **Comprehensive Annual Financial Report**

### **MAYOR AND BOARD OF COMMISSIONERS**

**David O. Archie, Mayor**

**Chrisostomos Alahouzos  
Vice-Mayor**

**Susan Slattery  
Commissioner**

**Jeffrey S. Larsen  
Commissioner**

**Townsend Tarapani  
Commissioner**



### **ADMINISTRATION**

**Mark G. LeCouris  
City Manager**

**Arie L. Walker  
Finance Director**

**Ron Harring  
Assistant Finance Director**

**Irene S. Jacobs  
City Clerk**

**James L. Yacavone, III  
City Attorney**



**For the Fiscal Year Ended September 30, 2012**

**Prepared by the City of Tarpon Springs Finance Department**

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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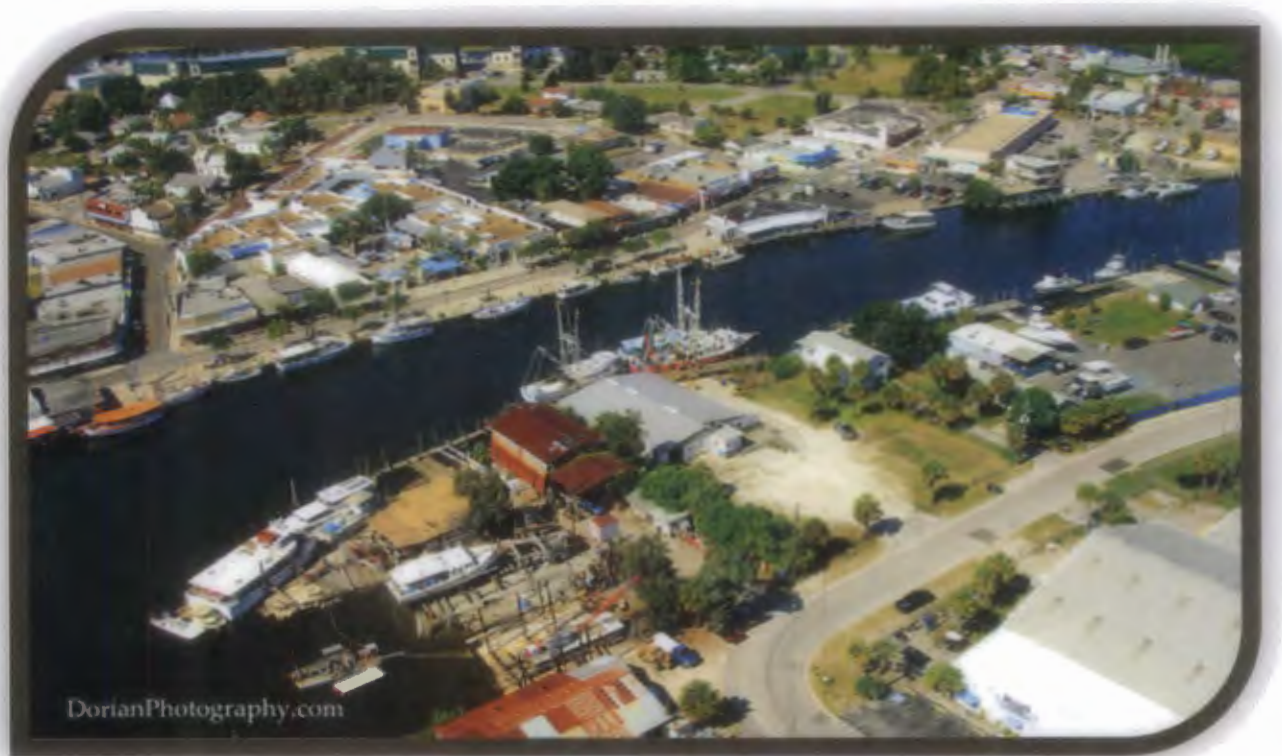


## **INTRODUCTORY SECTION**

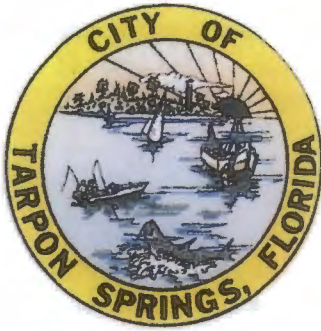
**Letter of Transmittal**

**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 34668-5004  
(727) 942-5612  
FAX (727) 942-5637

March 25, 2013

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, 2012.

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 Mayer Hoffman McCann P.C., 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, 2012 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 unqualified opinion that the City of Tarpon Springs' financial statements for the Fiscal Year ended September 30, 2012, 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 23,737. 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-21 through B-22 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 2013 shows signs of improving economic conditions. Property tax valuations and property tax revenues both decreased over past years but are anticipated to not decrease but to possibly increase slightly. 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.

On February 5, 2013 the Board of Commissioners awarded the bid for construction of the new Alternative Water Supply Project along with the approving Bond Resolutions. Completion of the Project is expected to be April 15, 2015.

**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. In addition, independent certified public accountants perform annual reviews as part of their examination of the financial statements.

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, 2012 based on the specific purpose for which the resources have been restricted, committed or assigned.

## Governmental Funds

Governmental Funds are used to account for primarily tax-supported services (as distinguished from those services supported primarily from user charges). The three governmental fund types are the general, special revenue, and capital projects.

The following table is a summary of revenues by source for all governmental funds for Fiscal Year 2012, with comparative figures for 2011:

	2012	2011	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total	
					2012	2011
Revenues:						
Taxes	\$ 12,790,682	\$ 13,153,080	\$ (362,398)	-2.8%	59.8%	58.9%
Permits & Fees	1,961,249	2,447,907	(486,658)	-19.9%	9.2%	11.0%
Intergovernmental	2,650,694	3,381,804	(731,110)	-21.6%	12.4%	15.1%
Charges for Services	1,967,159	1,881,376	85,783	4.6%	9.2%	8.4%
Fines and Forfeitures	233,909	266,300	(32,391)	-12.2%	1.1%	1.2%
Other	1,772,274	1,214,602	557,672	45.9%	8.3%	5.4%
Total Revenues	<u>\$ 21,375,967</u>	<u>\$ 22,345,069</u>	<u>\$ (969,102)</u>	-4.3%	<u>100.0%</u>	<u>100.0%</u>

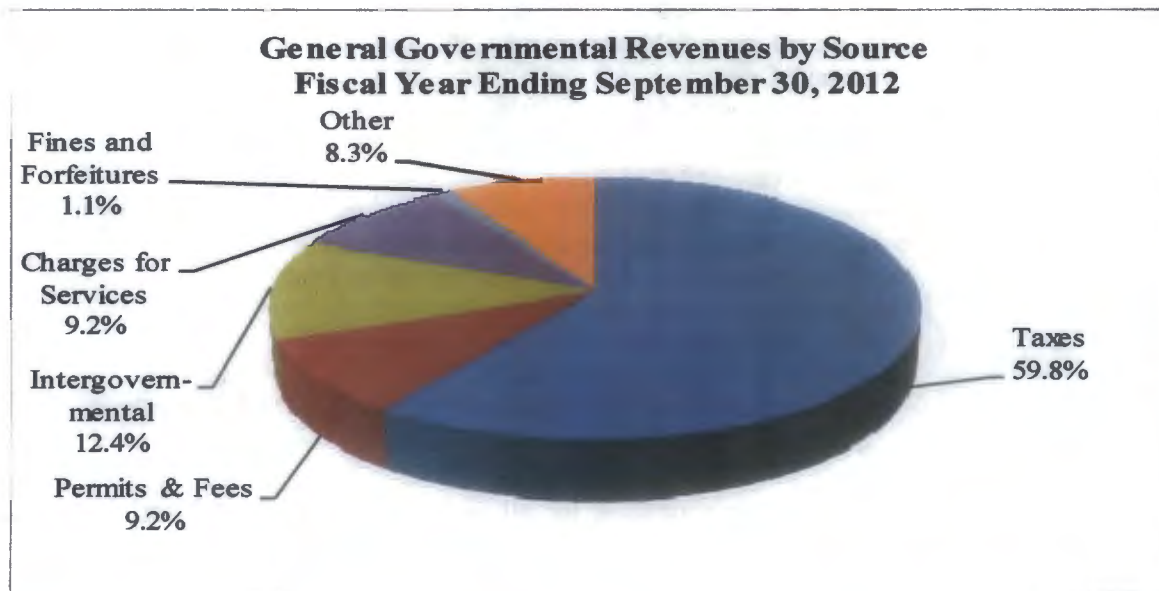
Below are the major explanations for the increases (decreases) in the categories mentioned above:

Taxes	Property Taxes decreased \$363,093 (not including delinquent taxes); a \$336,503 decrease in the General Fund and a \$26,590 decrease in the CRA Fund Infrastructure Sales Tax (Penny for Pinellas) increased \$97,445 Communication Service Tax decreased \$12,711 Utility Tax - Electricity decreased \$178,077
Permits & Fees	Franchise Fees - Electricity decreased \$113,016 Impact fees decreased \$140,795 Building Permits decreased \$52,634 Tree Bank receipts decreased \$174,747
Intergovernmental	Half-Cent Sales Tax increased \$26,526 State Revenue Sharing increased \$12,801 Grants totalling \$590,887 for Lemon Street and Tarpon/Pinellas Ave. received in FY 2011 Federal Equitable Sharing decreased \$142,591
Charges for Services	Fire District fees increased \$61,762
Fines & Forfeitures	Court Fines and Code Enforcement violations decreased \$32,391
Other	Land Sales increased \$604,817

Property taxes remain the most important single revenue provided to Governmental Funds, representing approximately one-third of the total. Property taxes collected in 2011/2012 were \$7,026,707 (\$34,632 of which were delinquent fees and \$135,940 is recorded in the CRA Fund) which represented 32.9 % of total revenue and other sources. Comparable figures from the previous year were \$7,375,405 and 33.0% respectively. The majority of property taxes are received in the General Fund and a small portion (\$135,940) is received in the Community Redevelopment Agency – Downtown Fund.



The following graph is a summary of revenues by source for all governmental funds at Fiscal Year Ending September 30, 2012.



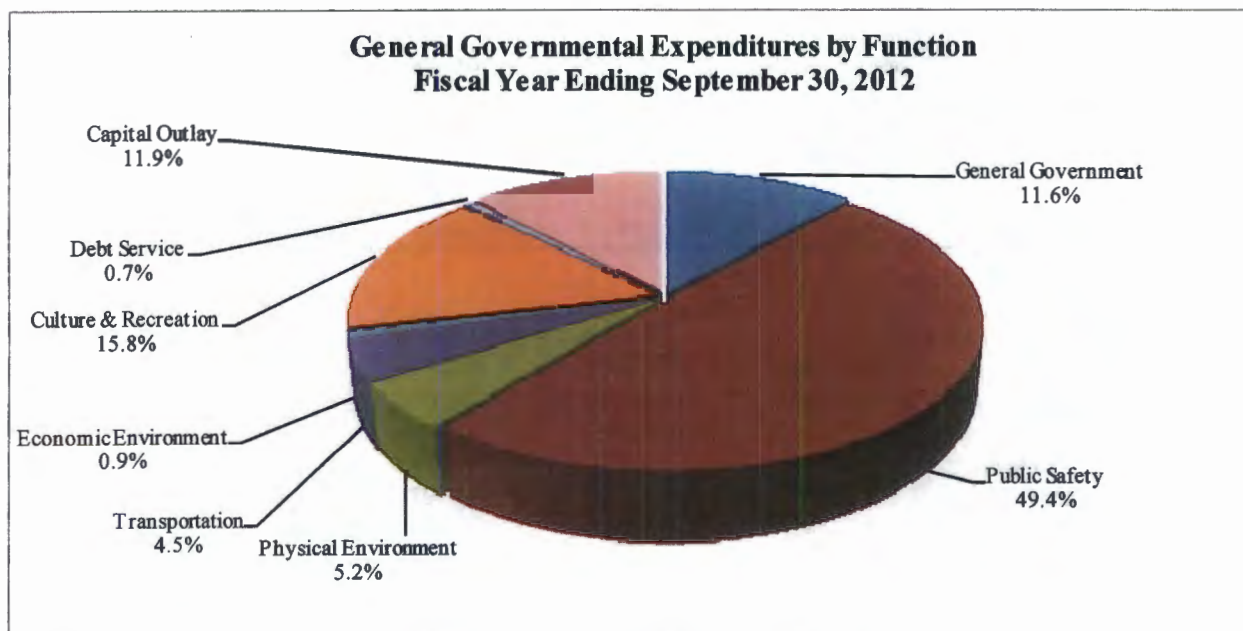
The following table is a summary of expenditures for all governmental funds for Fiscal Year 2012, with comparative figures for 2011:

	2012	2011	Increase (Decrease)	Percent Increase (Decrease)	Percent of Total	
					2012	2011
<b>Expenditures:</b>						
General Government	\$ 2,563,972	\$ 2,852,948	\$ (288,976)	-10.1%	11.6%	12.4%
Public Safety	10,883,704	10,590,580	293,124	2.8%	49.4%	46.1%
Physical Environment	1,147,784	1,067,678	80,106	7.5%	5.2%	4.6%
Transportation	994,527	1,002,303	(7,776)	-0.8%	4.5%	4.4%
Economic Environment	199,870	192,154	7,716	4.0%	0.9%	0.8%
Culture and Recreation	3,476,283	3,431,376	44,907	1.3%	15.8%	14.9%
Debt Service	149,542	148,841	701	0.5%	0.7%	0.6%
Capital Outlay	2,634,800	3,727,826	(1,093,026)	-29.3%	11.9%	16.2%
<b>Total Expenditures</b>	<b>\$ 22,050,482</b>	<b>\$ 23,013,706</b>	<b>\$ (963,224)</b>	<b>-4.2%</b>	<b>100.0%</b>	<b>100.0%</b>

Below are the major explanations for the increases (decreases) in the categories mentioned above:

General Government	Decrease due to Demolition write off 143 E. Tarpon in FY 2011 \$143,648 Decrease in Repairs & Maintenance, FY 2011 had \$90,106 repairs at Community Center
Public Safety	Increase due in part to \$192,420 increase in Police and Fire retirement expenditures
Physical Environment	Increase in operating expenditures in City Buildings/Grounds department
Transportation	Decrease in operating expenditures
Economic Environment	Increase in operating expenditures due to new Economic Development Manager
Culture and Recreation	Increase in operating expenditures in various departments
Debt Service	Scheduled increase on Revenue Note for Fire Ladder Truck
Capital Outlay	Decrease in Capital expenditures for projects in FY 2012: CRA Capital decrease \$481,446 Fire Truck purchased in FY 2011 \$ 322,444 Grant program Capital expenditures in FY 2011 \$590,887 for Lemon Street and Tarpon/Pinellas Avenues

The following graph is a summary of expenditures for all governmental funds at Fiscal Year Ending September 30, 2012.



### General Fund

Since the General Fund accounts for the majority of general governmental revenues and expenditures, the next couple of pages will highlight only activity within the General Fund. General Fund activity is usually of the greatest interest to City officials and citizens, because its operations directly impact property taxes.

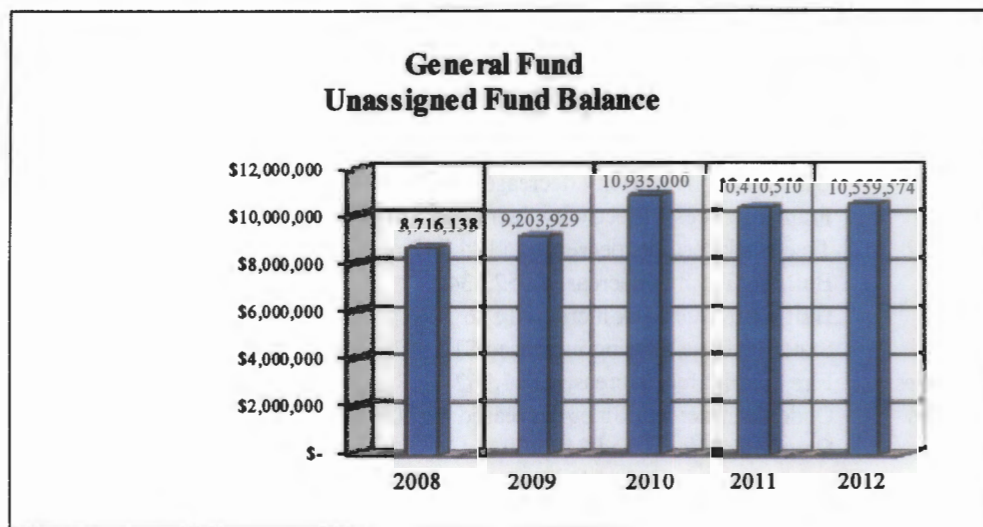
An analysis of the General Fund information, as presented in the financial statements, reflects a net change in fund balance of \$282,943 which includes transfers from the Enterprise Funds. This amount represents 1.8% of Fiscal 2012 total expenditures and 1.3% of the final Fiscal 2012 expenditure budget. Comparable figures for 2011 were \$718,082, and 3.8%, and 3.5% respectively.



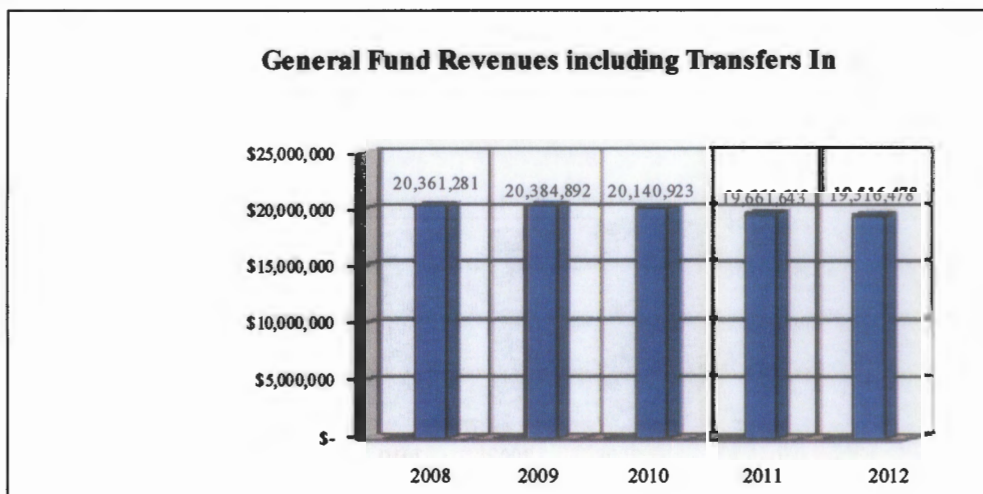
A history of the General Fund's fund balance - unassigned (year-end available, unrestricted, uncommitted and unassigned fund balance) for the past five fiscal years is on the following graph.

The (available) unassigned fund balance is unrestricted, uncommitted and unassigned, and can be appropriated in future years. It is a cushion for use during revenue shortfalls, emergencies, and for unanticipated projects.

As shown in the following graph, the available unassigned fund balance is \$10,559,574 at the end of Fiscal Year 2012. Total General Fund - fund balance at the end of Fiscal Year 2012 is \$17,591,590, with the difference between the total and the unassigned balance of \$10,559,574, which is \$7,032,016, being restricted, committed or assigned for future purposes such as 1) restricted for donations received (\$235,644), 2) commitments for perpetual care of the cemetery (\$1,930,030) and the tree bank (\$453,527), 3) assigned to compensated absences for vacation and sick accrual of (\$1,037,350) and for subsequent years expenditures (\$1,672,817), which is carryover used to balance the Fiscal Year 2013 Budget.



The graph below presents the General Fund's total revenues including transfers in and debt proceeds for the past five fiscal years:



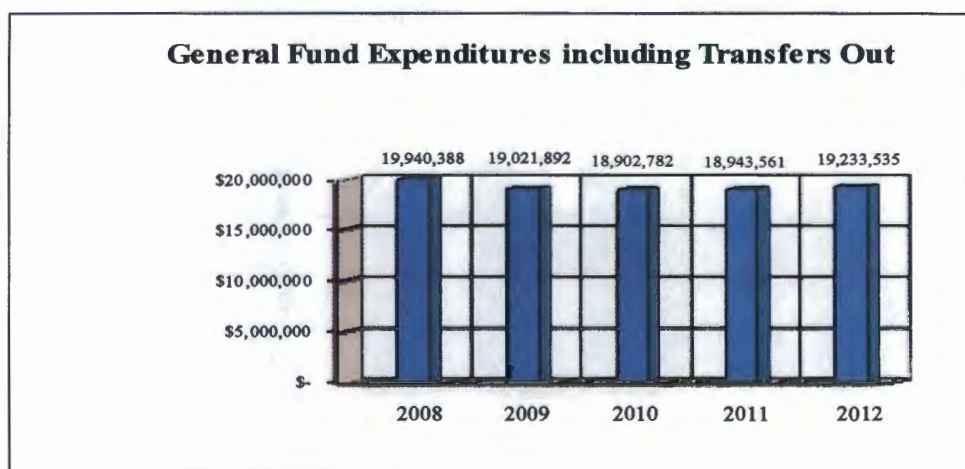
The table below presents the General Fund total revenues by source for the past five fiscal years:

Source	General Fund Revenues by Source including Transfers In				
	Fiscal Year				
	2008	2009	2010	2011	2012
Taxes	\$ 11,540,599	\$ 11,594,289	\$ 11,460,870	\$ 11,034,450	\$10,596,687
Permits & Fees	1,905,382	1,991,985	2,234,643	2,228,635	1,882,772
Intergovernmental	2,245,439	1,955,583	1,943,727	1,977,894	2,035,794
Charges for Services	2,025,205	2,068,616	2,018,521	1,881,376	1,967,159
Fines & Forfeitures	178,927	135,292	212,860	222,491	199,530
Miscellaneous	1,352,829	1,510,502	1,118,388	1,147,134	1,583,557
Transfers In	1,112,900	1,128,625	1,151,914	1,169,663	1,250,979
Total Revenues	\$ 20,361,281	\$ 20,384,892	\$ 20,140,923	\$ 19,661,643	\$19,516,478

Total revenues for the General Fund decreased by \$145,165 from Fiscal Year 2011 to Fiscal Year 2012. The most significant increases and decreases in General Fund Revenues included:

Taxes	Property Taxes decreased \$336,503 (not including delinquent fees)
	Communication Service Tax decreased \$12,711
	Utility Tax - Electricity decreased \$178,007
Permits & Fees	Franchise Fees - Electricity decreased \$113,016
	Tree Bank receipts decreased \$174,747
	Building Permits decreased \$52,634
Intergovernmental	Half-Cent Sales Tax increased \$26,526
	State Revenue Sharing increased \$12,801
Charges for Services	Fire District fees increased \$61,762
Fines & Forfeitures	Code Enforcement Fines decreased \$2,203
	Court Fines decreased \$19,909
Miscellaneous	Land sales increased \$604,817
	Interest Earnings decreased \$23,361
	Insurance claim refunds decreased \$81,326, majority of which was sinkhole claims in FY 2011

The graph below presents the General Fund total expenditures including transfers out for the past five fiscal years:



The table below presents the General Fund expenditures by function for the past five fiscal years:

General Fund Expenditures by Function including Transfers Out					
Function	Fiscal Year				
	2008	2009	2010	2011	2012
General Government	\$ 3,361,843	\$ 3,000,035	\$ 2,952,196	\$ 2,852,948	\$ 2,563,972
Public Safety	10,628,621	10,263,696	10,322,397	10,364,987	10,578,739
Physical Environment	1,121,839	1,009,415	1,049,004	1,055,814	1,142,894
Transportation	1,109,561	1,088,535	1,027,465	1,002,303	994,527
Economic Environment	48,000	-	-	-	73,603
Culture & Recreation	3,103,001	3,248,012	3,271,794	3,208,053	3,254,554
Debt Service	-	-	-	-	-
Capital Outlay	537,234	412,199	273,253	459,456	625,246
Transfers Out	30,289	-	6,673	-	-
Total Expenditures	\$ 19,940,388	\$ 19,021,892	\$ 18,902,782	\$ 18,943,561	\$ 19,233,535

Total expenditures for the General Fund increased by \$289,974 from Fiscal Year 2011 to Fiscal Year 2012. The most significant increases and decreases in General Fund Expenditures included:

General Government	Decrease due to demolition write off 143 E. Tarpon in FY 2011 \$143,648 Decrease in Repairs & Maintenance, FY 2011 had \$90,106 repairs at Community Center
Public Safety	Increase due in part to \$192,420 increase in Police and Fire retirement expenditures
Physical Environment	Increase in operating expenditures in City Buildings/Grounds department
Transportation	Decrease in operating expenditures
Economic Environment	Increase in operating expenditures due to new Economic Development Manager
Culture and Recreation	Increase in operating expenditures in various departments
Capital Outlay	Sponge Docks restroom \$203,364 in FY 2012

## Enterprise Funds

Apart from factors relating to the quality and efficiency of the services provided, which are beyond the scope of this report, we believe that the financial statements of the Enterprise Funds are helpful in assessing financial performance as measured by net income or loss, net working capital, net income or loss as a percentage of total assets, debt service coverage, and further assessing financial condition as measured by the current ratio and debt to equity ratio. A summary of significant financial information for the City's Enterprise Funds follows:

Fiscal Year	Change in Net Position/ Net Income(Loss)		Working Capital	Net Income (Loss) to Total Assets	Debt Service Coverage	Ratio	
						Debt to Equity	Current
Major Enterprise Funds:							
<u>Water &amp; Sewer</u>							
2012	\$	4,209,425	\$	8,855,235	9%	80.25	23% 519%
2011		1,566,620		7,228,177	4%	66.04	24% 579%
2010		586,951		6,381,308	1%	20.81	26% 495%
<u>Sanitation</u>							
2012		173,643		3,195,133	4%	N/A	24% 462%
2011		46,423		2,840,727	1%	N/A	30% 369%
2010		154,447		2,811,954	3%	N/A	32% 367%
Non-Major Enterprise Funds:							
<u>Storm Water</u>							
2012		289,051		3,555,901	5%	N/A	3% 3029%
2011		448,331		3,655,689	9%	N/A	2% 3479%
2010		163,972		3,552,056	4%	N/A	1% 14170%
<u>Marina</u>							
2012		(38,790)		154,460	-11%	N/A	1% 7616%
2011		(26,641)		176,463	-7%	N/A	2% 2144%
2010		(21,274)		189,429	-5%	N/A	1% 4206%
<u>Golf Course</u>							
2012		10,404		(840,832)	1%	N/A	-18952% 4%
2011		(15,663)		(884,188)	-2%	N/A	-6256% 4%
2010		(73,221)		(919,769)	-7%	N/A	213605% 4%

### Major Enterprise Funds:

The Water and Sewer Fund's net income for Fiscal Year 2012 was \$4,209,425, of this amount \$2,008,130 is from a grant with SWFMD (Southwest Florida Water Management District) for funding of the new Alternative Water Plant. Rates were increased on October 1, 2008 and for the next eight years through FY 2017 and were then re-adjusted for FY 2011 through FY 2019. The increase/adjustment was necessary due to decreased water consumption, the growth rate was less than the assumptions in the rate model, a significant increase in the purchased water cost, and increased operating costs primarily for electricity. The City's bond resolution requires a minimum debt service coverage of 1.20. For Fiscal Year 2012 the City's debt service coverage was 80.25 (see Schedule 14 of the Statistical Section for a history of the debt service coverage).



The Sanitation Fund's net income was \$173,643 for Fiscal Year 2012. Fiscal Year 2012 was the first year of a new five year contract with the City's garbage contractor in which the City realized a sizeable decrease in the rates (single family rates decreased approximately 47%). This rate decrease caused the operating expenses and the sanitation and recycling fees to decrease. This year sanitation fees decreased \$650,748, recycling fees decreased \$416,131 and yard waste fees (not part of the garbage contract) increased \$448. Operating expenses decreased \$1,186,720. The City increased the administration portion from 10% to 20% in order to cover the operational expenses.

#### Non-Major Enterprise Funds:

The Storm Water Fund's net income was \$289,051 for Fiscal Year 2012. Storm Water fees remained constant and increased \$2,587, operating expenses increased \$30,473 as the City implements its Storm Water Action Plan. The decrease in net income from FY 2011 to FY 2012 is attributable to a one-time payment in the amount of \$135,000 from FDOT (Florida Department of Transportation) in FY 2011 for Tarpon Avenue, when it was turned over to the City for Storm Water improvements.

The Marina Fund's net loss was \$38,790 for Fiscal Year 2012. Marina fees decreased \$23,446 and operating expenses decreased \$9,481.

The Golf Course Fund reported a net income of \$10,404 for Fiscal Year 2012. Golf Course fees increased \$67,282 and operating expenses increased \$39,690.

**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 2012, the average cash/investment pool balance was \$50,679,007 and the total annual earnings net of all bank charges was \$434,593 giving an average rate of return of .86% on the average balance.

**Debt Administration.** At September 30, 2012, the City had total outstanding bonds payable of \$6,673,965 representing the 2007 Utility System Revenue Bond Anticipation Note and a 2009 Revenue Note with a balance of \$287,000. The City had no new issuance of debt in Fiscal Year 2012. 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, 2012 relative to property values at January 1, 2012 (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.

On February 5, 2013, the Board of Commissioners awarded the bid for construction of the new Alternative Water Supply Project. Also approved on February 5, 2013 was Resolution 2013-06 which amended and restated the Master Utility System Bond Resolution; Resolution 2013-07 which provides for the issuance of

not to exceed \$45,000,000 Utility System Revenue Bonds, Series 2013A, for the purpose of refunding the City's outstanding Utility System Revenue Bond Anticipation Note, Series 2007A, and to finance and/or reimburse the cost of the design, permitting, acquisition and construction of well sites, pipelines and a reverse osmosis water plant project, funding necessary reserves, and paying all related costs; and Resolution 2013-08 authorizing the issuance of a Utility System Grant Anticipation Note, Series 2013 in the aggregate principal amount of not to exceed \$18,530,000 to finance capital cost which are eligible for reimbursement under a Southwest Florida Water Management District Grant for the Reverse Osmosis Plant Project and to pay other related costs.

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

The Utility System Revenue Bonds, Series 2013A were priced and sold on February 20, 2013 with a par amount of \$35,795,000 and were closed on March 12, 2013.

**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, 2012 increased to \$164,128, claims paid during the year increased which caused a decrease in the change in net position of \$65,201 with a corresponding decrease in total Net Position to \$2,780,437 as of September 30, 2012. 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 insurance is purchased through Florida Municipal Insurance Trust (FMIT). Dental insurance is purchased through Standard Insurance. Term life and long term disability insurance are purchased through Standard Insurance.

**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 \$627,538, \$465,824 and \$461,441 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.

The General Employees' pension plan was converted to a Defined Contribution plan following the termination and liquidation of the former Defined Benefit plan in November 1995, and plan assets were allocated to the new Defined Contribution plan. ICMA-RC (International City/County Management Association Retirement Corporation) is the administrator of the plan as of February 22, 2008. 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, 2011. This was the twenty-first 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.

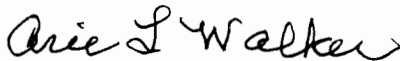
In addition, the City of Tarpon Springs also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2011. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, 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. Special appreciation is expressed to Assistant Finance Director, Ron Haring for his leadership in compiling and producing this Comprehensive Annual Financial Report (CAFR) and composing this Transmittal Letter. We would also like to express our appreciation to all members of the departments who assisted and contributed 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



Arie L. Walker, CPA  
Finance Director



Ron Haring, CPFO, CGFO  
Assistant Finance Director

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



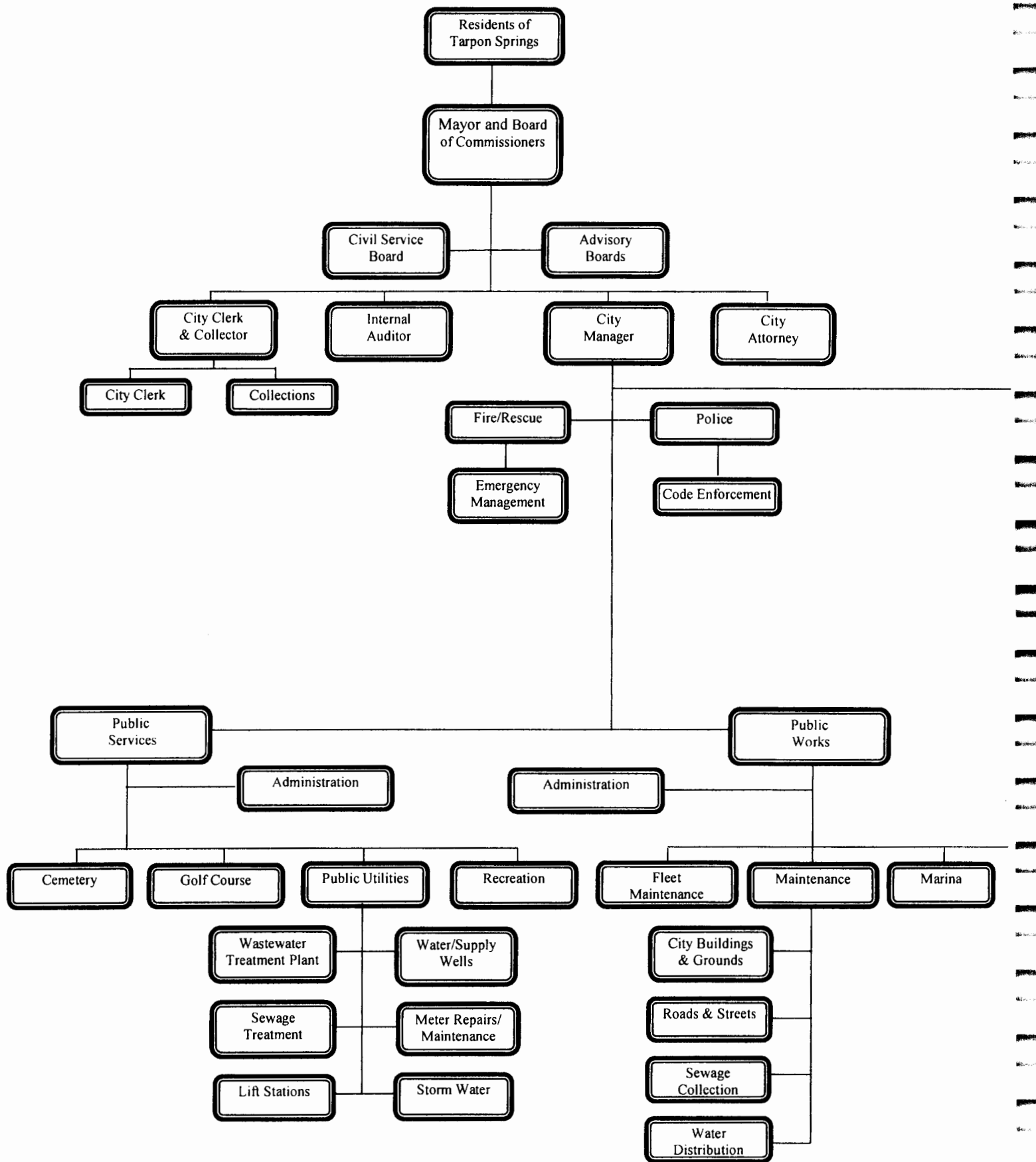
*Christopher P. Morrell*

President

*Jeffrey R. Enen*

Executive Director

***Organizational  
Chart***

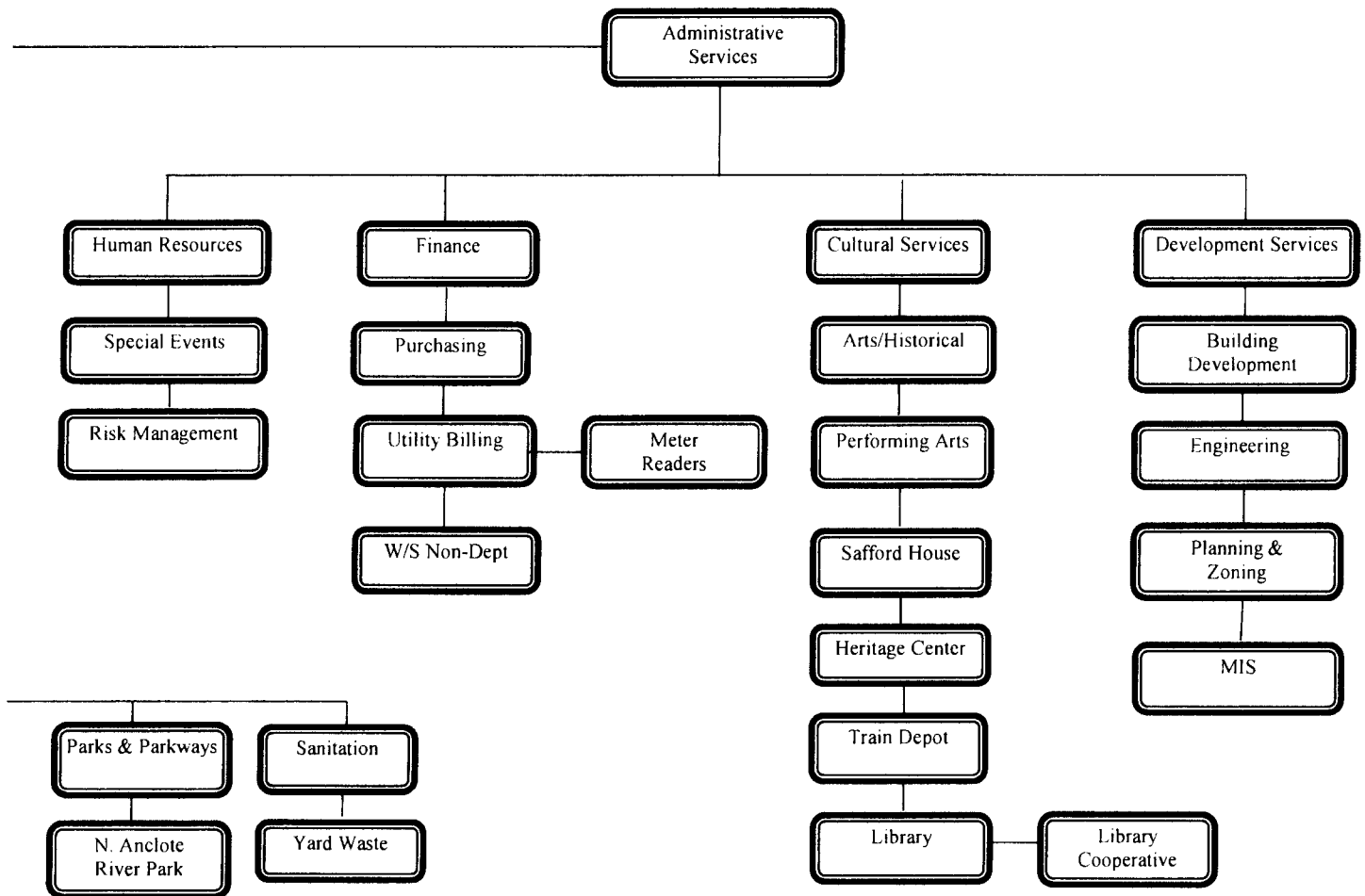


# City of Tarpon Springs, Florida

## Organizational Chart

### by Department

### FY 2012



## **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**

**Supplementary Information**





The logo for MHM, consisting of the letters "MHM" in a bold, white, sans-serif font, set against a black rectangular background.

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### **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tarpon Springs, Florida (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tarpon Springs, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tarpon Springs, Florida, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and Community Redevelopment Agency Fund – Downtown for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I, the City adopted the provisions of Statement of Governmental Accounting Standards No. 61, No. 63, and No. 65, *The Financial Reporting Entity: Omnibus, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, and Items Previously Reported as Assets and Liabilities*, respectively, for the year ended September 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and schedules of contributions relating to the pension and other post employment benefits on pages B-3 through B-14 and pages B-78 through B-80, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements. The combining and individual fund statements and schedules, and the schedule of expenditures of federal awards and state financial assistance projects 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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 fund statements and schedules, other supplementary schedules, and the schedule of expenditures of federal awards and state financial assistance projects are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

*Mayra Hoffman Mc Carr P.C.*

Clearwater, Florida  
March 20, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

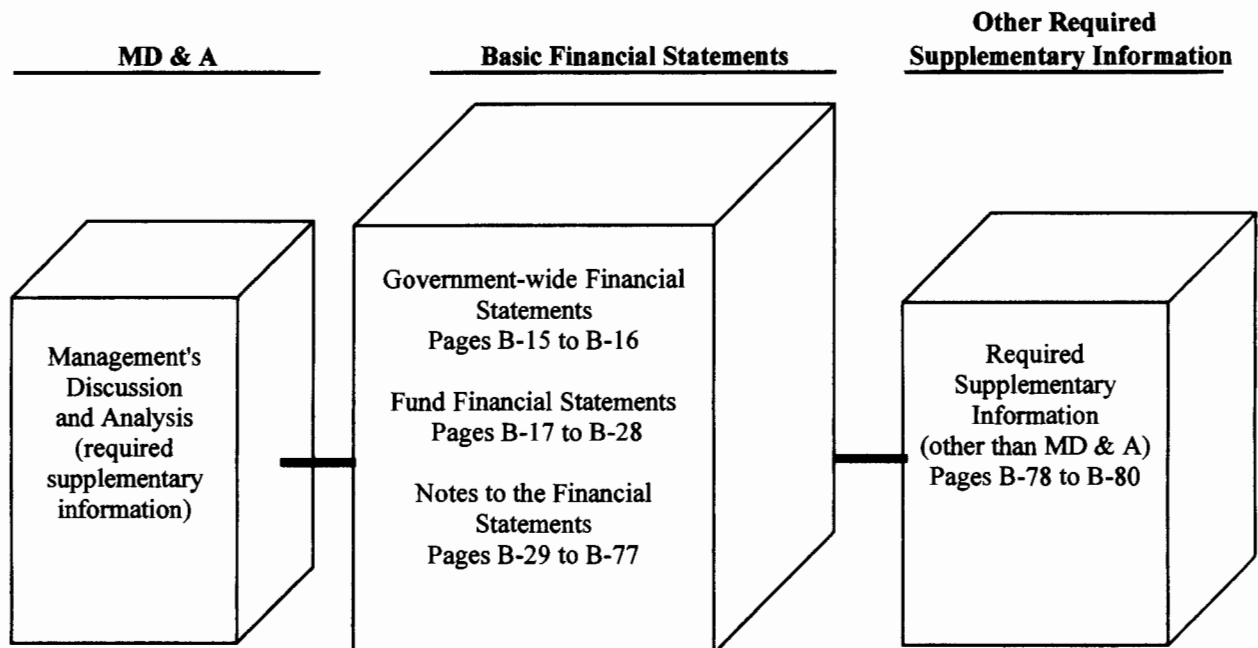
As management of the City of Tarpon Springs (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages A-1 to A-13 of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$123,199,222 (net position). Of this amount, \$33,874,688 (unrestricted net position) may be used to meet the governments ongoing obligations to citizens and creditors. The City's total net position increased by \$4,847,948.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,220,004, an increase of \$280,236 in comparison with the prior year. The portion of this total amount, \$10,522,249, 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 \$10,559,574, or 55% of the total general fund expenditures.
- The City's total debt decreased by \$137,000 (2%) during the current fiscal year. The City had no new issuance of debt and there were no additional draws on the Water and Sewer Revenue Bond Anticipation Note Line of Credit.

### 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-15 to B-16 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-17 to B-22 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-23 to B-26 of this report.

#### **Fiduciary funds.**

The City maintains two different types of fiduciary funds, pension trust and agency funds. Employee retirement funds are used to report the functions of the pension trust funds, and the agency funds are used to account for the radon gas and transportation impact fee funds. 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-27 to B-28 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-29 to B-77 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-78 to B-80 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-22 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 \$123,199,222 at the close of fiscal year September 30, 2012.

By far the largest portion of the City's net position (60%) 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.

### Statement of Net Position as of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and other assets	\$ 35,435,421	\$ 34,823,722	\$ 20,713,723	\$ 19,639,893	\$ 56,149,144	\$ 54,463,615
Capital assets	42,940,653	43,005,135	37,461,374	33,425,876	80,402,027	76,431,011
Total assets	<u>78,376,074</u>	<u>77,828,857</u>	<u>58,175,097</u>	<u>53,065,769</u>	<u>136,551,171</u>	<u>130,894,626</u>
<b>Liabilities</b>						
Current and other liabilities	1,382,424	1,063,557	3,172,073	2,658,833	4,554,497	3,722,390
Long-term debt outstanding:						
Due within one year	205,616	205,839	18,564	71,042	224,180	276,881
Due in more than one year	1,430,811	1,409,635	6,914,371	6,894,842	8,345,182	8,304,477
Total liabilities	<u>3,018,851</u>	<u>2,679,031</u>	<u>10,105,008</u>	<u>9,624,717</u>	<u>13,123,859</u>	<u>12,303,748</u>
<b>Deferred Inflows of Resources</b>						
Deferred Inflows of Resources	<u>191,783</u>	<u>188,601</u>	<u>36,307</u>	<u>51,003</u>	<u>228,090</u>	<u>239,604</u>
<b>Net Position</b>						
Net investment in capital assets	42,653,653	42,581,135	30,787,409	26,751,911	73,441,062	69,333,046
Restricted	12,896,516	12,914,081	2,986,956	4,283,180	15,883,472	17,197,261
Unrestricted	19,615,271	19,466,009	14,259,417	12,354,958	33,874,688	31,820,967
Total net position	<u>\$ 75,165,440</u>	<u>\$ 74,961,225</u>	<u>\$ 48,033,782</u>	<u>\$ 43,390,049</u>	<u>\$ 123,199,222</u>	<u>\$ 118,351,274</u>

An additional portion of the City's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$33,874,688) 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 \$4,847,948 during the current fiscal year.

For more detailed information see the Statement of Net Position (page B-15).



## Statement of Activities

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

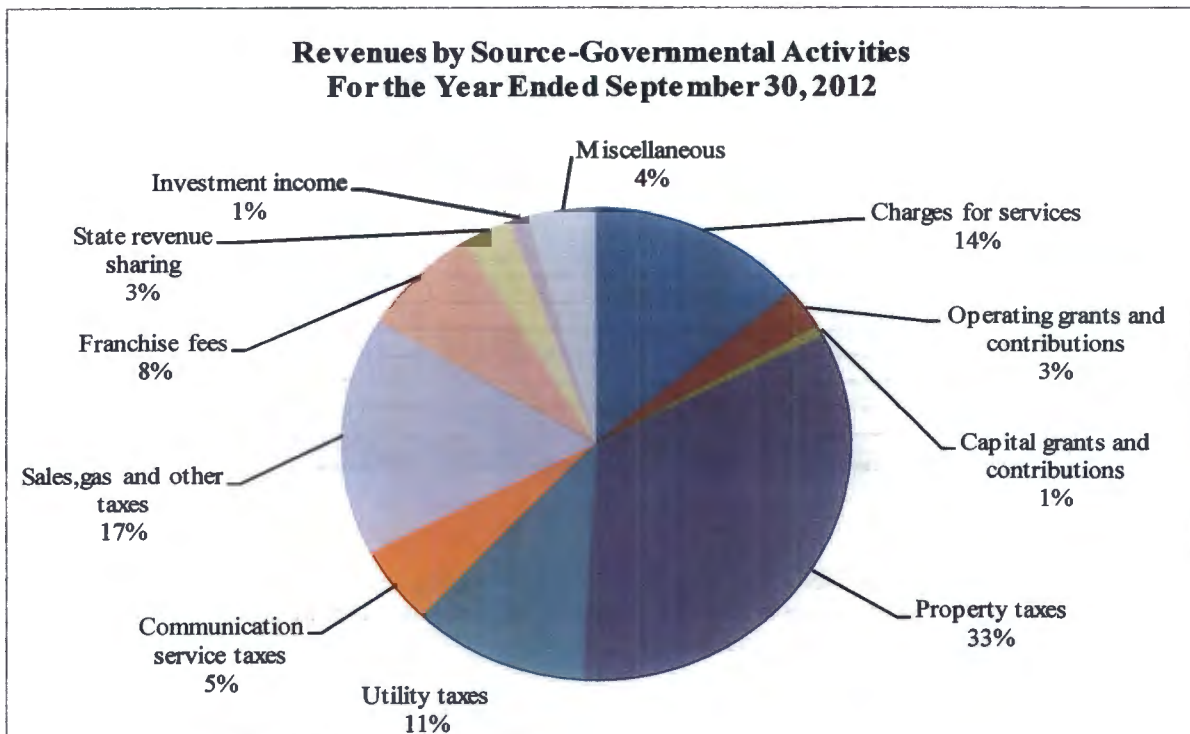
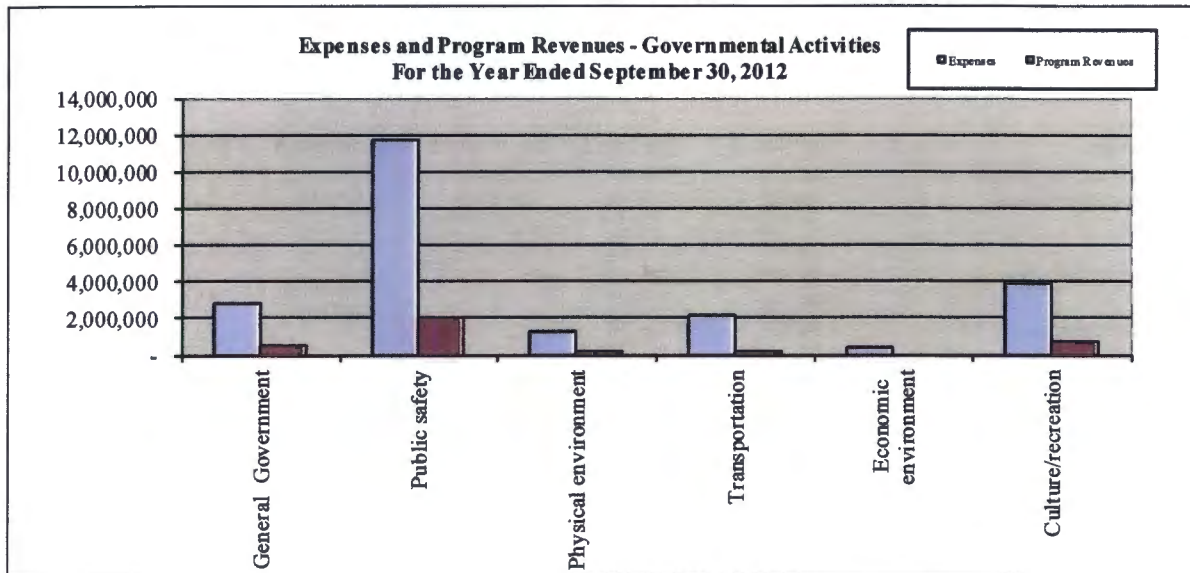
	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 2,957,408	\$ 3,191,848	\$ 18,244,659	\$ 18,546,298	\$ 21,202,067	\$ 21,738,146
Operating grants and contributions	604,223	752,469	44,988	-	649,211	752,469
Capital grants and contributions	160,702	877,714	2,116,009	425,317	2,276,711	1,303,031
General revenues:						
Property taxes	7,026,707	7,375,405	-	-	7,026,707	7,375,405
Property taxes-TIF County portion	121,924	145,579	-	-	121,924	145,579
Utility taxes	2,386,538	2,515,843	-	-	2,386,538	2,515,843
Communication service taxes	1,142,824	1,128,100	-	-	1,142,824	1,128,100
Sales, gas and other taxes	3,523,494	3,399,345	-	-	3,523,494	3,399,345
Franchise fees	1,653,880	1,771,745	-	-	1,653,880	1,771,745
State revenue sharing	656,534	643,733	-	-	656,534	643,733
Investment income	238,069	233,698	232,979	243,990	471,048	477,688
Miscellaneous	912,698	337,602	-	-	912,698	337,602
Total revenues	<u>21,385,001</u>	<u>22,373,081</u>	<u>20,638,635</u>	<u>19,215,605</u>	<u>42,023,636</u>	<u>41,588,686</u>
<b>EXPENSES</b>						
Program Activities						
Primary Government:						
Governmental Activities:						
General government	2,789,491	3,090,494	-	-	2,789,491	3,090,494
Public safety	11,712,003	11,325,115	-	-	11,712,003	11,325,115
Physical environment	1,240,584	1,155,888	-	-	1,240,584	1,155,888
Transportation	2,116,119	2,077,166	-	-	2,116,119	2,077,166
Economic environment	365,584	230,382	-	-	365,584	230,382
Culture/recreation	3,899,214	3,780,449	-	-	3,899,214	3,780,449
Interest on long-term debt	12,542	16,841	-	-	12,542	16,841
Business-type Activities:						
Water/Sewer	-	-	9,348,746	9,407,340	9,348,746	9,407,340
Sanitation	-	-	3,701,551	4,888,177	3,701,551	4,888,177
Storm water	-	-	687,356	656,883	687,356	656,883
Golf Course	-	-	1,217,951	1,178,261	1,217,951	1,178,261
Marina	-	-	84,547	96,211	84,547	96,211
Total expenses	<u>22,135,537</u>	<u>22,676,335</u>	<u>15,040,151</u>	<u>16,226,872</u>	<u>37,175,688</u>	<u>37,903,207</u>
Increase in Net Position before Transfers	(750,536)	696,746	5,598,484	2,988,733	4,847,948	3,685,479
Transfers	954,751	969,663	(954,751)	(969,663)	-	-
Increase in Net Position	<u>204,215</u>	<u>1,666,409</u>	<u>4,643,733</u>	<u>2,019,070</u>	<u>4,847,948</u>	<u>3,685,479</u>
Net Position - Beginning of year	74,961,225	73,294,816	43,390,049	41,370,979	118,351,274	114,665,795
Net Position - End of year	<u>\$ 75,165,440</u>	<u>\$ 74,961,225</u>	<u>\$ 48,033,782</u>	<u>\$ 43,390,049</u>	<u>\$ 123,199,222</u>	<u>\$ 118,351,274</u>

### Governmental activities.

Governmental activities increased the City's net position by \$204,215 thereby accounting for 4% of 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 decrease are as follows:

- Total Governmental activity revenues decreased \$988,080 in comparison to the previous year. The major decreases were property taxes which decreased \$363,093 (not including delinquent fees and TIF County portion). The General Fund decreased \$336,503 and the CRA Fund decreased \$26,590. The decrease was due to the decline in property values. Communication Service Tax decreased \$12,711 (not including prior year audit adjustments received), Utility Taxes for electricity decreased \$178,007, Franchise fees for electricity decreased \$113,016, and Capital grants received decreased \$717,012. Increases included Infrastructure Sales Tax increased \$97,445, Half Cent Sales Tax increased \$26,526, State Revenue Sharing Sales Tax proceeds increased \$12,801, and Land Sales increased \$604,817.

- Total Governmental activity expenses increased \$459,202 in comparison to the previous year. The major increases were Police and Fire retirement expenses increased \$192,420, Law Enforcement Program increased 87,469, and a new Economic Development Manager position \$73,603.

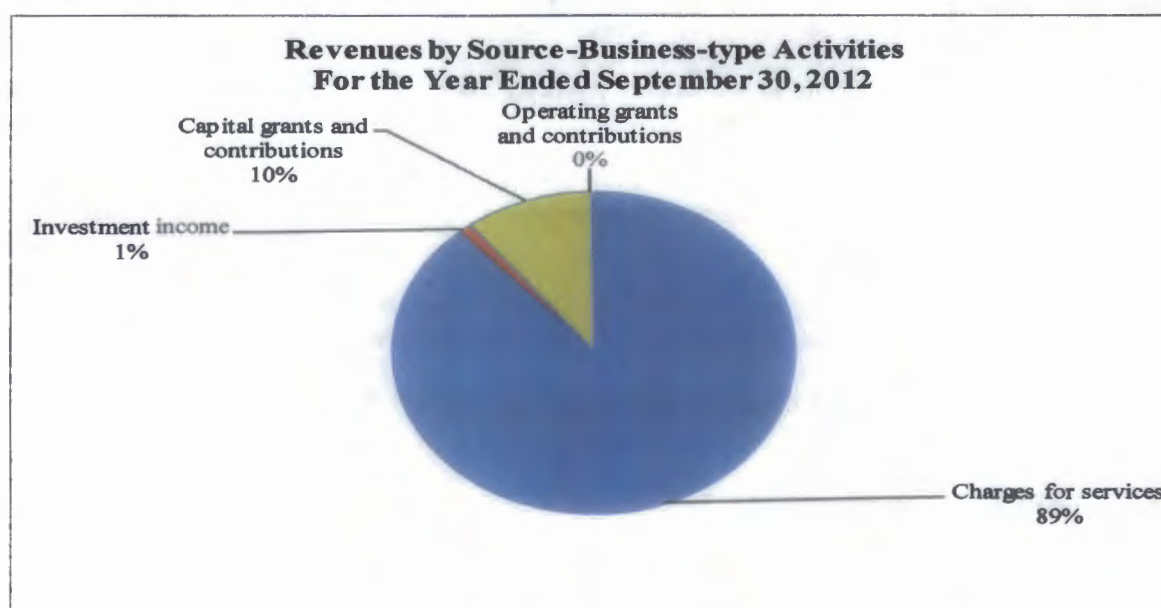
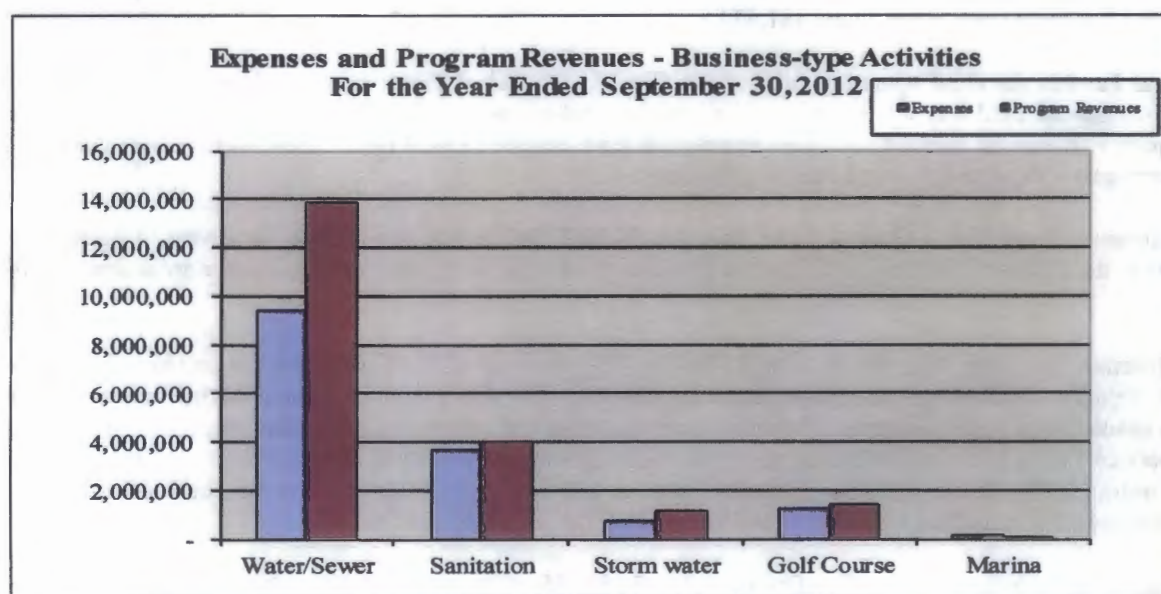




## Business-type activities.

Business-type activities (enterprise funds) increased the City's net position by \$4,643,733, accounting for 96% of the total growth in the governments net position. The change in net position increased in comparison to the change noted in the previous fiscal year. Key elements of this increase are as follows:

- Total Business-type activity revenues increased \$1,423,030 in comparison to the previous year. This was mostly due to a combination of increases and decreases. Fiscal Year 2012 was the first year of a new five year contract with the City's garbage contractor, the City realized a sizeable decrease in the rates (single family rates decreased approximately 47%). Sanitation fees decreased \$650,748, recycling fees decreased \$416,131. Water sales increased \$595,048 or 11.21% (10.25% rate increase), sewer sales increased \$170,755 or 3.6% (3% rate increase). SWFMD (Southwest Florida Water Management District) grant funding for the Alternative Water Plant was received in the amount of \$2,008,129.
- Total Business-type activity expenses decreased \$1,186,721 in comparison to the previous year. This decrease is due to the decrease in the rates charged by the garbage contractor for sanitation and recycling services, sanitation expenses decreased \$795,844 and recycling expenses decreased \$407,573 for a total decrease in garbage contractor expenses of \$1,203,417.



## 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 \$30,220,004, an increase of \$280,236 in comparison with the prior year. The majority of this total amount of \$10,522,249 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 (\$7,437,145), 2) committed for perpetual care of the cemetery (\$1,930,030), and 3) assigned for subsequent years expenditures (\$1,672,817).

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 \$10,559,574, while total fund balance was \$17,591,590. 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 55% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$282,943 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 \$19,516,478 a decrease of \$145,165 under the previous fiscal year. A majority of the revenue sources experienced a decrease this year due to the economy. The following major revenue sources had decreases: Property Taxes \$336,503 (not including delinquent fees); Communication Service Tax \$12,711 (not including prior year audit adjustments received); Electric Franchise Fees \$113,016; Electric Utility Taxes \$178,007; Interest Earnings \$23,361. The following revenue sources experienced increases: Revenue Sharing \$12,801; Half Cent Sales Tax \$26,526; Land Sales \$604,817.
- Expenditures including Transfers Out totaled \$19,233,535 an increase of \$289,974 over the previous fiscal year. The major increases were Police and Fire retirement expenses increased \$192,420; Sponge Docks Restroom expenditures of \$203,364, and a new Economic Development Manager position \$73,603.

The fund balance of the City's Community Redevelopment Agency Fund decreased by \$62,775 during the current fiscal year. Key factors in this change are as follows:

- Revenues were \$272,629 a decrease of \$42,963 under the previous fiscal year. Property Tax receipts (City portion) decreased \$26,590 and Tax Increment Financing receipts (County portion) decreased \$23,655 (due to decreasing property values).
- Expenditures were \$335,404, a decrease of \$547,333 under the previous fiscal year. The majority of the decrease is due to various road and streetscaping projects that were completed in the previous fiscal year.

The fund balance of the City's Optional Sales Tax Fund increased by \$809,544 during the current fiscal year. Key factors in this change are as follows:

- Revenues were \$1,794,081 an increase of \$73,318 over the previous fiscal year. One cent sales tax receipts (Penny for Pinellas) increased by \$97,445 over the previous fiscal year and Interest Earnings increased \$7,956.



- Expenditures were \$984,537, a decrease of \$228,661 under the previous fiscal year. Capital Outlay expenditures decreased \$229,362 mostly due to a new Fire Truck \$322,444 that was purchased in the previous fiscal year.

### **Proprietary Funds.**

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$8,610,467, and total growth in net position for the year was \$4,209,425, an increase over the change noted in the previous fiscal year. This year water sales increased \$595,048 or 11.21% (10.25% rate increase), sewer sales increased \$170,755 or 3.6% (3% rate increase), effluent sales also increased \$18,052 or 4.8% (no rate change). Water and Sewer Impact Fees decreased \$182,437 under the previous year. SWFMD (Southwest Florida Water Management District) grant funding for the Alternative Water Plant was received in the amount of \$2,008,129. Operating expenses decreased \$48,681.

Unrestricted net position of the Sanitation Fund at the end of the year amounted to \$2,864,971, and total growth in net position for the year was \$173,643, slightly more than the previous fiscal year. Fiscal Year 2012 was the first year of a new five year contract with the City's garbage contractor, the City realized a sizeable decrease in the rates (single family rates decreased approximately 47%). This rate decrease caused the operating expenses and the sanitation and recycling fees to decrease. This year sanitation fees decreased \$650,748, recycling fees decreased \$416,131 and yard waste fees (not part of the garbage contract) increased \$448. Operating expenses decreased \$1,186,720. The City increased the administration portion from 10% to 20% in order to cover the operational expenses.

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 \$1,271,334. Significant budgetary changes between the original budget and the final amended budget in the General Fund involved:

- An increase of \$178,337 in Non-departmental mostly due to items from FY 2011 that were carried forward into FY 2012 the majority of which included encumbrances and donations.
- An increase of \$735,246 in Capital Outlay that was mostly due to items from FY 2011 that were carried forward into FY 2012 and for new Capital items that were not in the original budget.

The differences between the final amended budget for appropriations (expenditures) and actual expenditures in the General Fund was a positive variance of \$1,914,720. Significant changes between the final amended budget for expenditures and the actual expenditures in the General Fund involved:

- A positive variance of \$339,015 in Fire/EMS mostly due to a reduction in overtime and related benefits incurred during the fiscal year.
- A positive variance of \$429,400 in Capital Outlay due to items budgeted but not expensed as of fiscal year end.
- A positive variance of \$258,677 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, 2012, amounts to \$80,402,027 (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 5.20% (\$3,971,016). Separately there was a .15% (\$64,482) decrease for governmental activities and a 12.07% (\$4,035,498) increase for business-type activities.

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

- Sponge Docks Restroom project was completed at a cost of \$232,573 (Fiscal Year 2012 expenditures of \$203,364), funded by the General Fund.
- Parking lot and restrooms at 143 East Tarpon Avenue completed at a cost of \$156,242 (Fiscal Year 2012 expenditures of \$103,943), funded by the CRA.
- Lemon Street Pedestrian Lighting completed at a cost of \$165,296 (Fiscal Year 2012 expenditures of \$102,956), funded by the CRA and the Pinellas County CDBG.
- Five police vehicles with accessories totaling \$136,221 were purchased during the fiscal year out of the Optional Sales Tax Fund.
- Police Swat vehicle purchased at a cost of \$184,493 during the fiscal year, purchased with Federal Equitable Sharing Funds.
- Roosevelt Boulevard Street Reconstruction and Storm Water design and engineering project; Street reconstruction expenditures totaling \$248,967 during the fiscal year; total funding by the Optional Sales Tax, Water and Sewer Fees and Storm Water Fees. This project was completed in Fiscal Year 2012 at a total cost of \$793,411.
- Gross Brick Street reconstruction completed at a cost of \$329,448 (Fiscal Year 2012 expenditures of \$283,797), funded by the Capital Project Fund and the Water and Sewer Fund.
- Canal Brick Street reconstruction completed at a cost of \$184,364 (Fiscal Year 2012 expenditures of \$150,640), funded by the Capital Project Fund and the Water and Sewer Fund.
- Cemetery Improvements completed at a cost of \$320,792 (Fiscal Year 2012 expenditures of \$167,127), funded by the Optional Sales Tax Fund.
- Ongoing expenditures for Chesapeake Brick Street reconstruction of \$224,610 in Fiscal Year 2012, funded by the Capital Project Fund, Optional Sales Tax Fund, Water and Sewer Fund and the Storm Water Fund.
- Ongoing expenses of \$256,616 during the fiscal year towards the implementation of Radio Read Meters, funded by the Water and Sewer Fund.
- New Sewer Collection Building completed at a cost of \$306,997 (Fiscal Year 2012 expenses of \$262,887), funded by the Water and Sewer Fund.
- Ongoing expenses of \$1,817,885 during the fiscal year for the Sewering of Lake Tarpon Phase II-A, funded by the Water and Sewer Impact Fund and the Water and Sewer Fund. This project will be completed in Fiscal Year 2013.
- Ongoing expenses of \$1,111,413 during the fiscal year for the Alternative Water Plant, funded by the Water and Sewer Fund.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land and land rights	\$ 5,164,829	\$ 5,164,829	\$ 2,667,573	\$ 2,648,883	\$ 7,832,402	\$ 7,813,712
Buildings and improvements	7,847,137	7,973,573	769,513	775,516	8,616,650	8,749,089
Improvements other than buildings	4,052,134	3,618,770	22,719,644	22,152,895	26,771,778	25,771,665
Machinery and equipment	2,375,763	2,217,201	806,495	820,554	3,182,258	3,037,755
Infrastructure	21,233,868	15,772,905	-	-	21,233,868	15,772,905
Total	40,673,731	34,747,278	26,963,225	26,397,848	67,636,956	61,145,126
Construction in progress	2,266,922	8,257,857	10,498,149	7,028,028	12,765,071	15,285,885
Total	<u>\$ 42,940,653</u>	<u>\$ 43,005,135</u>	<u>\$ 37,461,374</u>	<u>\$ 33,425,876</u>	<u>\$ 80,402,027</u>	<u>\$ 76,431,011</u>

The following reconciliation summarizes the change in capital assets, which is presented in detail in Note III-C on Pages B-54 to B-55 of the notes.

**Change in Capital Assets**

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 43,005,135	\$ 33,425,876	\$ 76,431,011
Additions	8,663,414	2,303,866	10,967,280
Construction in progress	(5,990,935)	3,470,121	(2,520,814)
Retirements	(2,749)	(2,445)	(5,194)
Depreciation	<u>(2,734,212)</u>	<u>(1,736,044)</u>	<u>(4,470,256)</u>
Ending Balance	<u>\$ 42,940,653</u>	<u>\$ 37,461,374</u>	<u>\$ 80,402,027</u>

**Long-Term Debt**

At the end of the current fiscal year, the City had total debt outstanding of \$6,960,965 which comprises bonds and notes secured solely by specified revenue sources.

The City's total debt decreased by \$137,000 (2%) during the current fiscal year. The City had no new issuance of debt and there were no additional draws on the Water and Sewer Revenue Bond Anticipation Note Line of Credit.

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



## Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenue Note	\$ 287,000	\$ 424,000	\$ -	\$ -	\$ 287,000	\$ 424,000
Revenue Bond Anticipation Note	-	-	6,673,965	6,673,965	6,673,965	6,673,965
Total	<u>\$ 287,000</u>	<u>\$ 424,000</u>	<u>\$ 6,673,965</u>	<u>\$ 6,673,965</u>	<u>\$ 6,960,965</u>	<u>\$ 7,097,965</u>

On February 5, 2013, the Board of Commissioners awarded the bid for construction of the new Alternative Water Supply Project. Also approved on February 5, 2013 was Resolution 2013-06 which amended and restated the Master Utility System Bond Resolution; Resolution 2013-07 which provides for the issuance of not to exceed \$45,000,000 Utility System Revenue Bonds, Series 2013A, for the purpose of refunding the City's outstanding Utility System Revenue Bond Anticipation Note, Series 2007A, and to finance and/or reimburse the cost of the design, permitting, acquisition and construction of well sites, pipelines and a reverse osmosis water plant project, funding necessary reserves, and paying all related costs; and Resolution 2013-08 authorizing the issuance of a Utility System Grant Anticipation Note, Series 2013 in the aggregate principal amount of not to exceed \$18,530,000 to finance capital cost which are eligible for reimbursement under a Southwest Florida Water Management District Grant for the Reverse Osmosis Plant Project and to pay other related costs.

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

The Utility System Revenue Bonds, Series 2013A were priced and sold on February 20, 2013 with a par amount of \$35,795,000 and were closed on March 12, 2013.

Additional information on the City's long-term debt can be found in Note III-F on pages B-58 to B-60 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 increased slightly in FY 2012. The number of building permits pulled is lower or has remained constant over the four previous fiscal periods. Property values are declining in the City as they are throughout the State of Florida.

## 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, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,844,282	\$ 8,446,919	\$ 24,291,201
Investments	16,154,439	6,432,462	22,586,901
Receivables (net of allowance)	772,336	1,879,326	2,651,662
Due from other governments	622,651	169,448	792,099
Internal balances	467,155	(467,155)	-
Inventories	60,327	202,281	262,608
Prepaid items	1,159,417	90,394	1,249,811
Net pension asset	354,814	-	354,814
Restricted assets - cash and cash equivalents	-	3,960,048	3,960,048
Capital Assets:			
Land and land rights	5,164,829	2,667,573	7,832,402
Buildings and improvements	18,230,356	965,849	19,196,205
Improvements other than buildings	7,630,050	48,480,178	56,110,228
Machinery and equipment	8,701,315	4,215,891	12,917,206
Infrastructure	41,420,374	-	41,420,374
Construction in progress	2,266,922	10,498,149	12,765,071
Accumulated depreciation	(40,473,193)	(29,366,266)	(69,839,459)
Total Assets	78,376,074	58,175,097	136,551,171
<b>LIABILITIES</b>			
Accounts payable	441,127	1,118,362	1,559,489
Accrued liabilities	133,739	27,168	160,907
Contracts payable	-	592,338	592,338
Deposits	14,525	1,430,347	1,444,872
Unavailable revenue	793,033	3,858	796,891
Non Current Liabilities			
Due Within One Year:			
Revenue note payable	141,000	-	141,000
Compensated absences	53,640	18,564	72,204
Claims payable	10,976	-	10,976
Due In More Than One Year:			
Bonds payable	-	6,673,965	6,673,965
Revenue note payable	146,000	-	146,000
Other postemployment benefits	123,915	52,085	176,000
Compensated absences	1,007,744	188,321	1,196,065
Claims payable	153,152	-	153,152
Total Liabilities	3,018,851	10,105,008	13,123,859
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Local business tax-future year	182,595	-	182,595
Mausoleum revenue-future year	9,188	-	9,188
Sewer impacts/connections-future year	-	36,307	36,307
Total Deferred Inflows of Resources	191,783	36,307	228,090
<b>NET POSITION</b>			
Net investment in capital assets	42,653,653	30,787,409	73,441,062
Restricted for :			
Capital projects - optional sales tax	7,375,429	-	7,375,429
Capital projects - impact fee programs	1,502,984	2,392,642	3,895,626
Transportation	761,167	-	761,167
CRA	77,396	-	77,396
Law enforcement programs	365,193	-	365,193
Grant programs	49,493	-	49,493
Special programs	105,109	-	105,109
Other contractual obligations	459,745	594,314	1,054,059
Loan receivable	200,000	-	200,000
Street and sidewalk principal, nonexpendable	2,000,000	-	2,000,000
Unrestricted	19,615,271	14,259,417	33,874,688
Total Net Position	\$ 75,165,440	\$ 48,033,782	\$ 123,199,222

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, 2012**

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 2,789,491	\$ 545,215	\$ -	\$ 3,461	\$ (2,240,815)	\$ -	\$ (2,240,815)
Public safety	11,712,003	1,868,326	202,712	18,600	(9,622,365)	-	(9,622,365)
Physical environment	1,240,584	169,750	19,178	-	(1,051,656)	-	(1,051,656)
Transportation	2,116,119	-	49,148	115,841	(1,951,130)	-	(1,951,130)
Economic environment	365,584	-	-	-	(365,584)	-	(365,584)
Culture/recreation	3,899,214	374,117	333,185	22,800	(3,169,112)	-	(3,169,112)
Interest on long-term debt	12,542	-	-	-	(12,542)	-	(12,542)
<b>Total governmental activities</b>	<b>22,135,537</b>	<b>2,957,408</b>	<b>604,223</b>	<b>160,702</b>	<b>(18,413,204)</b>	<b>-</b>	<b>(18,413,204)</b>
<b>Business-Type Activities:</b>							
Water/Sewer	9,348,746	11,698,218	44,988	2,116,009	-	4,510,469	4,510,469
Sanitation	3,701,551	4,031,733	-	-	-	330,182	330,182
Storm Water	687,356	1,106,378	-	-	-	419,022	419,022
Golf Course	1,217,951	1,363,095	-	-	-	145,144	145,144
Marina	84,547	45,235	-	-	-	(39,312)	(39,312)
<b>Total business-type activities</b>	<b>15,040,151</b>	<b>18,244,659</b>	<b>44,988</b>	<b>2,116,009</b>	<b>-</b>	<b>5,365,505</b>	<b>5,365,505</b>
<b>Total primary government</b>	<b>\$ 37,175,688</b>	<b>\$ 21,202,067</b>	<b>\$ 649,211</b>	<b>\$ 2,276,711</b>	<b>(18,413,204)</b>	<b>5,365,505</b>	<b>(13,047,699)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes					7,026,707	-	7,026,707
Property taxes -Tax Increment							
Financing (TIF) - County portion					121,924	-	121,924
Utility taxes					2,386,538	-	2,386,538
Communication service taxes					1,142,824	-	1,142,824
Half-cent sales tax					1,236,403	-	1,236,403
Local option gas tax					295,330	-	295,330
Local option sales tax					1,762,725	-	1,762,725
Local business tax					176,558	-	176,558
Other taxes					52,478	-	52,478
Franchise fees					1,653,880	-	1,653,880
State revenue sharing					656,534	-	656,534
Investment income					238,069	232,979	471,048
Miscellaneous					912,698	-	912,698
<b>Transfers</b>					<b>954,751</b>	<b>(954,751)</b>	<b>-</b>
<b>Total General Revenues</b>					<b>18,617,419</b>	<b>(721,772)</b>	<b>17,895,647</b>
<b>Change in Net Position</b>					<b>204,215</b>	<b>4,643,733</b>	<b>4,847,948</b>
<b>Net Position - Beginning</b>					<b>74,961,225</b>	<b>43,390,049</b>	<b>118,351,274</b>
<b>Net Position - Ending</b>					<b>\$ 75,165,440</b>	<b>\$ 48,033,782</b>	<b>\$ 123,199,222</b>

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

**CITY OF TARPON SPRINGS, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

	General Fund	Community Redevelopment Agency Downtown	Optional Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,225,125	\$ 546,071	\$ 2,856,425	\$ 1,524,802	\$ 15,152,423
Investments	6,472,229	750,000	2,582,157	3,798,377	13,602,763
Accounts receivable - net of allowance for doubtful accounts	316,221	1,135	-	-	317,356
Taxes receivable	435,820	-	-	-	435,820
Due from other funds (deficit in pooled cash)	480,494	-	-	-	480,494
Due from other governments	277,558	-	291,099	53,994	622,651
Advance to other fund	-	-	1,207,585	-	1,207,585
Prepaid items	156,320	363	994,850	430	1,151,963
Inventories	14,563	-	-	-	14,563
Total Assets	<u>\$ 18,378,330</u>	<u>\$ 1,297,569</u>	<u>\$ 7,932,116</u>	<u>\$ 5,377,603</u>	<u>\$ 32,985,618</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 157,713	\$ 9,008	\$ 59,262	\$ 187,013	\$ 412,996
Accrued liabilities	130,111	580	-	1,662	132,353
Due to other fund (deficit in pooled cash)	-	-	-	13,339	13,339
Deposits	11,525	3,000	-	-	14,525
Advance from other fund	-	1,207,585	-	-	1,207,585
Unavailable revenue	295,608	-	497,425	-	793,033
Total Liabilities	<u>594,957</u>	<u>1,220,173</u>	<u>556,687</u>	<u>202,014</u>	<u>2,573,831</u>
Deferred Inflows of Resources:					
Local business tax-future year	182,595	-	-	-	182,595
Mausoleum revenue-future year	9,188	-	-	-	9,188
Total Deferred Inflows of Resources	<u>191,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,783</u>
Fund Balances:					
Nonspendable:					
Inventory	14,563	-	-	-	14,563
Prepaid items	156,320	363	994,850	430	1,151,963
Advance to other fund	-	-	1,207,585	-	1,207,585
Loan receivable	200,000	-	-	-	200,000
Street and sidewalk principal, nonexpendable	-	-	-	2,000,000	2,000,000
Restricted for:					
Donations received	235,644	-	-	-	235,644
Capital projects - impact fee programs	-	-	-	1,502,984	1,502,984
CRA	-	77,033	-	-	77,033
Capital projects - optional sales tax	-	-	5,172,994	-	5,172,994
Transportation	-	-	-	761,167	761,167
Law enforcement programs	-	-	-	365,193	365,193
Library	-	-	-	77,612	77,612
Public art program	-	-	-	27,067	27,067
Physical environment	-	-	-	49,493	49,493
Committed to:					
Cemetery	1,930,030	-	-	-	1,930,030
Tree bank	453,527	-	-	-	453,527
Employee benefit cost deferral	-	-	-	428,968	428,968
Assigned to:					
Compensated absences	1,037,350	-	-	-	1,037,350
Disaster reserve	50,000	-	-	-	50,000
Subsequent years expenditures	1,672,817	-	-	-	1,672,817
Insurance	433,222	-	-	-	433,222
Land reserve	620,000	-	-	-	620,000
City building improvements	123,824	-	-	-	123,824
Other contractual obligations	104,719	-	-	-	104,719
Unassigned:	<u>10,559,574</u>	<u>-</u>	<u>-</u>	<u>(37,325)</u>	<u>10,522,249</u>
Total Fund Balances	<u>17,591,590</u>	<u>77,396</u>	<u>7,375,429</u>	<u>5,175,589</u>	<u>30,220,004</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,378,330</u>	<u>\$ 1,297,569</u>	<u>\$ 7,932,116</u>	<u>\$ 5,377,603</u>	<u>\$ 32,985,618</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, 2012**

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Fund balances - total governmental funds \$ 30,220,004

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

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

Governmental capital assets	\$ 83,167,961	
Less accumulated depreciation	<u>(40,344,030)</u>	42,823,931

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

Revenue note payable	(287,000)	
Compensated absences	(1,048,880)	
Other postemployment benefits	<u>(119,919)</u>	(1,455,799)

The net pension asset related to governmental activities does not  
represent financial resources and is not reported in the funds. 354,814

Interest revenues are not recognized in the current period because the  
resources are not available, therefore, are not reported in the funds. 17,177

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.

3,205,313

Net position of governmental activities. \$ 75,165,440



**CITY OF TARPON SPRINGS, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	General Fund	Community Redevelopment Agency Downtown	Optional Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 10,596,687	\$ 135,940	\$ 1,762,725	\$ 295,330	\$ 12,790,682
Permits and fees	1,882,772	-	-	78,477	1,961,249
Intergovernmental	2,035,794	121,924	-	492,976	2,650,694
Charges for services	1,967,159	-	-	-	1,967,159
Fines and forfeitures	199,530	-	-	34,379	233,909
Other	1,583,557	14,765	31,356	142,596	1,772,274
<b>Total Revenues</b>	<b>18,265,499</b>	<b>272,629</b>	<b>1,794,081</b>	<b>1,043,758</b>	<b>21,375,967</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>General Government:</b>					
Board of commissioners	126,779	-	-	-	126,779
City manager	276,402	-	-	-	276,402
Financial administration	431,599	-	-	-	431,599
Human resources	229,077	-	-	-	229,077
Purchasing	203,490	-	-	-	203,490
Management information services	300,490	-	-	-	300,490
City attorney	144,833	-	-	-	144,833
Planning	198,043	-	-	-	198,043
City clerk	253,061	-	-	-	253,061
Non-departmental	400,198	-	-	-	400,198
	<u>2,563,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,563,972</u>
<b>Public Safety:</b>					
Police	6,071,735	-	-	304,965	6,376,700
Fire/ems/emergency management	4,062,598	-	-	-	4,062,598
Protective inspections	444,406	-	-	-	444,406
	<u>10,578,739</u>	<u>-</u>	<u>-</u>	<u>304,965</u>	<u>10,883,704</u>
<b>Physical Environment:</b>					
City engineering	317,132	-	-	-	317,132
City buildings/grounds	571,861	-	-	-	571,861
Cemetery	245,791	-	-	-	245,791
Other	8,110	-	-	4,890	13,000
	<u>1,142,894</u>	<u>-</u>	<u>-</u>	<u>4,890</u>	<u>1,147,784</u>
<b>Transportation:</b>					
Roads and streets	994,527	-	-	-	994,527
<b>Economic Environment:</b>					
Other	73,603	126,267	-	-	199,870
	<u>73,603</u>	<u>126,267</u>	<u>-</u>	<u>-</u>	<u>199,870</u>
<b>Culture and Recreation:</b>					
Library	978,449	-	-	-	978,449
Parks and recreation	1,457,960	-	-	-	1,457,960
Cultural	818,145	-	-	-	818,145
Other	-	-	-	221,729	221,729
	<u>3,254,554</u>	<u>-</u>	<u>-</u>	<u>221,729</u>	<u>3,476,283</u>
<b>Capital Outlay</b>	<b>625,246</b>	<b>209,137</b>	<b>834,995</b>	<b>965,422</b>	<b>2,634,800</b>
<b>Debt Service</b>	<b>-</b>	<b>-</b>	<b>149,542</b>	<b>-</b>	<b>149,542</b>
<b>Total Expenditures</b>	<b>19,233,535</b>	<b>335,404</b>	<b>984,537</b>	<b>1,497,006</b>	<b>22,050,482</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(968,036)</b>	<b>(62,775)</b>	<b>809,544</b>	<b>(453,248)</b>	<b>(674,515)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,250,979	-	-	200,000	1,450,979
Transfers out	-	-	-	(496,228)	(496,228)
<b>Total Other Financing Sources (Uses)</b>	<b>1,250,979</b>	<b>-</b>	<b>-</b>	<b>(296,228)</b>	<b>954,751</b>
<b>Net Change in Fund Balances</b>	<b>282,943</b>	<b>(62,775)</b>	<b>809,544</b>	<b>(749,476)</b>	<b>280,236</b>
<b>Fund Balances - Beginning of Year</b>	<b>17,308,647</b>	<b>140,171</b>	<b>6,565,885</b>	<b>5,925,065</b>	<b>29,939,768</b>
<b>Fund Balances - End of Year</b>	<b>\$ 17,591,590</b>	<b>\$ 77,396</b>	<b>\$ 7,375,429</b>	<b>\$ 5,175,589</b>	<b>\$ 30,220,004</b>

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, 2012**

Net change in fund balances - total governmental funds	\$	280,236
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	\$	2,634,800
Less current year depreciation		<u>(2,715,213)</u>
		(80,413)
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.		
		(2,749)
Repayment of long term debt principal is an expenditure in the governmental funds, however the repayment reduces long-term liabilities in the statement of net assets. Current year amounts are:		
Revenue note principal payments		137,000
Net pension asset is not a current financial resource and consequently is not reported in the funds. However it is an asset in the statement of net assets.		
Current year change in the net pension asset		(15,704)
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		(31,014)
Revenues which do not provide current financial resources and are not reported in the governmental funds.		
Current year change in accrued interest		(12,046)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of issuance costs		(10,714)
Current year change in compensated absences		<u>(58,713)</u>
		(69,427)
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>(1,668)</u>
Change in net position of governmental activities.	\$	<u>204,215</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 10,425,678	\$ 10,425,678	\$ 10,596,687	\$ 171,009
Permits and fees	1,962,250	1,964,750	1,882,772	(81,978)
Intergovernmental	1,943,089	1,943,089	2,035,794	92,705
Charges for services	1,874,642	1,874,642	1,967,159	92,517
Fines and forfeitures	150,300	150,300	199,530	49,230
Other	765,543	771,603	1,583,557	811,954
Total Revenues	17,121,502	17,130,062	18,265,499	1,135,437
<b>Expenditures:</b>				
Current:				
General Government:				
Board of commissioners	137,883	137,883	126,779	11,104
City manager	278,017	278,017	276,402	1,615
Financial administration	464,917	484,557	431,599	52,958
Human resources	263,615	272,555	229,077	43,478
Purchasing	210,312	210,312	203,490	6,822
Management information services	271,853	348,387	300,490	47,897
City attorney	236,881	236,881	144,833	92,048
Planning	216,584	216,584	198,043	18,541
City clerk	280,707	280,707	253,061	27,646
Non-departmental	480,538	658,875	400,198	258,677
	2,841,307	3,124,758	2,563,972	560,786
Public Safety:				
Police	6,132,890	6,205,281	6,071,735	133,546
Fire/ems/emergency management	4,354,875	4,401,613	4,062,598	339,015
Protective inspections	495,247	495,247	444,406	50,841
	10,983,012	11,102,141	10,578,739	523,402
Physical Environment:				
City engineering	325,672	325,672	317,132	8,540
City buildings/grounds	568,334	597,191	571,861	25,330
Cemetery	244,192	256,711	245,791	10,920
Tree bank	75,000	39,369	8,110	31,259
	1,213,198	1,218,943	1,142,894	76,049
Transportation:				
Roads and streets	1,120,096	1,118,634	994,527	124,107
Economic Environment:				
Economic development	100,979	100,979	73,603	27,376
Culture and Recreation:				
Library	992,256	1,021,033	978,449	42,584
Parks and recreation	1,516,344	1,581,344	1,457,960	123,384
Cultural	790,329	825,777	818,145	7,632
	3,298,929	3,428,154	3,254,554	173,600
Capital Outlay	319,400	1,054,646	625,246	429,400
Total Expenditures	19,876,921	21,148,255	19,233,535	1,914,720
Excess of Revenues Over (Under) Expenditures	(2,755,419)	(4,018,193)	(968,036)	3,050,157
Other Financing Sources:				
Transfers in	1,250,979	1,250,979	1,250,979	-
Total Other Financing Sources	1,250,979	1,250,979	1,250,979	-
Net Change in Fund Balances	(1,504,440)	(2,767,214)	282,943	3,050,157
Fund Balances - Beginning of Year	17,308,647	17,308,647	17,308,647	-
Fund Balances - End of Year	\$ 15,804,207	\$ 14,541,433	\$ 17,591,590	\$ 3,050,157

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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 138,908	\$ 138,908	\$ 135,940	\$ (2,968)
Intergovernmental	124,577	124,577	121,924	(2,653)
Other	7,750	7,750	14,765	7,015
Total Revenues	271,235	271,235	272,629	1,394
<b>Expenditures:</b>				
Current:				
Economic Environment:				
Other	267,498	279,833	126,267	153,566
Capital Outlay	259,570	544,380	209,137	335,243
Total Expenditures	527,068	824,213	335,404	488,809
Net Change in Fund Balances	(255,833)	(552,978)	(62,775)	490,203
Fund Balances - Beginning of Year	140,171	140,171	140,171	-
Fund Balances - End of Year	\$ (115,662)	\$ (412,807)	\$ 77,396	\$ 490,203

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, 2012**

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds			Total	
	Sanitation	Water and Sewer	Non-Major Enterprise Funds		
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,811,610	\$ 4,855,065	\$ 1,780,244	\$ 8,446,919	\$ 691,859
Investments	1,100,374	3,431,675	1,900,413	6,432,462	2,551,676
Receivables:					
Interest	1,112	2,505	1,179	4,796	1,983
Accounts - billed (net)	285,015	865,451	107,777	1,258,243	-
Accounts - unbilled	126,690	413,371	40,485	580,546	-
Due from other governments	-	169,448	-	169,448	-
Advance to other fund	301,639	-	-	301,639	-
Inventories	-	175,413	26,868	202,281	45,764
Prepaid items	7,127	71,202	12,065	90,394	7,454
Restricted cash and cash equivalents:					
Customer deposits	444,670	984,237	-	1,428,907	-
Total Current Assets	4,078,237	10,968,367	3,869,031	18,915,635	3,298,736
Non-Current Assets:					
Restricted:					
Receivables:					
Accrued interest	-	4,144	-	4,144	-
Accounts receivable - billed (net)	-	31,597	-	31,597	-
Cash and cash equivalents:					
Impact fees	-	2,531,141	-	2,531,141	-
Capital Assets:					
Land and land rights	421,435	2,194,382	51,756	2,667,573	-
Buildings and improvements	9,494	458,182	498,173	965,849	44,756
Improvements other than buildings	93,074	45,810,975	2,576,129	48,480,178	136,728
Machinery and equipment	332,776	2,730,806	1,152,309	4,215,891	63,626
Accumulated depreciation	(327,145)	(26,985,948)	(2,053,173)	(29,366,266)	(129,163)
Construction in progress	-	9,926,383	571,766	10,498,149	775
Total Non-Current Assets	529,634	36,701,662	2,796,960	40,028,256	116,722
Total Assets	4,607,871	47,670,029	6,665,991	58,943,891	3,415,458
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	40,352	858,244	219,766	1,118,362	28,131
Accrued liabilities	2,158	20,808	4,202	27,168	1,386
Contracts payable	395,140	197,198	-	592,338	-
Due to other fund (deficit in pooled cash)	-	-	467,155	467,155	-
Advance from other fund	-	-	301,639	301,639	-
Customer deposits	444,670	984,237	1,440	1,430,347	-
Claims payable	-	-	-	-	10,976
Compensated absences	784	16,338	1,442	18,564	2,010
Unavailable revenue	-	-	3,858	3,858	-
Total Current Liabilities	883,104	2,076,825	999,502	3,959,431	42,503
Non-Current Liabilities:					
Bonds payable	-	6,673,965	-	6,673,965	-
Claims payable	-	-	-	-	153,152
Other postemployment benefits	5,095	37,708	9,282	52,085	3,996
Compensated absences	16,301	134,685	37,335	188,321	10,494
Total Non-Current Liabilities	21,396	6,846,358	46,617	6,914,371	167,642
Total Liabilities	904,500	8,923,183	1,046,119	10,873,802	210,145
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Sewer impacts/connections-future year	-	36,307	-	36,307	-
Total Deferred Inflows of Resources	-	36,307	-	36,307	-
<b>NET POSITION</b>					
Net investment in capital assets	529,634	27,460,815	2,796,960	30,787,409	116,722
Restricted for:					
Capital projects - impact fee program	-	2,392,642	-	2,392,642	-
Other contractual obligations	308,766	246,615	38,933	594,314	53,218
Unrestricted	2,864,971	8,610,467	2,783,979	14,259,417	3,035,373
Total Net Position	\$ 3,703,371	\$ 38,710,539	\$ 5,619,872	\$ 48,033,782	\$ 3,205,313

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, 2012**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sanitation	Water and Sewer	Non-Major Enterprise Funds	Total	
Operating Revenues:					
Charges for services	\$ 3,986,770	\$ 11,585,878	\$ 2,509,807	\$ 18,082,455	\$ 1,485,913
Other	2,546	112,340	4,901	119,787	950
Total Operating Revenues	3,989,316	11,698,218	2,514,708	18,202,242	1,486,863
Operating Expenses:					
Personnel services	353,652	3,189,703	702,759	4,246,114	267,859
Contractual services	3,271,171	2,808,674	709,777	6,789,622	10,350
Supplies	28,125	664,395	240,283	932,803	467,198
Repairs and maintenance	20,812	587,881	68,930	677,623	243,610
Utilities	3,903	511,454	80,655	596,012	426
Claims	-	-	-	-	84,385
Insurance	-	-	-	-	416,784
Depreciation	22,683	1,525,911	187,450	1,736,044	18,999
Total Operating Expenses	3,700,346	9,288,018	1,989,854	14,978,218	1,509,611
Operating Income (Loss)	288,970	2,410,200	524,854	3,224,024	(22,748)
Non-Operating Revenues (Expenses):					
Investment income	42,826	166,424	14,260	223,510	15,049
Net change in fair value of investments	2,035	5,268	2,166	9,469	6,031
Intergovernmental grants	-	44,988	-	44,988	-
Interest expense	(1,205)	(54,652)	-	(55,857)	-
Other	42,417	(6,076)	-	36,341	-
Total Non-Operating Revenues (Expenses)	86,073	155,952	16,426	258,451	21,080
Income (Loss) before Contributions and Transfers	375,043	2,566,152	541,280	3,482,475	(1,668)
Capital grants and contributions	-	2,116,009	-	2,116,009	-
Transfers in	-	70,493	-	70,493	-
Transfers out	(201,400)	(543,229)	(280,615)	(1,025,244)	-
	(201,400)	1,643,273	(280,615)	1,161,258	-
Change in Net Position	173,643	4,209,425	260,665	4,643,733	(1,668)
Net Position - Beginning of Year	3,529,728	34,501,114	5,359,207	43,390,049	3,206,981
Net Position - End of Year	\$ 3,703,371	\$ 38,710,539	\$ 5,619,872	\$ 48,033,782	\$ 3,205,313

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, 2012**

	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	\$ 4,048,271	\$ 11,324,880	\$ 2,499,726	\$ 17,872,877	\$ -
Cash payments to suppliers	(3,501,049)	(3,954,129)	(1,084,275)	(8,539,453)	(1,142,423)
Cash payments to employees	(341,025)	(3,181,801)	(697,955)	(4,220,781)	(268,194)
Cash received from other funds	-	-	-	-	1,484,026
Other	42,417	(6,076)	-	36,341	-
Net cash provided by operating activities	<u>248,614</u>	<u>4,182,874</u>	<u>717,496</u>	<u>5,148,984</u>	<u>73,409</u>
Cash flows from noncapital financing activities:					
Transfers in	-	70,493	-	70,493	-
Transfers out	(201,400)	(543,229)	(280,615)	(1,025,244)	-
Intergovernmental grants	-	44,988	-	44,988	-
Interest paid	(1,205)	(2,577)	-	(3,782)	-
Advance to other fund	44,323	-	-	44,323	-
Advance from other fund	-	-	(44,323)	(44,323)	-
Payment of cash on loans to/from other funds	-	-	(7,574)	(7,574)	-
Net cash used by noncapital financing activities	<u>(158,282)</u>	<u>(430,325)</u>	<u>(332,512)</u>	<u>(921,119)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Interest payments on debt	-	(52,075)	-	(52,075)	-
Disposal of capital assets	298	1,744	403	2,445	-
Acquisition and construction of capital assets	(1,981)	(5,240,022)	(531,984)	(5,773,987)	(37,679)
Contributed capital	-	2,116,009	-	2,116,009	-
Net cash used for capital and related financing activities	<u>(1,683)</u>	<u>(3,174,344)</u>	<u>(531,581)</u>	<u>(3,707,608)</u>	<u>(37,679)</u>
Cash flows from investing activities:					
Interest on investments	42,826	166,424	14,260	223,510	15,049
Proceeds of investment sales & maturities	2,600,000	6,436,967	3,407,575	12,444,542	5,050,000
Purchase of investments	(2,100,000)	(5,929,391)	(2,900,000)	(10,929,391)	(5,050,000)
Net cash provided by investing activities	<u>542,826</u>	<u>674,000</u>	<u>521,835</u>	<u>1,738,661</u>	<u>15,049</u>
Net increase in cash and cash equivalents	631,475	1,252,205	375,238	2,258,918	50,779
Cash and cash equivalents at beginning of year	<u>1,624,805</u>	<u>7,118,238</u>	<u>1,405,006</u>	<u>10,148,049</u>	<u>641,080</u>
Cash and cash equivalents at end of year	<u>\$ 2,256,280</u>	<u>\$ 8,370,443</u>	<u>\$ 1,780,244</u>	<u>\$ 12,406,967</u>	<u>\$ 691,859</u>
Cash and cash equivalents classified as:					
Cash and cash equivalents	\$ 1,811,610	\$ 4,855,065	\$ 1,780,244	\$ 8,446,919	\$ 691,859
Restricted cash and cash equivalents - current:					
Customer deposits	444,670	984,237	-	1,428,907	-
Restricted cash and cash equivalents - non-current:					
Impact fees	-	2,531,141	-	2,531,141	-
	<u>\$ 2,256,280</u>	<u>\$ 8,370,443</u>	<u>\$ 1,780,244</u>	<u>\$ 12,406,967</u>	<u>\$ 691,859</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, 2012**

	Business-type Activities Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Sanitation	Water and Sewer	Non-Major Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 288,970	\$ 2,410,200	\$ 524,854	\$ 3,224,024	\$ (22,748)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other	42,417	(6,076)	-	36,341	-
Depreciation expense	22,683	1,525,911	187,450	1,736,044	18,999
Change in assets and liabilities:					
(Increase) decrease in accounts receivable - interest	131	(614)	1,066	583	(342)
(Increase) decrease in accounts receivable - billed (net)	34,664	(130,427)	(16,510)	(112,273)	-
(Increase) decrease in unbilled accounts receivable	22,330	(58,153)	465	(35,358)	-
(Increase) decrease in due from other governments	1,830	(169,448)	-	(167,618)	-
(Increase) decrease in inventories	-	(20,672)	277	(20,395)	(441)
(Increase) decrease in prepaid items	(59)	22,082	18	22,041	(4,862)
Increase (decrease) in accounts and contracts payable	(136,417)	588,573	15,724	467,880	17,489
Increase (decrease) in accrued liabilities	557	(751)	(141)	(335)	(417)
Increase in claims payable	-	-	-	-	68,144
Decrease in unavailable revenue	-	(51,003)	(3)	(51,006)	(2,495)
Increase (decrease) in customer deposits	18,055	28,292	(649)	45,698	-
Decrease in landfill post-closure	(58,617)	-	-	(58,617)	-
Increase in other postemployment benefits	2,491	17,178	4,303	23,972	2,014
Increase (decrease) in compensated absences	9,579	(8,525)	642	1,696	(1,932)
Increase in deferred inflows of resources	-	36,307	-	36,307	-
Total adjustments	(40,356)	1,772,674	192,642	1,924,960	96,157
Net cash provided by operating activities	\$ 248,614	\$ 4,182,874	\$ 717,496	\$ 5,148,984	\$ 73,409

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, 2012**

	Employee Retirement Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 2,408,838	\$ 79,934
Accounts receivable	57,418	-
Interest receivable	135,370	-
Prepaid items	2,633	-
Investments, at fair value:		
U.S. Government Securities	6,057,555	-
Equities Common Stock	19,226,003	-
Mutual Funds	8,998,022	-
Corporate Bonds	6,937,176	-
Total Investments	<u>41,218,756</u>	<u>-</u>
Total Assets	<u>43,823,015</u>	<u>79,934</u>
<b>Liabilities</b>		
Accounts payable	125,774	-
Due to other governments	-	79,934
Total Liabilities	<u>125,774</u>	<u>79,934</u>
<b>Net Position</b>		
Held in Trust for Pension Benefits	\$ <u>43,697,241</u>	\$ <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, 2012**

	<u>Employee Retirement Funds</u>
<b>Additions:</b>	
<b>Contributions:</b>	
Employer	\$ 1,554,803
Plan members	419,202
State of Florida	411,640
<b>Total Contributions</b>	<u>2,385,645</u>
<b>Investment Income:</b>	
Net increase in fair value of investments (realized and unrealized)	5,515,895
Interest	445,458
Dividends	664,677
	<u>6,626,030</u>
<b>Less Investment Expenses:</b>	
Investment management fees	184,262
	<u>184,262</u>
<b>Net Investment Income</b>	<u>6,441,768</u>
<b>Total Additions</b>	<u>8,827,413</u>
<b>Deductions:</b>	
Benefits	2,447,544
Refunds of contributions	50,168
Administrative expense	96,368
<b>Total Deductions</b>	<u>2,594,080</u>
<b>Change in Net Position</b>	6,233,333
<b>Net Position - Beginning of Year</b>	<u>37,463,908</u>
<b>Net Position - End of Year</b>	<u><u>\$ 43,697,241</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, 2012

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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, 2012

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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 were part of the City (blended component unit) due to the City Commission serving as the governing board of the CRA. All revenues of the CRA are used in the district to fund capital improvements within the district. 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, 2012, 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 nonfiduciary 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 liabilities 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.

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)



## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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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. The fiduciary fund statements for the agency funds do not report revenues and expenses and therefore do not have a measurement focus. The agency funds use the full accrual basis of accounting to recognize receivables and payables.

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

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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current fiscal period. Grant revenues are an exception, as they are considered available 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 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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### 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.

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.

Agency Fund – is used to account for the City's collection of radon gas and transportation impact fees which are remitted to the State of Florida and Pinellas County, respectively.

#### 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.

#### Application of FASB Pronouncements to Business-type Activities and Enterprise Funds:

The City has elected to implement the provisions of GASB Statement 20 with regard to the application of FASB Pronouncements to its business-type activities and enterprise funds. In accordance with the provisions of GASB Statement 20, the City has elected to not apply those FASB statements and interpretations issued after November 30, 1989.

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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements

September 30, 2012

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#### **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.

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 laddered 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, and commercial paper.

Investments are carried at a mixture of amortized cost and fair value based measures because certain investments meet the Government Accounting Standards Board Statement No. 31 criteria for reporting at amortized cost. The State Board of Administration Pool (Florida Prime) Plan A, a 2a7-like pool, is carried at amortized cost, which approximates fair value. A 2a7-like pool is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940,

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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which comprises the rules governing money market funds. Thus, Plan A of Florida Prime operates essentially as a money market fund.

#### 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.

#### 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

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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Net interest cost (interest cost less interest earned on the investment of unexpended debt proceeds) is capitalized in the proprietary funds 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. There was no interest capitalized during the year ended September 30, 2012.

#### 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.

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 one years 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.



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

### **Notes to the Financial Statements September 30, 2012**

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#### **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 bonds outstanding method which approximates the effective interest method.

#### **Unavailable Revenue:**

Unavailable revenue recorded in the general fund relates to rental payments from Tarpon Springs Hospital Foundation, Inc. (Helen Ellis Memorial Hospital) and Federal and State grants received that are not yet available to finance expenditures of the current fiscal period.

Unavailable revenue recorded in the optional sales tax fund is funding from Pinellas County based on an inter-local agreement between the City and the County for the Hurricane and Storm Damage Reduction Project that is not yet available to finance expenditures of the current fiscal year.

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

#### **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 Assets (changed to Net Position) which are:

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

Deferred Inflows of Resources - is an acquisition of net assets 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 (replacing Net Assets) 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

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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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 implementing GASB Statement No. 65 the City established that Local Business Taxes, Mausoleum Loans and Sewer Impact/Connection Loans that were all billed in FY 2012, but are revenues of the subsequent year FY 2013, are to be classified as Deferred Inflows 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 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 \$15,883,472 of restricted net position, of which \$6,546,631 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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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**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 the city charter, ordinances and resolutions. 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 (city charter, 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. The authority for assigning fund balance is expressed by the Board of Commissioners, city manager or their designee as established in the City's Fund Balance Policy.

**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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### 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.

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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements

September 30, 2012

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

#### 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.

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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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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.

#### Establishment/Elimination of Funds:

During fiscal year ended September 30, 2012, there were no new funds and none were eliminated.

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

Government Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus" amends GASB No. 14 and GASB No. 34 to modify certain requirements for inclusion of component units in the financial reporting entity, to amend the criteria for reporting component units as if they were part of the primary government (i.e. blending) in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations. The requirements of GASB 61 are effective in fiscal year 2013. The City chose to early implement this statement in fiscal year 2012. Its implementation did not have any effect on the City's financial statements. Information on the Financial Reporting Entity can be found on pages B-29 through B-30 of the Notes to the Financial Statements.

Government Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" amends GASB No. 34. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position by distinguishing them from assets and liabilities. Net position replaces the terminology net assets in the Statement of Net Position. The requirements of GASB 63 are effective in fiscal year 2013. The City chose to early implement this statement in fiscal year 2012. Its implementation has introduced the new elements mentioned above to the Statement of Net Position and the Balance Sheet.



## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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Government Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement 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. The requirements of GASB 65 are effective in fiscal year 2014. The City chose to early implement this statement in fiscal year 2012. Its implementation has required the reclassification of certain liabilities as deferred inflows of resources in the Statement of Net Position and the Balance Sheet.

#### 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 2012, 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 2012, periodic amendments were made to the approved budget.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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5. 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, 2012 was 5.4500.

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 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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### **B. Excess of Expenditures Over Appropriations**

The City had no expenditures over appropriations.

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

The City's Grants Special Revenue Fund contains an unassigned fund balance deficit of \$37,325. This is caused by the City incurring expenditures related to the Grants with the expected final approved Grant receipts to be received in Fiscal year 2013.

The City's Golf Course Enterprise Fund contains a total net position deficit of \$4,799. 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 \$22,287,880 which consisted of Checking accounts \$13,273,838, BB&T Public Funds Savings \$2,514,042, and Certificates of Deposits \$6,500,000.

##### **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)

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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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.

The Local Government Surplus Funds Trust Fund (Fund) (name changed to "Florida Prime") is an investment pool administered by the Florida State Board of Administration (SBA) which is a three member board made up of the State elected officials of Governor, Attorney General and Chief Financial Officer. This Board is empowered by Florida law to invest funds at the request of local governments. Investments held in the Fund consist of federal agency obligations, treasury bills, repurchase agreements, floating/variable rate notes, and commercial paper. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

The City of Tarpon Springs withdrew all the money they had with the State Board of Administration prior to the freeze being implemented.

As of September 30, 2012, the City of Tarpon Springs had \$323 and \$4,591 invested in Pool A and B, respectively. The funds in Pool A and Pool B are from a Property Tax distribution transfer the Pinellas County Tax Collector made from their State Board account into the City's State Board account after the temporary freeze was lifted. In Fiscal Year 2012 the City recorded a gain in Pool B of \$1,183 to its fair value of \$4,591 at September 30, 2012.

The City may withdraw 100% of the balance in Pool A. Pool B participants are prohibited from withdrawing funds. As investments in Pool B mature the State Board transfers those funds to the participants Pool A accounts.

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

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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.

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

Pooled Cash, Cash and Cash Equivalents and Investments	Maturity/ WAM	Fair Value	Rating	Rating Agency
<b>Cash and Cash Equivalents:</b>				
Cash on Hand		\$ 59,755		
Deposits with Bank -				
Bank of America - Checking Accounts		13,273,838		
BB&T - Public Funds Savings Account		2,514,042		
Total Deposits with Banks		15,787,880		
State Board of Administration (Florida Prime)				
Plan A	39 days	323	AAAm	S & P
Plan B	4.08 years	4,591	N/R	
Total State Board of Administration (Florida Prime)		4,914		
Florida Municipal Investment Trust -				
High Quality Government Fund	0.83	2,118,904	AAA	Fitch
1-3 Year High Quality Bond Fund	1.67	3,145,419	AAA	Fitch
Intermediate High Quality Bond Fund	3.30	7,214,311	AAA	Fitch
Total Florida Municipal Investment Trust		12,478,634		
Total Cash and Cash Equivalents		28,331,183		
<b>Investments:</b>				
Certificate of Deposit - BB&T	12/13/2012	4,000,000	n/a	
Certificate of Deposit - Bank of America	9/9/2013	2,500,000	n/a	
Federal Home Loan Bank Note	1/18/2013	1,500,090	AA+	S & P
Federal Home Loan Bank Note	6/13/2014	2,000,948	AAA	Moody's
Federal Farm Credit Bank Note	9/17/2014	999,384	AAA	Moody's
Federal Farm Credit Bank Note	12/12/2014	1,500,024	AA+	S & P
Federal Farm Credit Bank Note	7/9/2015	1,000,079	AA+	S & P
Federal Farm Credit Bank Note	7/9/2015	2,006,394	AA+	S & P
Federal Farm Credit Bank Note	7/23/2015	1,001,126	AAA	Moody's
Federal Home Loan Bank Note	8/27/2015	1,000,770	AAA	Moody's
Federal Farm Credit Bank Note	9/17/2015	1,000,352	AAA	Moody's
Federal Farm Credit Bank Note	9/17/2015	2,000,704	AA+	S & P
Federal Home Loan Bank Note	10/30/2015	2,000,547	AAA	Moody's
Common Stock - Principal Financial Group	n/a	76,483	N/R	
Total Investments		22,586,901		
<b>Total Pooled Cash and Investments</b>		<b>\$ 50,918,084</b>		



## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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Cash and investments as of September 30, 2012 are classified in the accompanying financial statements as follows:

<u>Statement of Net Position</u>	<u>9/30/2012</u>
Primary Government:	
Cash and cash equivalents	\$ 24,291,201
Restricted assets - cash and cash equivalents	3,960,048
Investments	22,586,901
 Fiduciary Fund:	
Cash and cash equivalents-agency fund	<u>79,934</u>
 Total Pooled Cash and Investments per CAFR	<u><u>\$ 50,918,084</u></u>

#### Interest Rate Risk:

In compliance with the City's investment policy, as of September 30, 2012, 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, 2012, 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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### 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; and bonds issued by the State of Israel.

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>
Cash and Cash Equivalents:		
Cash in Managed Investment Accounts	\$ 1,779,203	n/a
Investments:		
U. S. Treasuries	1,075,747	n/a
U. S. Agencies	807,995	AAA
Municipal Bonds	59,938	Aa1/Aa2/Aa3
Domestic Corporate Bonds	891,942	Aa1/Aa2/Aa3
Domestic Corporate Bonds	1,626,208	A1/A2/A3
Domestic Corporate Bonds	1,025,474	Baa1/Baa2/Baa3
Equities Common Stock	9,929,707	n/a
Total Investments	<u>15,417,011</u>	
Total Managed Cash and Investments	<u>\$ 17,196,214</u>	

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

### **Notes to the Financial Statements September 30, 2012**

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#### **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.

#### **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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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>
Cash and Cash Equivalents:		
Cash in Managed Investment Accounts	\$ 629,635	n/a
Investments:		
U. S. Treasuries	45,624	AAA
U. S. Agencies	824,520	AAA
U. S. Agencies	356,640	A2
U. S. Agency Pools	2,887,091	NR
Domestic Corporate Bonds	1,923,136	A1/A2/A3
Domestic Corporate Bonds	1,091,619	Baa1/Baa2
Foreign Corporate Bonds	378,797	A2
Equities Common Stock	9,296,296	n/a
Mutual Funds	1,894,065	n/a
Total Investments	<u>18,697,788</u>	
Total Managed Cash and Investments	<u>\$ 19,327,423</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 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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### 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.

<u>General Employees' Retirement System Investments</u>	<u>Fair Value</u>	<u>Moody's Rating</u>
Investments:		
Mutual Funds - General Employees Pension Plan	\$ 6,922,641	n/a
Mutual Funds - Former City Manager Pension Plan	181,316	n/a
	<u>\$ 7,103,957</u>	

##### Interest Rate Risk:

Through its investment policies, the Plan manages it's 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, 2012

### 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			
	General	CRA	Internal Service	Total
Interest	\$ 17,177	\$ -	\$ 1,983	\$ 19,160
Accounts - billed	316,221	1,135	-	317,356
Taxes	435,820	-	-	435,820
Total receivables	\$ 769,218	\$ 1,135	\$ 1,983	\$ 772,336
Allow. for uncollectibles	-	-	-	-
Net total receivables	\$ 769,218	\$ 1,135	\$ 1,983	\$ 772,336

	Business-type Activities			
	Sanitation	Water/ Sewer	Non-Major Enterprise Funds	Total
Interest	\$ 1,112	\$ 2,505	\$ 1,179	\$ 4,796
Accounts - billed	323,843	933,371	107,777	1,364,991
Accounts - unbilled	126,690	413,371	40,485	580,546
Restricted:				
Accrued interest	-	4,144	-	4,144
Accounts - billed	-	31,597	-	31,597
Total receivables	\$ 451,645	\$ 1,384,988	\$ 149,441	\$ 1,986,074
Allow. for uncollectibles	(38,828)	(67,920)	-	(106,748)
Net total receivables	\$ 412,817	\$ 1,317,068	\$ 149,441	\$ 1,879,326



# City of Tarpon Springs, Florida

## Notes to the Financial Statements September 30, 2012

### C. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and land rights	\$ 5,164,829	\$ -	\$ -	\$ 5,164,829
Construction in progress	8,257,857	1,586,661	(7,577,596)	2,266,922
Total capital assets, not being depreciated	13,422,686	1,586,661	(7,577,596)	7,431,751
Capital assets, being depreciated:				
Buildings	17,864,150	366,206	-	18,230,356
Improvements other than buildings	6,884,806	758,420	(13,176)	7,630,050
Machinery and equipment	8,620,808	820,656	(740,149)	8,701,315
Infrastructure	34,702,242	6,718,132	-	41,420,374
Total capital assets, being depreciated	68,072,006	8,663,414	(753,325)	75,982,095
less accumulated depreciation for:				
Buildings	(9,890,577)	(492,642)	-	(10,383,219)
Improvements other than buildings	(3,266,036)	(325,056)	13,176	(3,577,916)
Machinery and equipment	(6,403,607)	(659,345)	737,400	(6,325,552)
Infrastructure	(18,929,337)	(1,257,169)	-	(20,186,506)
Total accumulated depreciation	(38,489,557)	(2,734,212)	750,576	(40,473,193)
Total capital assets, being depreciated, net	29,582,449	5,929,202	(2,749)	35,508,902
Governmental activities capital assets, net	\$ 43,005,135	\$ 7,515,863	\$ (7,580,345)	\$ 42,940,653
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land and land rights	\$ 2,648,883	\$ 18,690	\$ -	\$ 2,667,573
Construction in progress	7,028,028	4,276,473	(806,352)	10,498,149
Total capital assets, not being depreciated	9,676,911	4,295,163	(806,352)	13,165,722
Capital assets, being depreciated:				
Buildings	938,679	27,170	-	965,849
Improvements other than buildings	46,505,091	1,979,655	(4,568)	48,480,178
Machinery and equipment	4,170,652	278,351	(233,112)	4,215,891
Total capital assets, being depreciated	51,614,422	2,285,176	(237,680)	53,661,918
less accumulated depreciation for:				
Buildings	(163,163)	(33,173)	-	(196,336)
Improvements other than buildings	(24,352,196)	(1,412,906)	4,568	(25,760,534)
Machinery and equipment	(3,350,098)	(289,965)	230,667	(3,409,396)
Total accumulated depreciation	(27,865,457)	(1,736,044)	235,235	(29,366,266)
Total capital assets, being depreciated, net	23,748,965	549,132	(2,445)	24,295,652
Business-type activities capital assets, net	\$ 33,425,876	\$ 4,844,295	\$ (808,797)	\$ 37,461,374

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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

Governmental activities:		
General government	\$	194,463
Public safety		730,254
Physical environment		93,724
Transportation		1,124,009
Economic environment		163,621
Culture/recreation		409,142
Internal service funds		<u>18,999</u>
Total depreciation expense - governmental activities	\$	<u><u>2,734,212</u></u>
Business-type activities:		
Sanitation	\$	22,683
Water and Sewer		1,525,911
Stormwater		120,282
Marina		16,787
Golf Course		<u>50,381</u>
Total depreciation expense - business-type activities	\$	<u><u>1,736,044</u></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, 2012, 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, 2012, 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, 2012

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The amounts of the reclassified balances at September 30, 2012, were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 480,494	\$ -
Special Revenue Fund:		
Grants	-	13,339
Enterprise Fund:		
Golf Course	-	467,155
Total	<u>\$ 480,494</u>	<u>\$ 480,494</u>

Advances to / from other funds:

<u>Fund</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
Capital Project Fund:		
Optional Sales Tax	\$ 1,207,585	\$ -
Special Revenue Fund:		
CRA	-	1,207,585
Enterprise Fund:		
Sanitation	301,639	-
Golf Course	-	301,639
Total	<u>\$ 1,509,224</u>	<u>\$ 1,509,224</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 \$124,110 in Fiscal Year 2006, \$130,020 in Fiscal Year 2007, \$135,930 in Fiscal Year 2008, \$141,840 in Fiscal Year 2009, \$147,750 in Fiscal Year 2010, \$153,660 in Fiscal Year 2011, and \$159,570 in Fiscal Year 2012. This noninterest-bearing advance is to be repaid from CRA property tax receipts as they are collected. At September 30, 2012, the unpaid advance was \$1,207,585, which is included in the total advances of \$1,509,224 in the City's financial statements.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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. This advance was decreased with a reimbursement of \$42,348 in Fiscal Year 2010, \$42,105 in Fiscal Year 2011, and \$44,323 in Fiscal Year 2012. This noninterest-bearing advance is to be repaid from golf course fees as they are collected. At September 30, 2012, the unpaid advance was \$301,639, which is included in the total advances of \$1,509,224 in the City's financial statements.

#### Interfund transfers:

	Transfer In:			Total
	General Fund	Non-major Governmental Funds	Water/Sewer Fund	
<b>Transfer Out:</b>				
Non-major Governmental Funds	\$ 262,946	\$ 200,000	\$ 33,282	\$ 496,228
<b>Enterprise Funds:</b>				
Sanitation	201,400	-	-	201,400
Water & Sewer	543,229	-	-	543,229
Non-major Enterprise Funds	243,404	-	37,211	280,615
	<u>\$ 1,250,979</u>	<u>\$ 200,000</u>	<u>\$ 70,493</u>	<u>\$ 1,521,472</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 \$432,253 in fiscal year 2012. Included in this amount are rents of \$310,211 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

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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\$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.

Included in the aggregate rental income of \$432,253 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, 2012 in the amount of \$200,000.

Also included in the aggregate rental income of \$432,253 is \$36,480 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. 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**

##### Revenue Note:

On November 19, 2009, the City entered into an Infrastructure Sales Tax Revenue Note, Series 2009, at 3.22% for five years, for the acquisition of a Fire Truck. The Note is due in semiannual installments, beginning on April 1, 2010, and is collateralized by the pledged revenues of the one cent local option sales tax.

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 141,000	\$ 8,114	\$ 149,114
2014	146,000	3,526	149,526
Total	<u>\$ 287,000</u>	<u>\$ 11,640</u>	<u>\$ 298,640</u>

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

### **Notes to the Financial Statements September 30, 2012**

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The City has pledged sales tax revenues from the levy and collection of the one-cent discretionary infrastructure sales tax to repay the \$667,000 Infrastructure Sales Tax Revenue Note, Series 2009 issued in November 2009. Proceeds of the note provided financing for the acquisition of a Fire Truck. The note is paid solely from the sales tax revenues and is payable through October 2014. The total principal and interest remaining to be paid on the note is \$298,640. Principal and interest paid for the current year and infrastructure sales tax revenues were \$149,542 and \$1,762,725 respectively.

#### **Revenue Bond Anticipation Note:**

On May 16, 2007, the City authorized the issuance of a Utility System Revenue Bond Anticipation Note, Series 2007A. The note was issued in the mode of a line of credit in an amount not to exceed \$15,000,000. Interest on the note shall be paid semi-annually commencing on October 1, 2007 and on each subsequent April 1 and October 1 until conversion to a term loan. Before such conversion, no principal on the note shall be due. Interest on the note prior to conversion to a term loan is at 67% of the one month LIBOR (quoted from the British Bankers Association at 11:00 a.m., London time, each day that the London markets are open) plus .60%, adjusted monthly on the first day of each month. The bonds are secured by the net revenues of the utility system.

The City has pledged the net revenues and water and sewer capital facilities fees of the utility system to repay the \$15,000,000 Utility System Revenue Bond Anticipation Note, Series 2007A issued in May 2007. Proceeds of the note are to finance the cost of the design, permitting acquisition and construction of well sites, pipelines and a reverse osmosis plant. The bond is paid solely from the net revenues and water and sewer capital facilities fees of the utility system and is payable through October 2032. The total principal and interest remaining to be paid on the bond is \$6,673,965. Interest paid for the current year and net revenues were \$52,075 and \$4,179,009 respectively.

The Utility System Revenue Bond Anticipation Note, Series 2007A was to automatically convert the mode on the Note into a term loan on October 1, 2012. On September 4, 2012 Resolution 2012-33 was approved by the Board of Commissioners to extend the date of the conversion to a term loan mode to April 1, 2013. The intention is for this Utility System Revenue Bond Anticipation Note, Series 2007A to be refinanced by Utility System Revenue Bonds to be issued for the construction of the new Alternative Water Plant.

#### **Grant Anticipation Note:**

On September 4, 2012, a Utility System Grant Anticipation Note bid was awarded to Bank of America Merrill Lynch in an amount not to exceed \$18,530,000. The purpose of the loan is to finance the cost of the acquisition and construction of capital improvements to the City's water system, including the design, permitting, acquisition and construction of well sites, pipelines and a reverse osmosis plant. The loan will be secured by a pledge of proceeds received by the City from SWFMD (Southwest Florida Water Management District).



# City of Tarpon Springs, Florida

## Notes to the Financial Statements September 30, 2012

Long-term liability activity for the year ended September 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Notes and leases payable:					
Notes payable	\$ 424,000	\$ -	\$ (137,000)	\$ 287,000	\$ 141,000
Total notes and leases payable	424,000	-	(137,000)	287,000	141,000
Other Liabilities:					
Compensated absences	1,004,603	583,750	(526,969)	1,061,384	53,640
Other postemployment benefits	90,887	103,533	(70,505)	123,915	-
Claims payable	95,984	84,385	(16,241)	164,128	10,976
<b>Governmental activities</b>					
Long-term liabilities	<u>\$ 1,615,474</u>	<u>\$ 771,668</u>	<u>\$ (750,715)</u>	<u>\$ 1,636,427</u>	<u>\$ 205,616</u>
<b>Business-type Activities:</b>					
Bonds and leases payable:					
Revenue bond anticipation note	\$ 6,673,965	\$ -	\$ -	\$ 6,673,965	\$ -
Total bonds and leases payable	6,673,965	-	-	6,673,965	-
Other Liabilities:					
Compensated absences	205,189	180,364	(178,668)	206,885	18,564
Other postemployment benefits	28,113	25,467	(1,495)	52,085	-
Landfill post-closure	58,617	-	(58,617)	-	-
<b>Business-type activities</b>					
Long-term liabilities	<u>\$ 6,965,884</u>	<u>\$ 205,831</u>	<u>\$ (238,780)</u>	<u>\$ 6,932,935</u>	<u>\$ 18,564</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 end \$12,504 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund with \$1,037,350 making up most of this balance and the remainder of \$11,530 being liquidated by other governmental funds.

Total interest on long term debt from Governmental Activities in the Statement of Activities is associated with the following activities.

Public safety	\$ 12,542
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## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### 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 \$301,505 for Fiscal Year 2012. Claims for each occurrence above \$25,000 and above \$301,505 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 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, 2012 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, 2012.

Changes in the claims liability amounts in Fiscal Years 2012 and 2011 were:

	<u>Self Insurance</u>
Balance at September 30, 2010	\$ 112,739
Current year claims and changes in estimates	45,106
Claim payments	<u>(61,861)</u>
Balance at September 30, 2011	95,984
Current year claims and changes in estimates	84,385
Claim payments	<u>(16,241)</u>
Balance at September 30, 2012	<u>\$ 164,128</u>

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 insurance is purchased through Florida Municipal Insurance Trust. Dental, Life and Long-Term Disability insurance is purchased through Standard Insurance Company.

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

### **Notes to the Financial Statements September 30, 2012**

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#### **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, 2012, 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.

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. The new permits states that financial assurance is no longer required for this facility.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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

The following table lists the outstanding encumbrances at September 30, 2012. 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	Community Redevelopment Agency	Optional Sales Tax	Non-Major Governmental Funds	Internal Service Funds	
Encumbrances Outstanding	\$ 104,719	\$ 73,547	\$ 313,404	\$ 79,509	\$ 17,075	\$ 588,254

	Business-Type Activities				Total
	Sanitation	Water and Sewer	Non-Major Enterprise Funds		
Encumbrances Outstanding	\$ 9,574	\$ 1,371,131	\$ 295,674		\$ 1,676,379

Optional Sales Tax – Of the amount noted above, \$249,720 is restricted for the Chesapeake Brick Street project.

Water and Sewer – Of the amount noted above, \$642,948 is restricted for the Seminole Drive lift station rehabilitation project and \$318,102 is restricted for well drilling, engineering and other services related to project development and delivery on the new Alternative Water Plant.

Non-Major Enterprise Funds – The total amount of \$295,674 is restricted for various Storm Water projects ongoing as specified in the Storm Water Action Plan.

During Fiscal Year 2012 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, 2012

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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, 2012 is \$1,325,000.

#### **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, 2012, the City estimated it subsidized \$72,000 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, 2012

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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	\$ 128,000
Interest on net OPEB obligation	6,000
Adjustment to annual required contribution	<u>(5,000)</u>
Annual OPEB cost (expense)	129,000
Contributions made	<u>(72,000)</u>
Increase in net OPEB obligation	57,000
Net OPEB obligation - beginning of year	<u>119,000</u>
Net OPEB obligation - end of year	<u><u>\$ 176,000</u></u>

The actuarially determined contribution requirements for the City's fiscal year ended September 30, 2012, are based on an actuarial valuation as of October 1, 2010.

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, 2012, of the \$176,000 net OPEB obligation, the general fund will liquidate \$119,919 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, 2012, 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
9/30/2010	\$ 65,000	63.08%	\$ 53,000
9/30/2011	\$ 122,000	45.90%	\$ 119,000
9/30/2012	\$ 129,000	55.81%	\$ 176,000

#### Funded Status and Funding Progress:

As of September 30, 2012, the actuarial accrued liability for benefits was \$1,325,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$1,325,000. The covered payroll (annual payroll for active participating employees) was projected to be \$12,695,934 for Fiscal Year 2012, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.44%.



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

### **Notes to the Financial Statements September 30, 2012**

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#### **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 2012 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, and an annual healthcare cost trend rate of 10.0% initially for fiscal year 2010, reduced by .5% per year, to an ultimate rate of 5.0% for the fiscal year ending September 30, 2020. 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 2012 annual required contribution.

#### **G. Employee Pension Plans**

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 Pension Plan does also have separate stand-alone audited financial statements performed for the Board of Trustees of the Firefighter Pension Trust Fund which can be obtained by requesting a copy at: City of Tarpon Springs, Fire Department Administration, 444

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

Huey Avenue South, Tarpon Springs, Florida, 34689. The Police Officers Pension Plan does not issue a separate stand-alone financial report. 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.

#### Significant Accounting Policies and Plan Assets:

The City of Tarpon Springs financial statements for the Firefighters and Police Officers pension funds are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due, and benefits and refunds are recognized when due and payable.

The investments in the two plan funds are reported at fair value according to the independent custodian and independent money managers for each plan, using various third party pricing sources. Short-term investments are reported at cost, which approximates fair value. Those investments that do not have an established market are reported at estimated fair value.

	Firefighters Pension Trust	Police Officers Pension Trust
	City Ordinance	City Ordinance
Authority	Accrual	Accrual
Basis of Accounting		
Assets Valuation:		
Reporting	Fair Value	Fair Value
Actuarial Valuation	Four Year Smoothed	Four Year Smoothed
Legal Reserves	None	None
Long-Term Receivables	None	None
Non-governmental investments in excess of 5%	None	See Below

As of September 30, 2012, the Police Officers 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 assets available for benefits.

<u>Asset Description</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Harding Loevner Intl Equity Port	125,684	\$ 1,894,065

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2012**

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	<u>Firefighters Pension Trust</u>	<u>Police Officers Pension Trust</u>
<u>Membership Data and Plan Provisions:</u>		
Membership:		
Participant data as of October 1, 2012 the date of the most recent actuarial valuation:		
Active participants:		
Vested	13	18
Nonvested	17	26
Retirees and Beneficiaries	24	24
Terminated Vested	4	6
DROP Retired	5	2
Plan Provisions:		
Normal Retirement Benefits:		
Age	50	50
Years of Credited Service	10	10
or Years of Credited Service regardless of age	25	25
Benefit Amount	3% prior 10/1/99 3.25% on and after 10/1/99	3%
Years to Vest	10	10
Early Retirement Benefits:		
Age	None	45
Years of Credited Service	None	10
Benefit Amount	None	3%

Contribution Requirements and Contributions Made:

The City's funding policy for the Firefighters and 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 Firefighters and Police Officer'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. 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.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

In 1997 the City adopted GASB statement number 27 on pension accounting and reporting. This statement requires the computation of a net pension obligation or (asset) which would result if the City's contributions to the pension funds did not equal the annual pension cost as computed by the plan actuaries. The tables below with the annual pension cost, employer contributions and net pension obligation (asset) are based on actuarial valuations as of October 1, 2010.

Actuarial determined contribution and net pension obligation (asset) information for the Firefighters Pension Fund for the last three fiscal years is as follows:

Firefighters Pension Fund				
Year Ended Sept. 30	Annual Pension Cost	Employer Contributions	Percent Contributed	Net Pension Obligation (Asset)
2012	\$ 688,434	\$ 682,554	99%	\$ (114,567)
2011	\$ 583,075	\$ 573,031	98%	\$ (120,447)
2010	\$ 506,881	\$ 494,771	98%	\$ (130,491)

The development of the net pension obligation (asset) at September 30, 2012 for the Firefighters Pension Fund is as follows:

Annual Required Contributions	\$	682,554
Interest on Net Pension Asset		(9,636)
Adjustment to Annual Contribution		15,516
Annual Pension Cost		688,434
Contributions Made		682,554
Decrease in Net Pension Asset		5,880
Net Pension Obligation (Asset) Beginning of Year		(120,447)
Net Pension Obligation (Asset) End of Year	\$	(114,567)

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements**  
**September 30, 2012**

Actuarial determined contribution and net pension obligation (asset) information for the Police Officers Pension Fund for the last three fiscal years is as follows:

Police Officers Pension Fund					
Year Ended Sept. 30	Annual Pension Cost	Employer Contributions	Percent Contributed	Net Pension Obligation (Asset)	
2012	\$ 665,937	\$ 656,113	99%	\$	(240,247)
2011	\$ 601,175	\$ 580,440	97%	\$	(250,071)
2010	\$ 572,923	\$ 555,174	97%	\$	(270,806)

The development of the net pension obligation (asset) at September 30, 2012 for the Police Officers Pension Fund is as follows:

Annual Required Contributions	\$	656,113
Interest on Net Pension Asset		(19,756)
Adjustment to Annual Contribution		29,580
Annual Pension Cost		665,937
Contributions Made		656,113
Decrease in Net Pension Asset		9,824
Net Pension Obligation (Asset) Beginning of Year		(250,071)
Net Pension Obligation (Asset) End of Year	\$	(240,247)

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### Actuarial Methods, Significant Assumptions and Contributions:

	<u>Firefighters Pension Trust</u>	<u>Police Officers Pension Trust</u>
<b>Actuarial Methods:</b>		
Valuation Date	10/1/2010	10/1/2010
Actuarial Frequency	Annual	Annual
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percentage of Pay/Closed	Level Percentage of Pay/Closed
Remaining Amortization Period	27 years	27 years
Asset Valuation Method	Four Year Smoothed Market Value	Four Year Smoothed Market Value
<b>Actuarial Assumptions:</b>		
Investment Rate of Return	8.0%	7.9%
Projected Salary Increases*	7.0%	7.0%
* Includes Inflation at	3.0%	3.0%
Post Retirement COLA	2.0%	2.1%
Mortality Table	RP 2000 Combined Healthy Table	RP 2000 Combined Healthy Table
<b>Contributions:</b>		
<b>Actuarial Rate:</b>		
City	37.83%	22.77%
Participants	9.45%	8.00%
<b>Actual City Rate:</b>		
City	37.83%	22.77%
Participants	9.45%	8.00%



## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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#### Funded Status and Funding Progress:

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

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Firefighters	\$ 16,917,877	\$ 22,596,979	\$ 5,679,102	74.87%	\$ 1,925,918	294.88%
Police Officers	18,681,939	21,587,327	2,905,388	86.54%	3,011,319	96.48%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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Financial Statements for the Police Officers Pension Plan where separate GAAP Financial reports have not been issued are below:

#### **CITY OF TARPON SPRINGS, FLORIDA STATEMENT OF FIDUCIARY NET POSITION POLICE OFFICERS PENSION FUND SEPTEMBER 30, 2012**

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	<u>Defined Benefit</u>
	<u>Police Officers Pension</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 629,635
Interest receivable	83,584
Investments, at fair value:	
U.S Government Securities	4,113,875
Corporate Bonds	3,393,552
Equities Common Stock	9,296,296
Mutual Funds	1,894,065
Total Investments	<u>18,697,788</u>
Total Assets	<u>19,411,007</u>
<b>Liabilities</b>	
Total Liabilities	<u>-</u>
<b>Net Position</b>	
Held in Trust for Pension Benefits	<u>\$ 19,411,007</u>

**City of Tarpon Springs, Florida**

**Notes to the Financial Statements  
September 30, 2012**

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**CITY OF TARPON SPRINGS, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
POLICE OFFICERS PENSION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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	<u>Defined Benefit</u>
	<u>Police</u>
	<u>Officers</u>
	<u>Pension</u>
Additions:	
Contributions:	
Employer	\$ 465,824
Plan members	248,699
State of Florida	192,556
Total Contributions	<u>907,079</u>
Investment Income:	
Net increase in fair value of investments (realized and unrealized)	2,355,875
Interest	230,431
Dividends	454,013
	<u>3,040,319</u>
Less Investment Expenses:	
Investment management fees	97,558
Net Investment Income	<u>2,942,761</u>
Total Additions	<u>3,849,840</u>
Deductions:	
Benefits	844,583
Refunds of contributions	50,168
Administrative expense	34,192
	<u>928,943</u>
Total Deductions	<u>928,943</u>
Change in Net Position	2,920,897
Net Position - Beginning of Year	<u>16,490,110</u>
Net Position - End of Year	<u>\$ 19,411,007</u>

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

### **Notes to the Financial Statements September 30, 2012**

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#### **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, 2012, there were 171 active Plan members, 133 vested and 38 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 2012 were \$627,538.

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.

As part of the contract agreement with ICMA-RC, ICMA-RC agreed to pay the surrender charges up to \$140,000 to VALIC. The Term of the contract with ICMA-RC is based on the amount of the surrender charges: the Term would be seven (7) years for surrender charges between \$100,000 and \$140,000; six (6) years for surrender charges between \$70,000 and \$99,000; and five (5) years if the surrender charges are less than \$70,000. At the time of conversion VALIC assessed a 5% termination fee (surrender charges) which totaled \$94,600

## City of Tarpon Springs, Florida

### Notes to the Financial Statements September 30, 2012

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that was based on the past five years contributions to the participants accounts. ICMA-RC simultaneously reimbursed the participants their 5% onto their new ICMA-RC accounts. The Term of the contract with ICMA-RC based on the final assessed surrender charges of \$94,600 is six (6) years. Per the contract with ICMA-RC should the Employer terminate this agreement prior to the end of the initial six (6) year term for a reason other than for cause (ICMA-RC materially breached the Agreement), the Employer shall be responsible for reimbursement to ICMA-RC of CDSC charges (surrender charges) based on a decreasing rate from \$94,600 in year one (1) to no surrender charge after year six (6).

The former City Manager had her own separate pension plan, a Defined Contribution Pension Plan with ICMA. There was no vesting schedule with this Plan, the City Manager was fully vested. The former City Manager resigned in FY 2008 and no longer receives City contributions.

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, 2012, 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 assets available for benefits.

<u>Asset Description</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Vantagepoint Milestone 2020 Fund	50,088	\$ 692,717
Vantagepoint Milestone 2030 Fund	39,672	547,874
Vantagepoint MP Cons Growth	16,552	398,565
Vantagepoint MP Trad Growth	18,502	469,581
Vantagepoint MP Lng-Trm Gth	33,823	909,170

#### **H. Subsequent Events**

On February 5, 2013 the Board of Commissioners awarded the bid for construction of the new Alternative Water Supply Project. Also approved on February 5, 2013 was Resolution 2013-06 which amended and restated the Master Utility System Bond Resolution; Resolution 2013-07 which provides for the issuance of not to exceed \$45,000,000 Utility System Revenue Bonds, Series 2013A, for the purpose of refunding the City's outstanding Utility System Revenue

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

### **Notes to the Financial Statements September 30, 2012**

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Bond Anticipation Note, Series 2007A, and to finance and/or reimburse the cost of the design, permitting, acquisition and construction of well sites, pipelines and a reverse osmosis water plant project, funding necessary reserves, and paying all related costs; and Resolution 2013-08 authorizing the issuance of a Utility System Grant Anticipation Note, Series 2013 in the aggregate principal amount of not to exceed \$18,530,000 to finance capital cost which are eligible for reimbursement under a Southwest Florida Water Management District Grant for the Reverse Osmosis Plant Project and to pay other related costs.

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

The Utility System Revenue Bonds, Series 2013A were priced and sold on February 20, 2013 with a par amount of \$35,795,000 and were closed on March 12, 2013.

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

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

Schedule of Funding Progress

Schedule of Contributions from the Employer and other Contributing Entities

**Other Post-Employment Benefits**

Schedule of Employer Contributions

Schedule of Funding Progress



**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE OFFICERS AND FIREFIGHTERS PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2012**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Police Officers</b>						
October 1, 2007	\$ 14,588,346	\$ 16,975,666	\$ 2,387,320	85.94%	\$ 2,757,916	86.56%
October 1, 2008	15,857,790	18,267,885	2,410,095	86.81%	2,949,048	81.72%
October 1, 2009	16,384,856	19,483,787	3,098,931	84.09%	2,970,577	104.32%
October 1, 2010	16,931,779	20,053,386	3,121,607	84.43%	2,848,631	109.58%
October 1, 2011	16,944,550	20,451,109	3,506,559	82.85%	2,978,435	117.73%
October 1, 2012	18,681,939	21,587,327	2,905,388	86.54%	3,011,319	96.48%
<b>Firefighters</b>						
October 1, 2007	14,185,215	17,461,825	3,276,610	81.24%	2,135,804	153.41%
October 1, 2008	15,086,705	18,240,756	3,154,051	82.71%	2,067,886	152.53%
October 1, 2009	15,638,777	19,366,190	3,727,413	80.75%	2,029,499	183.66%
October 1, 2010	16,017,880	20,223,678	4,205,798	79.20%	1,882,779	223.38%
October 1, 2011	15,596,902	21,270,035	5,673,133	73.33%	1,851,023	306.49%
October 1, 2012	16,917,877	22,596,979	5,679,102	74.87%	1,925,918	294.88%

**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND**  
**OTHER CONTRIBUTING ENTITIES**  
**POLICE OFFICERS AND FIREFIGHTERS PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2012**

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<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Total Contribution</u>	<u>Percentaged Contributed</u>
<b>Police Officers</b>					
2007	\$ 587,381	\$ 383,643	\$ 203,738	\$ 587,381	100.00%
2008	548,066	352,630	195,436	548,066	100.00%
2009	511,748	312,000	199,748	511,748	100.00%
2010	555,174	360,560	194,614	555,174	100.00%
2011	580,441	393,395	187,045	580,440	100.00%
2012	656,113	463,557	192,556	656,113	100.00%
<b>Firefighters</b>					
2007	509,889	333,039	176,850	509,889	100.00%
2008	497,943	259,514	238,429 *	497,943	100.00%
2009	526,241	287,812	238,429 *	526,241	100.00%
2010	494,771	256,342	238,429 *	494,771	100.00%
2011	573,031	360,795	212,236	573,031	100.00%
2012	682,554	463,470	219,084	682,554	100.00%

\* Frozen per Chapter 175, Florida Statutes, as amended.

**CITY OF TARPON SPRINGS, FLORIDA**  
**OTHER POST-EMPLOYMENT BENEFITS**  
**SEPTEMBER 30, 2012**

**Schedule of Employer Contributions:**

<u>Year Ended</u>	<u>Annual Required Contributions</u>	<u>Estimated Contributions</u>	<u>Percentage Contributed</u>
September 30, 2010	\$ 65,000	\$ 41,000	63.1%
September 30, 2011	121,000	56,000	46.3%
September 30, 2012	128,000	72,000	56.3%

**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, 2009	\$ -	\$ 719,000	\$ 719,000	0.00%	\$ 12,870,679	5.59%
October 1, 2010	-	1,247,000	1,247,000	0.00%	12,732,829	9.79%
October 1, 2011	-	1,325,000	1,325,000	0.00%	12,695,934	10.44%

# ***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 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 library cooperative, employee benefit cost deferral, and public art program.

### **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, 2012**

	Special Revenue Funds					
	Local Option Gas Tax	Impact Fees	Grants	Law Enforcement Programs	Special Programs	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 390,111	\$ 399,672	\$ -	\$ 169,122	\$ 199,776	\$ 1,158,681
Investments	-	1,145,611	-	214,986	338,336	1,698,933
Due from other governments	24,514	-	29,480	-	-	53,994
Prepaid items	-	-	-	-	430	430
Total Assets	<u>\$ 414,625</u>	<u>\$ 1,545,283</u>	<u>\$ 29,480</u>	<u>\$ 384,108</u>	<u>\$ 538,542</u>	<u>\$ 2,912,038</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 42,299	\$ 3,101	\$ 18,915	\$ 3,675	\$ 67,990
Accrued liabilities	-	-	872	-	790	1,662
Due to other fund (deficit in pooled cash)	-	-	13,339	-	-	13,339
Total Liabilities	<u>-</u>	<u>42,299</u>	<u>17,312</u>	<u>18,915</u>	<u>4,465</u>	<u>82,991</u>
Fund Balances:						
Nonspendable:						
Prepaid items	-	-	-	-	430	430
Street and sidewalk principal, nonexpendable	-	-	-	-	-	-
Restricted for:						
Transportation	414,625	-	-	-	-	414,625
Capital projects - impact fee programs	-	1,502,984	-	-	-	1,502,984
Law enforcement programs	-	-	-	365,193	-	365,193
Library	-	-	-	-	77,612	77,612
Public art program	-	-	-	-	27,067	27,067
Physical environment	-	-	49,493	-	-	49,493
Committed to:						
Employee benefit cost deferral	-	-	-	-	428,968	428,968
Unassigned:	-	-	(37,325)	-	-	(37,325)
Total Fund Balances	<u>414,625</u>	<u>1,502,984</u>	<u>12,168</u>	<u>365,193</u>	<u>534,077</u>	<u>2,829,047</u>
Total Liabilities and Fund Balances	<u>\$ 414,625</u>	<u>\$ 1,545,283</u>	<u>\$ 29,480</u>	<u>\$ 384,108</u>	<u>\$ 538,542</u>	<u>\$ 2,912,038</u>

Capital Projects Funds			Total Non-Major Governmental Funds
General Projects	Capital Investment	Total	
\$ 309,735	\$ 56,386	\$ 366,121	\$ 1,524,802
100,000	1,999,444	2,099,444	3,798,377
-	-	-	53,994
-	-	-	430
<u>\$ 409,735</u>	<u>\$ 2,055,830</u>	<u>\$ 2,465,565</u>	<u>\$ 5,377,603</u>
\$ 119,023	\$ -	\$ 119,023	\$ 187,013
-	-	-	1,662
-	-	-	13,339
<u>119,023</u>	<u>-</u>	<u>119,023</u>	<u>202,014</u>
-	-	-	430
-	2,000,000	2,000,000	2,000,000
290,712	55,830	346,542	761,167
-	-	-	1,502,984
-	-	-	365,193
-	-	-	77,612
-	-	-	27,067
-	-	-	49,493
-	-	-	428,968
-	-	-	(37,325)
<u>290,712</u>	<u>2,055,830</u>	<u>2,346,542</u>	<u>5,175,589</u>
<u>\$ 409,735</u>	<u>\$ 2,055,830</u>	<u>\$ 2,465,565</u>	<u>\$ 5,377,603</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, 2012**

	Special Revenue Funds					
	Local Option Gas Tax	Impact Fees	Grants	Law Enforcement Programs	Special Programs	Total
Revenues:						
Taxes	\$ 295,330	\$ -	\$ -	\$ -	\$ -	\$ 295,330
Permits and fees	-	78,477	-	-	-	78,477
Intergovernmental	-	-	241,275	58,827	192,874	492,976
Fines and forfeitures	-	-	-	34,379	-	34,379
Other	334	10,192	165	2,705	117,399	130,795
Total Revenues	<u>295,664</u>	<u>88,669</u>	<u>241,440</u>	<u>95,911</u>	<u>310,273</u>	<u>1,031,957</u>
Expenditures:						
Current:						
Public Safety:						
Police	-	-	129,578	175,387	-	304,965
Physical Environment:						
Other	-	-	4,890	-	-	4,890
Culture and Recreation:						
Other	-	-	39,522	-	182,207	221,729
Capital Outlay	-	1,442	59,985	433,275	-	494,702
Total Expenditures	<u>-</u>	<u>1,442</u>	<u>233,975</u>	<u>608,662</u>	<u>182,207</u>	<u>1,026,286</u>
Excess of Revenues Over (Under) Expenditures	<u>295,664</u>	<u>87,227</u>	<u>7,465</u>	<u>(512,751)</u>	<u>128,066</u>	<u>5,671</u>
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(350,000)	-	-	-	(96,228)	(446,228)
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,228)</u>	<u>(446,228)</u>
Net Change in Fund Balances	(54,336)	87,227	7,465	(512,751)	31,838	(440,557)
Fund Balances - Beginning of Year	<u>468,961</u>	<u>1,415,757</u>	<u>4,703</u>	<u>877,944</u>	<u>502,239</u>	<u>3,269,604</u>
Fund Balances - End of Year	<u>\$ 414,625</u>	<u>\$ 1,502,984</u>	<u>\$ 12,168</u>	<u>\$ 365,193</u>	<u>\$ 534,077</u>	<u>\$ 2,829,047</u>



Capital Projects Funds			Total Non-Major Governmental Funds
General Projects	Capital Investment	Total	
\$ -	\$ -	\$ -	\$ 295,330
-	-	-	78,477
-	-	-	492,976
-	-	-	34,379
911	10,890	11,801	142,596
911	10,890	11,801	1,043,758
-	-	-	304,965
-	-	-	4,890
-	-	-	221,729
470,720	-	470,720	965,422
470,720	-	470,720	1,497,006
(469,809)	10,890	(458,919)	(453,248)
200,000	-	200,000	200,000
-	(50,000)	(50,000)	(496,228)
200,000	(50,000)	150,000	(296,228)
(269,809)	(39,110)	(308,919)	(749,476)
560,521	2,094,940	2,655,461	5,925,065
\$ 290,712	\$ 2,055,830	\$ 2,346,542	\$ 5,175,589

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 293,500	\$ 293,500	\$ 295,330	\$ 1,830
Other	4,200	4,200	334	(3,866)
Total Revenues	<u>297,700</u>	<u>297,700</u>	<u>295,664</u>	<u>(2,036)</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	(52,300)	(52,300)	(54,336)	(2,036)
Fund Balances - Beginning of Year	<u>468,961</u>	<u>468,961</u>	<u>468,961</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 416,661</u>	<u>\$ 416,661</u>	<u>\$ 414,625</u>	<u>\$ (2,036)</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Permits and Fees	\$ 45,592	\$ 45,592	\$ 78,477	\$ 32,885
Other	2,045	2,045	10,192	8,147
<b>Total Revenues</b>	<b>47,637</b>	<b>47,637</b>	<b>88,669</b>	<b>41,032</b>
<b>Expenditures:</b>				
Capital Outlay	1,284,512	1,306,026	1,442	1,304,584
<b>Total Expenditures</b>	<b>1,284,512</b>	<b>1,306,026</b>	<b>1,442</b>	<b>1,304,584</b>
<b>Net Change in Fund Balances</b>	<b>(1,236,875)</b>	<b>(1,258,389)</b>	<b>87,227</b>	<b>1,345,616</b>
<b>Fund Balances - Beginning of Year</b>	<b>1,415,757</b>	<b>1,415,757</b>	<b>1,415,757</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 178,882</b>	<b>\$ 157,368</b>	<b>\$ 1,502,984</b>	<b>\$ 1,345,616</b>

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 166,063	\$ 204,307	\$ 241,275	\$ 36,968
Other	-	-	165	165
Total Revenues	<u>166,063</u>	<u>204,307</u>	<u>241,440</u>	<u>37,133</u>
Expenditures:				
Current:				
Public Safety:				
Police	126,063	135,206	129,578	5,628
Physical Environment:				
Other	-	4,891	4,890	1
Culture/Recreation:				
Other	40,000	48,538	39,522	9,016
Capital Outlay	-	59,985	59,985	-
Total Expenditures	<u>166,063</u>	<u>248,620</u>	<u>233,975</u>	<u>14,645</u>
Net Change in Fund Balances	-	(44,313)	7,465	51,778
Fund Balances - Beginning of Year	<u>4,703</u>	<u>4,703</u>	<u>4,703</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 4,703</u>	<u>\$ (39,610)</u>	<u>\$ 12,168</u>	<u>\$ 51,778</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 16,000	\$ 16,000	\$ 58,827	\$ 42,827
Fines and forfeitures	4,000	4,000	34,379	30,379
Other	-	-	2,705	2,705
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>95,911</u>	<u>75,911</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Police	281,000	272,702	175,387	97,315
Capital Outlay	238,000	492,630	433,275	59,355
Total Expenditures	<u>519,000</u>	<u>765,332</u>	<u>608,662</u>	<u>156,670</u>
Net Change in Fund Balances	(499,000)	(745,332)	(512,751)	232,581
Fund Balances - Beginning of Year	<u>877,944</u>	<u>877,944</u>	<u>877,944</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 378,944</u>	<u>\$ 132,612</u>	<u>\$ 365,193</u>	<u>\$ 232,581</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 195,728	\$ 195,728	\$ 192,874	\$ (2,854)
Other	50,000	50,000	117,399	67,399
Total Revenues	<u>245,728</u>	<u>245,728</u>	<u>310,273</u>	<u>64,545</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other	20,000	20,000	-	20,000
Culture/Recreation:				
Other	245,728	245,728	182,207	63,521
Total Expenditures	<u>265,728</u>	<u>265,728</u>	<u>182,207</u>	<u>83,521</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>128,066</u>	<u>148,066</u>
<b>Other Financing Uses:</b>				
Transfers out	<u>(96,228)</u>	<u>(96,228)</u>	<u>(96,228)</u>	<u>-</u>
Total Other Financing Uses	<u>(96,228)</u>	<u>(96,228)</u>	<u>(96,228)</u>	<u>-</u>
Net Change in Fund Balances	(116,228)	(116,228)	31,838	148,066
Fund Balances - Beginning of Year	<u>502,239</u>	<u>502,239</u>	<u>502,239</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 386,011</u>	<u>\$ 386,011</u>	<u>\$ 534,077</u>	<u>\$ 148,066</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other	\$ -	\$ -	\$ 911	\$ 911
Total Revenues	-	-	911	911
<b>Expenditures:</b>				
Capital Outlay	940,000	959,562	470,720	488,842
Total Expenditures	940,000	959,562	470,720	488,842
Excess of Revenues Over (Under) Expenditures	(940,000)	(959,562)	(469,809)	489,753
<b>Other Financing Sources:</b>				
Transfers in	200,000	200,000	200,000	-
Total Other Financing Sources	200,000	200,000	200,000	-
<b>Net Change in Fund Balances</b>	(740,000)	(759,562)	(269,809)	489,753
<b>Fund Balances - Beginning of Year</b>	560,521	560,521	560,521	-
<b>Fund Balances - End of Year</b>	<u>\$ (179,479)</u>	<u>\$ (199,041)</u>	<u>\$ 290,712</u>	<u>\$ 489,753</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 15,000	\$ 15,000	\$ 10,890	\$ (4,110)
Total Revenues	15,000	15,000	10,890	(4,110)
Other Financing Uses:				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Uses	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balances	(35,000)	(35,000)	(39,110)	(4,110)
Fund Balances - Beginning of Year	2,094,940	2,094,940	2,094,940	-
Fund Balances - End of Year	\$ 2,059,940	\$ 2,059,940	\$ 2,055,830	\$ (4,110)



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,762,725	\$ 162,725
Other	30,088	30,088	31,356	1,268
<b>Total Revenues</b>	<b>1,630,088</b>	<b>1,630,088</b>	<b>1,794,081</b>	<b>163,993</b>
<b>Expenditures:</b>				
Capital Outlay	3,513,785	4,110,177	834,995	3,275,182
Debt Service	149,542	149,542	149,542	-
<b>Total Expenditures</b>	<b>3,663,327</b>	<b>4,259,719</b>	<b>984,537</b>	<b>3,275,182</b>
<b>Net Change in Fund Balances</b>	<b>(2,033,239)</b>	<b>(2,629,631)</b>	<b>809,544</b>	<b>3,439,175</b>
<b>Fund Balances - Beginning of Year</b>	<b>6,565,885</b>	<b>6,565,885</b>	<b>6,565,885</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 4,532,646</b>	<b>\$ 3,936,254</b>	<b>\$ 7,375,429</b>	<b>\$ 3,439,175</b>

## ***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, 2012**

	Storm Water	Marina	Golf Course	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,675,787	\$ 104,457	\$ -	\$ 1,780,244
Investments	1,850,413	50,000	-	1,900,413
Receivables:				
Interest	1,059	120	-	1,179
Accounts - billed (net)	106,985	792	-	107,777
Accounts - unbilled	40,485	-	-	40,485
Inventories	-	-	26,868	26,868
Prepaid items	2,571	1,146	8,348	12,065
Restricted cash and cash equivalents:				
Customer deposits	-	-	-	-
Total Current Assets	3,677,300	156,515	35,216	3,869,031
Non-Current Assets:				
Capital Assets:				
Land and land rights	-	400	51,356	51,756
Buildings and improvements	3,993	25,388	468,792	498,173
Improvements other than buildings	993,682	621,835	960,612	2,576,129
Machinery and equipment	1,100,113	1,395	50,801	1,152,309
Accumulated depreciation	(925,167)	(465,931)	(662,075)	(2,053,173)
Construction in progress	571,766	-	-	571,766
Unamortized bond costs	-	-	-	-
Total Non-Current Assets	1,744,387	183,087	869,486	2,796,960
Total Assets	5,421,687	339,602	904,702	6,665,991
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	119,222	305	100,239	219,766
Accrued liabilities	1,756	310	2,136	4,202
Due to other fund (deficit in pooled cash)	-	-	467,155	467,155
Advance from other fund	-	-	301,639	301,639
Customer deposits	-	1,440	-	1,440
Compensated absences	421	-	1,021	1,442
Unavailable revenue	-	-	3,858	3,858
Total Current Liabilities	121,399	2,055	876,048	999,502
Non-Current Liabilities:				
Other postemployment benefits	5,676	-	3,606	9,282
Compensated absences	7,488	-	29,847	37,335
Total Non-Current Liabilities	13,164	-	33,453	46,617
Total Liabilities	134,563	2,055	909,501	1,046,119
<b>NET POSITION</b>				
Net investment in capital assets	1,744,387	183,087	869,486	2,796,960
Restricted:				
Other contractual obligations	2,571	1,146	35,216	38,933
Unrestricted (deficit)	3,540,166	153,314	(909,501)	2,783,979
Total Net Position	\$ 5,287,124	\$ 337,547	\$ (4,799)	\$ 5,619,872

**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, 2012**

	Storm Water	Marina	Golf Course	Total
<b>Operating Revenues:</b>				
Charges for services	\$ 1,105,052	\$ 44,652	\$ 1,360,103	\$ 2,509,807
Other	1,326	583	2,992	4,901
<b>Total Operating Revenues</b>	<b>1,106,378</b>	<b>45,235</b>	<b>1,363,095</b>	<b>2,514,708</b>
<b>Operating Expenses:</b>				
Personnel services	337,561	42,607	322,591	702,759
Contractual services	77,995	14,923	616,859	709,777
Supplies	93,391	1,680	145,212	240,283
Repairs and maintenance	56,663	-	12,267	68,930
Utilities	1,464	8,550	70,641	80,655
Depreciation	120,282	16,787	50,381	187,450
<b>Total Operating Expenses</b>	<b>687,356</b>	<b>84,547</b>	<b>1,217,951</b>	<b>1,989,854</b>
<b>Operating Income (Loss)</b>	<b>419,022</b>	<b>(39,312)</b>	<b>145,144</b>	<b>524,854</b>
<b>Non-Operating Revenues:</b>				
Investment income	13,738	522	-	14,260
Net change in fair value of investments	2,166	-	-	2,166
<b>Total Non-Operating Revenues</b>	<b>15,904</b>	<b>522</b>	<b>-</b>	<b>16,426</b>
<b>Income (Loss) before Transfers</b>	<b>434,926</b>	<b>(38,790)</b>	<b>145,144</b>	<b>541,280</b>
<b>Transfers out</b>	<b>(145,875)</b>	<b>-</b>	<b>(134,740)</b>	<b>(280,615)</b>
	<b>(145,875)</b>	<b>-</b>	<b>(134,740)</b>	<b>(280,615)</b>
<b>Change in Net Position</b>	<b>289,051</b>	<b>(38,790)</b>	<b>10,404</b>	<b>260,665</b>
<b>Net Position - Beginning of Year</b>	<b>4,998,073</b>	<b>376,337</b>	<b>(15,203)</b>	<b>5,359,207</b>
<b>Net Position - End of Year</b>	<b>\$ 5,287,124</b>	<b>\$ 337,547</b>	<b>\$ (4,799)</b>	<b>\$ 5,619,872</b>

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Storm Water	Marina	Golf Course	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,091,574	\$ 45,060	\$ 1,363,092	\$ 2,499,726
Cash payments to suppliers	(216,140)	(31,787)	(836,348)	(1,084,275)
Cash payments to employees	(334,818)	(42,605)	(320,532)	(697,955)
Net cash provided (used) by operating activities	<u>540,616</u>	<u>(29,332)</u>	<u>206,212</u>	<u>717,496</u>
Cash flows from noncapital financing activities:				
Transfers out	(145,875)	-	(134,740)	(280,615)
Advance from other fund	-	-	(44,323)	(44,323)
Payment of cash on loans to/from other funds	-	-	(7,574)	(7,574)
Net cash used by noncapital financing activities	<u>(145,875)</u>	<u>-</u>	<u>(186,637)</u>	<u>(332,512)</u>
Cash flows from capital and related financing activities:				
Disposal of capital assets	-	-	403	403
Acquisition and construction of capital assets	<u>(512,006)</u>	<u>-</u>	<u>(19,978)</u>	<u>(531,984)</u>
Net cash used for capital and related financing activities	<u>(512,006)</u>	<u>-</u>	<u>(19,575)</u>	<u>(531,581)</u>
Cash flows from investing activities:				
Interest on investments	13,738	522	-	14,260
Proceeds of investment sales & maturities	3,357,575	50,000	-	3,407,575
Purchase of investments	<u>(2,850,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(2,900,000)</u>
Net cash provided by investing activities	<u>521,313</u>	<u>522</u>	<u>-</u>	<u>521,835</u>
Net increase (decrease) in cash and cash equivalents	404,048	(28,810)	-	375,238
Cash and cash equivalents at beginning of year	<u>1,271,739</u>	<u>133,267</u>	<u>-</u>	<u>1,405,006</u>
Cash and cash equivalents at end of year	<u>\$ 1,675,787</u>	<u>\$ 104,457</u>	<u>\$ -</u>	<u>\$ 1,780,244</u>
Cash and cash equivalents classified as:				
Cash and cash equivalents	\$ 1,675,787	\$ 104,457	\$ -	\$ 1,780,244

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NON-MAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Storm Water	Marina	Golf Course	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 419,022	\$ (39,312)	\$ 145,144	\$ 524,854
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	120,282	16,787	50,381	187,450
Change in assets and liabilities:				
Decrease in accounts receivable - interest	908	158	-	1,066
Increase in accounts receivable - billed (net)	(16,177)	(333)	-	(16,510)
Decrease in unbilled accounts receivable	465	-	-	465
Decrease in inventories	-	-	277	277
(Increase) decrease in prepaid items	17	(54)	55	18
Increase (decrease) in accounts and contracts payable	13,356	(5,931)	8,299	15,724
Increase (decrease) in accrued liabilities	(224)	2	81	(141)
Decrease in unavailable revenue	-	-	(3)	(3)
Decrease in customer deposits	-	(649)	-	(649)
Increase in other postemployment benefits	2,758	-	1,545	4,303
Increase in compensated absences	209	-	433	642
Total adjustments	121,594	9,980	61,068	192,642
Net cash provided (used) by operating activities	\$ 540,616	\$ (29,332)	\$ 206,212	\$ 717,496

## ***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, 2012**

	Governmental Activities Internal Service Funds		
	Vehicle Maintenance	Risk Management	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 307,966	\$ 383,893	\$ 691,859
Investments	-	2,551,676	2,551,676
Accounts receivable - interest	-	1,983	1,983
Inventories	45,764	-	45,764
Prepaid items	2,468	4,986	7,454
Total Current Assets	356,198	2,942,538	3,298,736
Non-Current Assets:			
Capital Assets:			
Buildings and improvements	44,756	-	44,756
Improvements other than buildings	136,728	-	136,728
Machinery and equipment	56,026	7,600	63,626
Accumulated depreciation	(123,590)	(5,573)	(129,163)
Construction in progress	775	-	775
Total Non-Current Assets	114,695	2,027	116,722
Total Assets	470,893	2,944,565	3,415,458
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	28,131	-	28,131
Accrued liabilities	1,386	-	1,386
Claims payable	-	10,976	10,976
Compensated absences	2,010	-	2,010
Total Current Liabilities	31,527	10,976	42,503
Non-Current Liabilities:			
Claims payable	-	153,152	153,152
Other postemployment benefits	3,996	-	3,996
Compensated absences	10,494	-	10,494
Total Non-Current Liabilities	14,490	153,152	167,642
Total Liabilities	46,017	164,128	210,145
<b>NET POSITION</b>			
Net investment in capital assets	114,695	2,027	116,722
Restricted for:			
Other contractual obligations	48,232	4,986	53,218
Unrestricted	261,949	2,773,424	3,035,373
Total Net Position	\$ 424,876	\$ 2,780,437	\$ 3,205,313



**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Governmental Activities		
	Internal Service Funds		
	Vehicle Maintenance	Risk Management	Total
<b>Operating Revenues:</b>			
Billings to departments	\$ 1,068,153	\$ 417,760	\$ 1,485,913
Other	950	-	950
<b>Total Operating Revenues</b>	<b>1,069,103</b>	<b>417,760</b>	<b>1,486,863</b>
<b>Operating Expenses:</b>			
Personnel services	267,859	-	267,859
Contractual services	9,958	392	10,350
Supplies	467,198	-	467,198
Repairs and maintenance	243,610	-	243,610
Utilities	426	-	426
Claims	-	84,385	84,385
Insurance	-	416,784	416,784
Depreciation	17,479	1,520	18,999
<b>Total Operating Expenses</b>	<b>1,006,530</b>	<b>503,081</b>	<b>1,509,611</b>
<b>Operating Income (Loss)</b>	<b>62,573</b>	<b>(85,321)</b>	<b>(22,748)</b>
<b>Non-Operating Revenues:</b>			
Investment income	960	14,089	15,049
Net change in fair value of investments	-	6,031	6,031
<b>Total Non-Operating Revenues</b>	<b>960</b>	<b>20,120</b>	<b>21,080</b>
<b>Change in Net Assets</b>	<b>63,533</b>	<b>(65,201)</b>	<b>(1,668)</b>
<b>Net Position - Beginning of Year</b>	<b>361,343</b>	<b>2,845,638</b>	<b>3,206,981</b>
<b>Net Position - End of Year</b>	<b>\$ 424,876</b>	<b>\$ 2,780,437</b>	<b>\$ 3,205,313</b>

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Vehicle Maintenance	Risk Management	Total
Cash flows from operating activities:			
Cash received from other funds	\$ 1,069,103	\$ 414,923	\$ 1,484,026
Cash payments to suppliers	(704,020)	(438,403)	(1,142,423)
Cash payments to employees	(268,194)	-	(268,194)
Net cash provided (used) by operating activities	96,889	(23,480)	73,409
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(37,679)	-	(37,679)
Net cash used by capital and related financing activities	(37,679)	-	(37,679)
Cash flows from investing activities:			
Interest on investments	960	14,089	15,049
Proceeds of investment sales & maturities	-	5,050,000	5,050,000
Purchase of investments	-	(5,050,000)	(5,050,000)
Net cash provided by investing activities	960	14,089	15,049
Net increase (decrease) in cash and cash equivalents	60,170	(9,391)	50,779
Cash and cash equivalents at beginning of year	247,796	393,284	641,080
Cash and cash equivalents at end of year	\$ 307,966	\$ 383,893	\$ 691,859
Cash and cash equivalents classified as:			
Cash and cash equivalents	\$ 307,966	\$ 383,893	\$ 691,859
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 62,573	\$ (85,321)	\$ (22,748)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	17,479	1,520	18,999
Change in assets and liabilities:			
Increase in accounts receivable-interest	-	(342)	(342)
Increase in inventories	(441)	-	(441)
(Increase) decrease in prepaid items	124	(4,986)	(4,862)
Increase in accounts payable	17,489	-	17,489
Decrease in accrued liabilities	(417)	-	(417)
Increase in claims payable	-	68,144	68,144
Decrease in unavailable revenue	-	(2,495)	(2,495)
Increase in other postemployment benefits	2,014	-	2,014
Decrease in compensated absences	(1,932)	-	(1,932)
Total adjustments	34,316	61,841	96,157
Net cash provided (used) by operating activities	\$ 96,889	\$ (23,480)	\$ 73,409

## ***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.

**Radon Gas / Building Code Fund** - This fund is used to account for state required fees charged to builders which are remitted to the State to cover radon gas testing and building code.

**Transportation Impact Fee Fund** - This fund is used to account for one-half of impact fees charged to builders and remitted to Pinellas County.

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2012**

	Employee Retirement Funds			
	Defined Benefit		Defined	Total
	Police Officers Pension	Firefighters Pension	Contribution Plans	
			General Employees Pensions	
<b>Assets</b>				
Cash and cash equivalents	\$ 629,635	\$ 1,779,203	\$ -	\$ 2,408,838
Accounts receivable	-	57,418	-	57,418
Interest receivable	83,584	51,786	-	135,370
Prepaid items	-	-	2,633	2,633
Investments, at fair value:				
U.S. Government Securities	4,113,875	1,943,680	-	6,057,555
Equities Common Stock	9,296,296	9,929,707	-	19,226,003
Mutual Funds	1,894,065	-	7,103,957	8,998,022
Corporate Bonds	3,393,552	3,543,624	-	6,937,176
Total Investments	18,697,788	15,417,011	7,103,957	41,218,756
Total Assets	19,411,007	17,305,418	7,106,590	43,823,015
<b>Liabilities</b>				
Accounts payable	-	125,774	-	125,774
Total Liabilities	-	125,774	-	125,774
<b>Net Position</b>				
Held in Trust for Pension Benefits	\$ 19,411,007	\$ 17,179,644	\$ 7,106,590	\$ 43,697,241

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Employee Retirement Funds			
	Defined Benefit		Defined Contribution Plans	Total
	Police Officers Pension	Firefighters Pension	General Employees Pensions	
<b>Additions:</b>				
Contributions:				
Employer	\$ 465,824	\$ 461,441	\$ 627,538	\$ 1,554,803
Plan members	248,699	170,503	-	419,202
State of Florida	192,556	219,084	-	411,640
Total Contributions	<u>907,079</u>	<u>851,028</u>	<u>627,538</u>	<u>2,385,645</u>
Investment Income:				
Net increase in fair value of investments (realized and unrealized)	2,355,875	2,257,542	902,478	5,515,895
Interest	230,431	191,572	23,455	445,458
Dividends	454,013	210,664	-	664,677
	<u>3,040,319</u>	<u>2,659,778</u>	<u>925,933</u>	<u>6,626,030</u>
Less Investment Expenses:				
Investment management fees	97,558	86,704	-	184,262
	<u>97,558</u>	<u>86,704</u>	<u>-</u>	<u>184,262</u>
Net Investment Income	<u>2,942,761</u>	<u>2,573,074</u>	<u>925,933</u>	<u>6,441,768</u>
Total Additions	<u>3,849,840</u>	<u>3,424,102</u>	<u>1,553,471</u>	<u>8,827,413</u>
<b>Deductions:</b>				
Benefits	844,583	1,256,072	346,889	2,447,544
Refunds of contributions	50,168	-	-	50,168
Administrative expense	34,192	49,551	12,625	96,368
Total Deductions	<u>928,943</u>	<u>1,305,623</u>	<u>359,514</u>	<u>2,594,080</u>
Change in Net Position	2,920,897	2,118,479	1,193,957	6,233,333
Net Position - Beginning of Year	16,490,110	15,061,165	5,912,633	37,463,908
Net Position - End of Year	<u>\$ 19,411,007</u>	<u>\$ 17,179,644</u>	<u>\$ 7,106,590</u>	<u>\$ 43,697,241</u>

**CITY OF TARPON SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Radon Gas		
	Balance October 1, 2011	Additions	Reductions
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,691	\$ 12,432	\$ 13,259
	<u>2,864</u>	<u>2,864</u>	<u>2,864</u>

<b>LIABILITIES</b>			
Due to other governments	\$ 3,691	\$ 12,432	\$ 13,259
	<u>2,864</u>	<u>2,864</u>	<u>2,864</u>

	Transportation Impact Fees		
	Balance October 1, 2011	Additions	Reductions
<b>ASSETS</b>			
Cash and cash equivalents	\$ 99,770	\$ 33,851	\$ 56,551
	<u>77,070</u>	<u>77,070</u>	<u>77,070</u>

<b>LIABILITIES</b>			
Due to other governments	\$ 99,770	\$ 33,851	\$ 56,551
	<u>77,070</u>	<u>77,070</u>	<u>77,070</u>

	Totals - All Agency Funds		
	Balance October 1, 2011	Additions	Reductions
<b>ASSETS</b>			
Cash and cash equivalents	\$ 103,461	\$ 46,283	\$ 69,810
	<u>79,934</u>	<u>79,934</u>	<u>79,934</u>

<b>LIABILITIES</b>			
Due to other governments	\$ 103,461	\$ 46,283	\$ 69,810
	<u>79,934</u>	<u>79,934</u>	<u>79,934</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, 2012**

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>			
EMS District Funds	\$ 884,094	\$ 884,094	\$ -
<b>Total Revenue</b>	<u>884,094</u>	<u>884,094</u>	<u>-</u>
<b>Expenditures:</b>			
Salaries and Benefits	783,731	833,004	(49,273)
Operating Expenditures	<u>100,363</u>	<u>88,505</u>	<u>11,858</u>
<b>Total Expenditures</b>	<u>884,094</u>	<u>921,509</u>	<u>(37,415)</u>
<b>Deficiency of Revenues Under Expenditures</b>	\$ <u>-</u>	\$ <u>(37,415)</u>	\$ <u>(37,415)</u>

1	EMS Funding FY 11-12 Received by Contractor	\$ 884,094
2	EMS Allowable Costs Incurred by Contractor	<u>921,509</u>
3	Difference (If Excess Revenues) Due to Pinellas County	\$ <u>(37,415)</u>

**Reserve for Future Years:**

Beginning of Fiscal Year 10/1/2011	\$ -
<b>Additions:</b>	
Reserve funding Fy 2012	-
<b>Reductions:</b>	
Fy 2012 Budget	<u>-</u>
<b>End of Fiscal Year - 9/30/2012</b>	\$ <u>-</u>



**CITY OF TARPON SPRINGS, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FIRE DISTRICT FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>General Fund</b>			
Revenues:			
Municipality - City of Tarpon Springs (1)	\$ 3,183,645	\$ 2,824,444	\$ (359,201)
Tarpon Springs Fire District Funds	357,594	336,831	(20,763)
Total Revenues	<u>3,541,239</u>	<u>3,161,275</u>	<u>(379,964)</u>
Expenditures:			
Salaries and Benefits	3,012,879	2,668,281	344,598
Operating Expenditures	504,640	472,809	31,831
Capital Outlay	23,720	20,185	3,535
Total Expenditures	<u>3,541,239</u>	<u>3,161,275</u>	<u>379,964</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Special Revenue Fund - Fire Impacts</b>			
Revenues:			
Fire Impact Fees	\$ 6,102	\$ 7,957	\$ 1,855
Interest	1,430	938	(492)
Total Revenues	<u>7,532</u>	<u>8,895</u>	<u>1,363</u>
Expenditures:			
Capital Outlay	<u>7,532</u>	<u>-</u>	<u>7,532</u>
Total Expenditures	<u>7,532</u>	<u>-</u>	<u>7,532</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 8,895</u>	<u>\$ 8,895</u>
<b>Grand Total</b>			
Total Revenues	\$ <u>3,548,771</u>	\$ <u>3,170,170</u>	\$ <u>(378,601)</u>
Total Expenditures	<u>3,548,771</u>	<u>3,161,275</u>	<u>387,496</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 8,895</u>	<u>\$ 8,895</u>
(1) Expenditures not covered through Fire District funds are provided by the City.			
1 Total Expenditures by Contractor		\$ 3,161,275	
2 Less: Other Revenues Received by Contractor		<u>-</u>	
3 Total Outlay by Contractor		<u>3,161,275</u>	
4 Pinellas County Percentage of District		10.04%	
5 Total Pinellas County Share (3 times 4)		<u>317,392</u>	
6 Pinellas County Paid to Contractor			
Fire District Funding Fy 2012, net of Fy 2011 Overpayment		336,831	
Fire District Funding Fy 2012, Reimbursement to County			
for Fy 2011 Overpayment		<u>12,392</u>	
Total Pinellas County Paid to Contractor		<u>349,223</u>	
7 Total Due to Pinellas County (6 less 5)		\$ 31,831	
<b>Reserve for Future Years:</b>			
Beginning of Fiscal Year 10/1/2011	\$ 100,904		
Additions:			
Reserve funding Fy 2012	34,610		
Reductions:			
	<u>-</u>		
End of Fiscal Year - 9/30/2012	<u>\$ 135,514</u>		

## **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, 2012
- 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 Eight 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			
	2003	2004	2005	2006
Governmental activities:				
Net investment in capital assets	\$ 37,353,480	\$ 37,188,342	\$ 37,946,552	\$ 37,736,364
Restricted	8,657,472	10,544,831	10,860,866	13,076,123
Unrestricted	8,606,375	8,624,552	10,258,016	11,798,741
Total governmental activities				
net position	<u>\$ 54,617,327</u>	<u>\$ 56,357,725</u>	<u>\$ 59,065,434</u>	<u>\$ 62,611,228</u>
Business-type activities:				
Net investment in capital assets	\$ 15,639,657	\$ 16,635,953	\$ 17,963,934	\$ 18,705,194
Restricted	3,450,282	3,859,887	4,237,349	4,661,600
Unrestricted	8,584,518	8,825,302	9,264,511	11,168,369
Total business-type activities				
net position	<u>\$ 27,674,457</u>	<u>\$ 29,321,142</u>	<u>\$ 31,465,794</u>	<u>\$ 34,535,163</u>
Primary government:				
Net investment in capital assets	\$ 52,993,137	\$ 53,824,295	\$ 55,910,486	\$ 56,441,558
Restricted	12,107,754	14,404,718	15,098,215	17,737,723
Unrestricted	17,190,893	17,449,854	19,522,527	22,967,110
Total primary government				
net position	<u>\$ 82,291,784</u>	<u>\$ 85,678,867</u>	<u>\$ 90,531,228</u>	<u>\$ 97,146,391</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 39,016,438	\$ 40,154,559	\$ 40,672,112	\$ 41,281,743	\$ 42,581,135	\$ 42,653,653
13,569,645	14,103,319	13,113,128	13,322,303	12,914,081	12,896,516
13,648,350	14,374,903	17,358,272	18,530,274	19,466,009	19,615,271
<u>\$ 66,234,433</u>	<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>
\$ 20,367,137	\$ 22,499,445	\$ 24,561,610	\$ 26,067,196	\$ 26,751,911	\$ 30,787,409
4,468,380	3,940,536	3,531,319	3,686,103	4,283,180	2,986,956
12,088,334	12,092,799	12,467,175	11,617,680	12,354,958	14,259,417
<u>\$ 36,923,851</u>	<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>
\$ 59,383,575	\$ 62,654,004	\$ 65,233,722	\$ 67,348,939	\$ 69,333,046	\$ 73,441,062
18,038,025	18,043,855	16,644,447	17,008,406	17,197,261	15,883,472
25,736,684	26,467,702	29,825,447	30,147,954	31,820,967	33,874,688
<u>\$ 103,158,284</u>	<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>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,599,006	\$ 2,672,510	\$ 2,751,525	\$ 2,925,108
Public safety	8,533,453	9,173,559	9,610,509	9,945,624
Physical environment	866,591	979,220	1,050,988	1,142,041
Transportation	1,951,867	1,968,973	2,026,616	2,038,187
Economic environment	173,182	90,268	91,481	170,308
Culture/recreation	3,496,811	3,551,229	3,746,087	3,739,062
Interest on long-term debt	87,382	55,000	83,780	74,293
Total governmental activities expenses	<u>17,708,292</u>	<u>18,490,759</u>	<u>19,360,986</u>	<u>20,034,623</u>
Business-type activities:				
Water/Sewer	7,838,898	8,216,367	8,535,242	8,834,231
Sanitation	3,066,617	3,228,001	4,215,355	3,451,813
Storm Water	383,112	354,209	420,808	407,122
Golf Course	1,116,024	1,176,144	1,177,216	1,209,816
Marina	72,690	80,121	81,159	81,136
Total business-type activities expenses	<u>12,477,341</u>	<u>13,054,842</u>	<u>14,429,780</u>	<u>13,984,118</u>
Total primary government expenses	<u>\$ 30,185,633</u>	<u>\$ 31,545,601</u>	<u>\$ 33,790,766</u>	<u>\$ 34,018,741</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 588,648	\$ 792,358	\$ 837,882	\$ 815,254
Public safety	1,679,954	1,856,385	2,149,087	1,989,975
Physical environment	66,055	475,152	157,225	235,625
Transportation	16,231	17,059	16,492	16,778
Culture/recreation	278,525	262,648	256,046	262,543
Operating grants and contributions	496,199	462,488	772,278	808,254
Capital grants and contributions	1,007,488	1,285,783	1,122,675	612,916
Total governmental activities program revenues	<u>4,133,100</u>	<u>5,151,873</u>	<u>5,311,685</u>	<u>4,741,345</u>
Business-type activities:				
Charges for services:				
Water/Sewer	7,430,792	8,391,509	9,106,252	9,969,469
Sanitation	3,298,565	3,461,441	3,704,726	3,780,675
Storm Water	1,014,596	1,069,193	1,065,379	1,092,017
Golf Course	1,288,679	1,371,906	1,453,588	1,536,822
Marina	60,534	65,247	69,809	68,077
Operating grants and contributions	-	-	680,181	333,797
Capital grants and contributions	900,944	947,544	1,016,491	508,937
Total business-type activities program revenues	<u>13,994,110</u>	<u>15,306,840</u>	<u>17,096,426</u>	<u>17,289,794</u>
Total primary government program revenues	<u>\$ 18,127,210</u>	<u>\$ 20,458,713</u>	<u>\$ 22,408,111</u>	<u>\$ 22,031,139</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 3,147,383	\$ 3,424,454	\$ 3,247,806	\$ 3,151,755	\$ 3,090,494	\$ 2,789,491
10,522,659	11,231,522	11,007,450	11,296,815	11,325,115	11,712,003
1,164,477	1,188,796	1,086,567	1,129,614	1,155,888	1,240,584
2,153,470	2,140,625	2,154,244	2,130,186	2,077,166	2,116,119
226,684	120,911	182,489	361,444	230,382	365,584
3,903,443	4,043,603	3,968,052	3,862,643	3,780,449	3,899,214
63,583	52,844	25,011	23,373	16,841	12,542
21,181,699	22,202,755	21,671,619	21,955,830	21,676,335	22,135,537
9,578,521	9,740,837	9,639,797	9,681,751	9,407,340	9,348,746
5,404,705	5,124,329	4,931,648	4,877,167	4,888,177	3,701,551
515,663	595,846	679,599	814,746	656,883	687,356
1,232,950	1,249,106	1,230,148	1,185,149	1,178,261	1,217,951
87,026	92,358	91,013	94,279	96,211	84,547
16,818,865	16,802,476	16,572,205	16,653,092	16,226,872	15,040,151
\$ 38,000,564	\$ 39,005,231	\$ 38,243,824	\$ 38,608,922	\$ 37,903,207	\$ 37,175,688
\$ 744,672	\$ 655,871	\$ 507,018	\$ 530,030	\$ 526,133	\$ 545,215
1,767,905	1,944,316	1,854,563	2,121,388	2,094,293	1,868,326
206,983	186,229	196,589	111,909	218,822	169,750
13,425	13,154	9,288	-	-	-
344,711	346,256	374,944	376,447	352,600	374,117
739,036	753,292	554,398	890,126	752,469	604,223
467,570	767,599	510,046	730,133	877,714	160,702
4,284,302	4,666,717	4,006,846	4,760,033	4,822,031	3,722,333
10,409,561	10,305,918	10,315,485	10,277,658	10,987,035	11,698,218
5,950,190	5,484,602	5,263,508	5,170,267	5,089,668	4,031,733
1,111,836	1,095,245	990,438	1,106,548	1,103,375	1,106,378
1,575,508	1,407,793	1,367,577	1,246,668	1,297,338	1,363,095
68,373	65,505	65,828	71,609	68,882	45,235
-	-	-	-	-	44,988
216,312	501,676	844,387	164,608	425,317	2,116,009
19,331,780	18,860,739	18,847,223	18,037,358	18,971,615	20,405,656
\$ 23,616,082	\$ 23,527,456	\$ 22,854,069	\$ 22,797,391	\$ 23,793,646	\$ 24,127,989

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (13,575,192)	\$ (13,338,886)	\$ (14,049,301)	\$ (15,293,278)
Business-type activities	1,516,769	2,251,998	2,666,646	3,305,676
Total primary government net expense	<u>\$ (12,058,423)</u>	<u>\$ (11,086,888)</u>	<u>\$ (11,382,655)</u>	<u>\$ (11,987,602)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property	\$ 4,982,731	\$ 5,438,418	\$ 6,114,357	\$ 6,918,016
Property - TIF	34,799	75,969	114,208	167,785
Franchise fees (A)	1,231,562	1,299,617	1,490,189	1,745,510
Utility	2,004,741	1,920,503	2,024,947	2,162,797
Communication service	1,188,579	1,207,913	1,249,521	1,237,585
Half-cent sales	1,148,974	1,255,010	1,307,030	1,358,132
Local option gas	167,891	176,322	178,033	178,776
Local option sales	1,607,424	1,709,954	1,896,891	1,947,447
Local business (A)	-	-	-	-
Other	51,010	55,822	57,077	55,324
Franchise fees (A)	-	-	-	-
State revenue sharing	517,102	584,362	719,950	740,248
Investment income	439,972	361,881	532,015	1,273,311
Miscellaneous	283,110	186,813	246,092	227,441
Transfers	677,484	806,700	826,700	826,700
Total governmental activities	<u>14,335,379</u>	<u>15,079,284</u>	<u>16,757,010</u>	<u>18,839,072</u>
Business-type activities:				
Investment income	251,219	201,387	304,706	590,393
Transfers	(677,484)	(806,700)	(826,700)	(826,700)
Total business-type activities	<u>(426,265)</u>	<u>(605,313)</u>	<u>(521,994)</u>	<u>(236,307)</u>
Total primary government	<u>\$ 13,909,114</u>	<u>\$ 14,473,971</u>	<u>\$ 16,235,016</u>	<u>\$ 18,602,765</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 760,187	\$ 1,740,398	\$ 2,707,709	\$ 3,545,794
Business-type activities	1,090,504	1,646,685	2,144,652	3,069,369
Total primary government	<u>\$ 1,850,691</u>	<u>\$ 3,387,083</u>	<u>\$ 4,852,361</u>	<u>\$ 6,615,163</u>

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.

**Note:**

Cemetery expenses have been reclassified from Culture/recreation to Physical environment for FY 2003-2010



Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (16,897,397)	\$ (17,536,038)	\$ (17,664,773)	\$ (17,195,797)	\$ (16,854,304)	\$ (18,413,204)
2,512,915	2,058,263	2,275,018	1,384,266	2,744,743	5,365,505
<u>\$ (14,384,482)</u>	<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>
\$ 8,112,444	\$ 8,077,123	\$ 7,991,275	\$ 7,648,740	\$ 7,375,405	\$ 7,026,707
231,462	236,657	280,701	191,121	145,579	121,924
1,730,658	-	-	-	-	-
2,227,055	2,248,065	2,303,766	2,621,960	2,515,843	2,386,538
1,239,970	1,228,056	1,369,298	1,199,683	1,128,100	1,142,824
1,318,498	1,276,883	1,182,942	1,173,804	1,209,877	1,236,403
171,320	307,345	297,770	298,150	290,820	295,330
1,891,820	1,798,029	1,650,590	1,610,685	1,665,280	1,762,725
-	196,058	193,362	184,452	177,632	176,558
55,983	58,161	59,029	56,469	55,736	52,478
-	1,693,510	1,838,955	1,948,215	1,771,745	1,653,880
726,052	680,637	617,725	615,365	643,733	656,534
1,781,454	1,070,299	749,301	327,913	233,698	238,069
193,986	150,663	713,590	358,134	337,602	912,698
839,900	912,900	927,200	951,914	969,663	954,751
<u>20,520,602</u>	<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>
715,673	463,566	679,506	378,523	243,990	232,979
(839,900)	(912,900)	(927,200)	(951,914)	(969,663)	(954,751)
(124,227)	(449,334)	(247,694)	(573,391)	(725,673)	(721,772)
<u>\$ 20,396,375</u>	<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>
\$ 3,623,205	\$ 2,398,348	\$ 2,510,731	\$ 1,990,808	\$ 1,666,409	\$ 204,215
2,388,688	1,608,929	2,027,324	810,875	2,019,070	4,643,733
<u>\$ 6,011,893</u>	<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>

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

		<b>Fiscal Year</b>			
		<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Fund</b>					
	Nonspendable	\$ 238,649	\$ 259,995	\$ 271,959	\$ 312,247
	Restricted	159,564	204,006	224,254	270,627
	Committed	445,214	887,297	1,120,259	1,355,101
	Assigned	2,413,542	2,806,378	3,235,865	2,694,930
	Unassigned	4,969,888	4,780,922	5,608,512	7,404,702
<b>Total general fund</b>		<b>\$ 8,226,857</b>	<b>\$ 8,938,598</b>	<b>\$ 10,460,849</b>	<b>\$ 12,037,607</b>
<b>All Other Governmental Funds</b>					
	Nonspendable	\$ 2,307,998	\$ 2,146,715	\$ 4,266,518	\$ 4,251,035
	Restricted	5,598,132	7,010,253	4,988,991	6,939,209
	Committed	356,022	360,296	370,326	388,258
	Unassigned	-	-	-	-
<b>Total all other governmental funds</b>		<b>\$ 8,262,152</b>	<b>\$ 9,517,264</b>	<b>\$ 9,625,835</b>	<b>\$ 11,578,502</b>
<b>Total Fund Balance All Governmental Funds</b>		<b>\$ 16,489,009</b>	<b>\$ 18,455,862</b>	<b>\$ 20,086,684</b>	<b>\$ 23,616,109</b>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 239,803	\$ 185,661	\$ 149,243	\$ 330,533	\$ 357,162	\$ 370,883
361,733	381,188	356,340	282,319	272,255	235,644
1,520,576	1,677,318	2,127,263	2,029,862	2,235,030	2,383,557
2,730,464	2,862,314	3,355,153	2,852,355	4,033,690	4,041,932
8,549,150	8,716,138	9,203,929	10,935,000	10,410,510	10,559,574
<u>\$ 13,401,726</u>	<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>
\$ 4,051,515	\$ 3,950,809	\$ 3,719,168	\$ 3,557,169	\$ 3,368,659	\$ 4,203,228
7,396,053	7,879,659	8,836,197	9,114,170	8,868,090	8,033,543
409,897	420,921	429,830	433,995	435,298	428,968
-	-	-	(57,157)	(40,926)	(37,325)
<u>\$ 11,857,465</u>	<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>\$ 25,259,191</u>	<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>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 11,217,727	\$ 11,828,696	\$ 13,068,146	\$ 14,357,916
Licenses, permits and fees	555,675	677,700	785,566	677,692
Intergovernmental	2,674,557	2,873,420	3,226,896	3,107,244
Charges for services	1,513,752	1,548,824	1,763,753	1,755,119
Fines and forfeitures	299,227	336,142	426,753	351,550
Other	1,484,331	2,061,985	1,916,282	2,364,230
Total Revenues	<u>17,745,269</u>	<u>19,326,767</u>	<u>21,187,396</u>	<u>22,613,751</u>
<b>Expenditures</b>				
General government	2,422,658	2,486,720	2,691,935	2,802,646
Public safety	7,847,868	8,574,261	9,202,471	9,484,503
Physical environment	823,030	930,555	1,006,209	1,110,608
Transportation	941,265	951,009	996,108	1,024,192
Economic environment	139,519	56,501	57,714	109,447
Culture & recreation	3,131,226	3,121,692	3,352,249	3,350,166
Capital outlay	1,624,792	1,412,472	4,407,215	1,559,163
Debt service				
Interest	91,811	59,442	80,339	76,106
Principal	655,567	677,046	1,527,849	735,997
Total expenditures	<u>17,677,736</u>	<u>18,269,698</u>	<u>23,322,089</u>	<u>20,252,828</u>
Excess of revenues over (under) expenditures	67,533	1,057,069	(2,134,693)	2,360,923
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	103,084	2,938,815	363,261
Transfers in	1,303,407	1,281,415	1,806,695	1,373,046
Transfers out	(496,707)	(474,715)	(979,995)	(567,805)
Total other financing sources (uses)	<u>806,700</u>	<u>909,784</u>	<u>3,765,515</u>	<u>1,168,502</u>
Net change in fund balances	<u>\$ 874,233</u>	<u>\$ 1,966,853</u>	<u>\$ 1,630,822</u>	<u>\$ 3,529,425</u>
Debt service as a percentage of noncapital expenditures	4.7%	4.4%	8.5%	4.3%

\* 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.

**Note:**

Cemetery expenses have been reclassified from Culture & recreation to Physical environment for FY 2002-2010

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 15,604,729	\$ 13,854,676 *	\$ 13,806,061	\$ 13,563,670	\$ 13,153,081	\$ 12,790,682
505,650	1,905,382 *	1,991,985	2,310,578	2,447,907	1,961,249
2,941,096	3,511,257	3,057,455	3,561,195	3,381,804	2,650,694
1,834,350	2,205,261	2,068,616	2,018,521	1,881,376	1,967,159
202,380	193,758	164,884	258,964	266,300	233,909
2,690,992	1,896,972	2,192,940	1,266,746	1,214,601	1,772,274
23,779,197	23,567,306	23,281,941	22,979,674	22,345,069	21,375,967
3,160,898	3,361,843	3,000,035	2,952,196	2,852,948	2,563,972
10,255,261	10,744,731	10,337,416	10,561,114	10,590,580	10,883,704
1,108,261	1,125,401	1,016,145	1,053,644	1,067,678	1,147,784
1,141,638	1,109,561	1,088,535	1,027,465	1,002,303	994,527
190,107	84,407	145,895	323,588	192,154	199,870
3,566,247	3,685,949	3,569,756	3,495,903	3,431,376	3,476,283
3,397,847	2,736,735	2,255,395	3,430,771	3,727,826	2,634,800
56,104	58,389	30,326	27,317	16,841	12,542
652,793	758,373	662,523	425,467	132,000	137,000
23,529,156	23,665,389	22,106,026	23,297,465	23,013,706	22,050,482
250,041	(98,083)	1,175,915	(317,791)	(668,637)	(674,515)
553,141	-	-	667,000	-	-
1,351,900	1,443,189	1,378,625	1,258,587	1,419,663	1,450,979
(512,000)	(530,289)	(451,425)	(306,673)	(450,000)	(496,228)
1,393,041	912,900	927,200	1,618,914	969,663	954,751
\$ 1,643,082	\$ 814,817	\$ 2,103,115	\$ 1,301,123	\$ 301,026	\$ 280,236
3.5%	3.9%	3.5%	2.3%	0.8%	0.8%

**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>
2003	\$ 5,017,530	\$ 1,231,562	\$ 2,004,741	\$ 1,188,579	\$ -	\$ 1,775,315	\$ 11,217,727
2004	5,514,387	1,299,617	1,920,503	1,207,913	-	1,886,276	11,828,696
2005	6,228,565	1,490,189	2,024,947	1,249,521	-	2,074,924	13,068,146
2006	7,085,801	1,745,510	2,162,797	1,237,585	-	2,126,223	14,357,916
2007	8,343,906	1,730,658	2,227,055	1,239,970	-	2,063,140	15,604,729
2008	8,077,123	1,693,510 A	2,248,065	1,228,056	196,058 A	2,105,374	15,548,186
2009	7,991,275	1,838,955 A	2,303,766	1,369,298 B	193,362 A	1,948,360	15,645,016
2010	7,648,740	1,948,215 A	2,621,960	1,199,683	184,452 A	1,908,835	15,511,885
2011	7,375,405	1,771,745 A	2,515,843	1,128,100	177,632 A	1,956,100	14,924,825
2012	7,026,707	1,653,880 A	2,386,538	1,142,824	176,558 A	2,058,055	14,444,562
Change 2003 - 2012	40.0%	34.3%	19.0%	-3.8%	100.0%	15.9%	28.8%

- 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.
- B) 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				Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value
	Residential Property	Commercial Property	Industrial Property	Other Property (A)			
2003	\$ 1,021,689,500	\$ 166,599,100	\$ 39,762,500	\$ 175,246,700	\$ 1,403,297,800	\$ 425,285,470	\$ 978,012,330
2004	1,151,211,400	180,666,900	43,597,900	196,866,400	1,572,342,600	486,663,000	1,085,679,600
2005	1,323,871,400	200,272,500	47,213,900	211,427,300	1,782,785,100	566,167,700	1,216,617,400
2006	1,580,570,800	229,991,200	55,026,900	217,614,100	2,083,203,000	677,836,002	1,405,366,998
2007	2,084,750,600	282,403,000	65,949,800	251,122,300	2,684,225,700	968,817,497	1,715,408,203
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
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
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
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
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
Change 2003 - 2012	27%	58%	33%	13%	29%	29%	29%

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.

Personal Property			Total Real and Personal Property			Total Direct Tax Rate	Tax-Exempt as a Percentage of Total Assessed
Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value		
\$ 75,714,970	\$ 5,674,380	\$ 70,040,590	\$ 1,479,012,770	\$ 430,959,850	\$ 1,048,052,920	4.9454	29.14%
71,086,810	4,873,680	66,213,130	1,643,429,410	491,536,680	1,151,892,730	4.9454	29.91%
75,213,500	4,048,970	71,164,530	1,857,998,600	570,216,670	1,287,781,930	4.9454	30.69%
78,236,341	4,016,850	74,219,491	2,161,439,341	681,852,852	1,479,586,489	4.9420	31.55%
85,494,830	7,548,340	77,946,490	2,769,720,530	976,365,837	1,793,354,693	4.7957	35.25%
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%
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%
87,936,835	17,767,680	70,169,155	2,400,550,007	817,189,959	1,583,360,048	4.9500	34.04%
79,793,060	15,744,372	64,048,688	1,975,918,528	581,112,092	1,394,806,436	5.4500	29.41%
83,165,794	14,826,327	68,339,467	1,892,938,423	564,228,530	1,328,709,893	5.4500	29.81%
10%	161%	-2%	28%	31%	27%	10%	



**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							
	Governmental	Institutional	\$25,000 Homestead	Additional \$25,000 Homestead	Additional \$25,000 (Senior) Homestead	Homestead Assessment Diff (SOH) (E)	Other Exemptions (A)	Total Exemptions
2003	\$ 113,043,400	\$ 29,010,270	\$ 158,448,400	\$ -	\$ -	\$ 119,335,800	\$ 5,447,600	\$ 425,285,470
2004	127,213,200	33,852,800	162,824,800	-	-	156,159,800	6,612,400	486,663,000
2005	137,861,800	35,774,400	165,136,600	-	-	219,900,800	7,494,100	566,167,700
2006	151,056,900	42,777,300	167,008,300	-	-	308,516,102	8,477,400	677,836,002
2007	177,087,500	48,848,269	168,958,774	-	2,422,786 B	560,835,866	10,664,302	968,817,497
2008	197,416,400	51,881,511	170,290,943	-	8,797,690 B	580,761,343	12,725,811	1,021,873,698
2009	211,378,700	52,812,771	170,502,287	143,249,349 C	8,766,726 B	414,634,208	14,415,201	1,015,759,242
2010	216,837,184	51,165,598	167,971,628	141,321,644 C	9,663,621 B	196,793,403	15,669,201	799,422,279
2011	192,112,501	45,726,249	165,929,594	138,775,970 C	11,172,205 B	-	11,651,201	565,367,720
2012	183,499,325	45,571,359	163,055,919	134,246,818 C	10,847,769 B	-	12,181,013	549,402,203

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.  
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.

Personal Property						Real & Personal Total Exemptions
Governmental	Institutional	Tangible Personal Property	Other Exemptions (A)	Total Exemptions		
140,090	\$ 5,506,250	\$ -	\$ 28,040	\$ 5,674,380	\$ 430,959,850	
131,740	4,709,600	-	32,340	4,873,680	491,536,680	
121,490	3,893,930	-	33,550	4,048,970	570,216,670	
117,090	3,863,420	-	36,340	4,016,850	681,852,852	
112,090	7,408,400	-	27,850	7,548,340	976,365,837	
127,530	7,089,630	-	25,350	7,242,510	1,029,116,208	
126,900	5,836,916	10,809,875	D 25,410	16,799,101	1,032,558,343	
123,205	7,557,037	10,064,248	D 23,190	17,767,680	817,189,959	
189,464	6,296,385	9,236,012	D 22,511	15,744,372	581,112,092	
176,433	5,898,511	8,729,473	D 21,910	14,826,327	564,228,530	

**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)	
2003	4.9454	8.4490	6.1410	.6319	.6600	1.6562	22.4835
2004	4.9454	8.2430	6.1410	.6319	.6600	1.6562	22.2775
2005	4.9454	8.1220	6.1410	.6377	.6600	1.6557	22.1618
2006	4.9420	8.3900	6.1410	.6377	.6600	1.6555	22.4262
2007	4.7957	8.2100	5.4700	.6074	.6300	1.6378	21.3509
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

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

B) County includes:

General Fund	4.8108
Mosquito Control	0.0000
Health Department	0.0622
	<u>4.8730</u>

C) Other includes:

Pinellas County Planning Council	0.0125
Juvenile Welfare Board	0.8337
SW Florida Water Mgt. District	0.3928
	<u>1.2390</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	2012			2003		
	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	\$ 15,160,000	1	1.14%	\$ -	-	-
DDR Tarpon Square LLC	12,444,980	2	0.94%	-	-	-
Riverside Partners LTD	10,600,000	3	0.80%	10,050,000	1	0.96%
Shamrock Millco - Sun Valley LLC	7,125,000	4	0.54%	-	-	-
Turtle Cove Group LLC	6,571,900	5	0.49%	-	-	-
River Site LLC	6,045,826	6	0.46%	-	-	-
C R P II- Tarpon Springs LLC	5,176,491	7	0.39%	-	-	-
Lime Street Prop/Tarpon Woods Apts	4,750,000	8	0.36%	-	-	-
Storage Trust Properties	4,485,000	9	0.34%	4,485,300	5	0.43%
Wal-Mart Stores East LP	4,441,913	10	0.33%	-	-	-
W&Z Properties	-	-	-	7,865,400	2	0.75%
St. Luke's Clinic Prop.	-	-	-	7,443,500	3	0.71%
AIOP-Sun Valley	-	-	-	6,300,000	4	0.60%
Manatee Village Investments	-	-	-	4,440,500	6	0.42%
Peterson, Marilyn H TRE	-	-	-	4,400,000	7	0.42%
EIG Tarpon Mall	-	-	-	4,157,500	8	0.40%
Tarpon Springs Associates	-	-	-	3,675,000	9	0.35%
Pappas, Louis Restaurant	-	-	-	3,574,300	10	0.34%
<b>TOTAL</b>	<b>\$ 76,801,110</b>		<b>5.79%</b>	<b>\$ 56,391,500</b>		<b>5.38%</b>

A) Percentages are based on the total assessed value of \$ 1,328,709,893

B) Percentages are based on the total assessed value of \$ 1,048,052,920.

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	2012			2003		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (A)	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (B)
Florida Power Corp	\$ 15,358,954	1	1.16%	\$ 10,326,530	2	0.99%
Verizon Florida LLC "C"	11,111,040	2	0.84%	11,040,930	1	1.05%
Verizon Wireless	4,143,237	3	0.31%	-	-	-
Bright House Networks LLC	3,388,432	4	0.26%	-	-	-
St Lukes Cataract & Laser Inst. Inc	2,236,077	5	0.17%	3,261,260	3	0.31%
General Electric Capital Corp	1,880,994	6	0.14%	-	-	-
Sweetbay Supermarket	1,803,785	7	0.14%	-	-	-
Hertz Equip Rental Corp	1,216,891	8	0.09%	1,674,450	6	0.16%
Winn Dixie #624	1,150,733	9	0.09%	1,027,320	8	0.10%
Publix Super Market 144	1,057,169	10	0.08%	-	-	-
Time Warner Cable	-	-	-	2,829,880	4	0.27%
Verizon Americast	-	-	-	2,281,070	5	0.22%
Citicorp Leasing, Inc.	-	-	-	1,297,170	7	0.12%
Purcell, R E	-	-	-	740,430	9	0.07%
Kash N Karry #1869	-	-	-	693,040	10	0.07%
<b>TOTAL</b>	<b>\$ 43,347,312</b>		<b>3.28%</b>	<b>\$ 35,172,080</b>		<b>3.36%</b>

A) Percentages are based on the total assessed value of \$ 1,328,709,893.

B) Percentages are based on the total assessed value of \$ 1,048,052,920.

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			
2003	\$	5,183,041	\$	5,004,034	96.55%	\$	13,850	\$	5,017,884	96.81%
2004		5,696,570		5,496,420	96.49%		18,375		5,514,795	96.81%
2005		6,368,597		6,157,335	96.68%		72,373		6,229,708	97.82%
2006		7,312,116		7,070,516	96.70%		16,758		7,087,274	96.93%
2007		8,600,391		8,326,486	96.82%		19,465		8,345,951	97.04%
2008		8,354,513		8,049,598	96.35%		28,733		8,078,331	96.69%
2009		8,253,433		7,953,461	96.37%		42,364		7,995,825	96.88%
2010		7,837,632		7,591,358	96.86%		59,664		7,651,022	97.62%
2011		7,601,697		7,355,168	96.76%		33,554		7,388,722	97.20%
2012		7,241,470		6,992,075	96.56%		7,827		6,999,902	96.66%

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	Capital Leases			
2003	\$ 1,079,410	\$ 291,338	\$ 2,435,000	\$ -	\$ 3,805,748	0.51%	\$ 166.77
2004	553,802	242,984	2,075,000	-	2,871,786	0.36%	122.54
2005	1,947,113	260,638	1,700,000	-	3,907,751	0.47%	165.16
2006	1,512,336	322,679	1,310,000	137,253	3,282,268	0.37%	135.85
2007	1,063,522	671,841	3,269,035	100,097	5,104,495	0.53%	207.26
2008	600,219	376,771	3,882,229	68,037	4,927,256	0.48%	199.53
2009	121,958	192,509	5,950,565	34,688	6,299,720	0.60%	257.43
2010	556,000	-	6,673,965	-	7,229,965	0.67%	295.96
2011	424,000	-	6,673,965	-	7,097,965	0.74%	302.49
2012	287,000	-	6,673,965	-	6,960,965	0.70%	293.25

**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	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value of Real Property (A)	Per Capita (B)
	General Obligation Bonds	Revenue Note	Total		
2003	\$ -	\$ 1,079,410	\$ 1,079,410	0.11%	\$ 47.30
2004	-	553,802	553,802	0.05%	23.63
2005	-	1,947,113	1,947,113	0.16%	82.30
2006	-	1,512,336	1,512,336	0.11%	62.59
2007	-	1,063,522	1,063,522	0.06%	43.18
2008	-	600,219	600,219	0.03%	24.31
2009	-	121,958	121,958	0.01%	4.98
2010	-	556,000	556,000	0.04%	22.76
2011	-	424,000	424,000	0.03%	18.07
2012	-	287,000	287,000	0.02%	12.09

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

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, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (A)</u>	<u>Estimated Share of Overlapping Debt</u>
Pinellas County	\$ -	2.40%	\$ -
Pinellas County School District State Bonds	24,760,000	2.40%	594,240
Pinellas County School District Capital Leases	20,126,433	2.40%	483,034
Subtotal, overlapping debt			<u>1,077,274</u>
City direct debt	287,000	100.00%	<u>287,000</u>
Total direct and overlapping debt			<u>\$ 1,364,274</u>

A) Applicable net debt percentage is based on ratio of City to County taxable values (\$1,328,709,893/\$55,437,302,023).

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**

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Debt Limit (B)	\$ 1,048,052,920	\$ 1,151,892,730	\$ 1,287,781,930	\$ 1,479,586,489
Total net debt applicable to limit ( C)	<u>1,370,748</u>	<u>796,786</u>	<u>2,207,751</u>	<u>1,835,015</u>
Legal debt margin (B)	\$ 1,046,682,172	\$ 1,151,095,944	\$ 1,285,574,179	\$ 1,477,751,474
Total net debt applicable to the limit as a percentage of debt limit	0.13%	0.07%	0.17%	0.12%

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.

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed value (A)	\$ 1,328,709,893
Debt limit (100% of total assessed value) (B)	<u>1,328,709,893</u>
Debt applicable to limit (C):	
General obligation bonds	-
Revenue notes	287,000
Capital leases	-
Total net debt applicable to limit	<u>287,000</u>
Legal debt margin	<u><u>\$ 1,328,422,893</u></u>

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 1,793,354,693	\$ 1,938,896,972	\$ 1,804,502,437	\$ 1,583,360,048	\$ 1,394,806,436	\$ 1,328,709,893
<u>1,735,363</u>	<u>976,990</u>	<u>314,467</u>	<u>556,000</u>	<u>424,000</u>	<u>287,000</u>
\$ 1,791,619,330	\$ 1,937,919,982	\$ 1,804,187,970	\$ 1,582,804,048	\$ 1,394,382,436	\$ 1,328,422,893
0.10%	0.05%	0.02%	0.04%	0.03%	0.02%

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

Water and Sewer Revenue Bonds								
Fiscal Year	Gross Revenues (A)	Less: Operating Expenses (B)	Net Available Revenue	Debt Service			Coverage	
				Principal	Interest	Total		
2003	\$ 7,799,904	\$ 6,599,988	\$ 1,199,916	\$ 350,000	\$ 108,894	\$ 458,894	2.61	
2004	8,823,533	6,965,836	1,857,697	360,000	95,209	455,209	4.08	
2005	9,695,064	7,277,790	2,417,274	375,000	81,133	456,133	5.30	
2006	10,609,938	7,531,271	3,078,667	390,000	66,470	456,470	6.74	
2007	10,717,737	8,203,232	2,514,505	395,000	76,449	471,449	5.33	
2008	10,607,925	8,196,868	2,411,057	420,000	116,878	536,878	4.49	
2009	10,715,997	8,134,938	2,581,059	435,000	78,894	513,894	5.02	
2010	10,512,915	8,149,009	2,363,906	60,000	53,594	113,594	20.81	
2011	11,187,120	7,807,205	3,379,915	-	51,182	51,182	66.04	
2012	11,941,116	7,762,107	4,179,009	-	52,075	52,075	80.25	
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.							

**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>
2003	22,821	\$ 744,832	\$ 32,638	43.9	7,132	4.4%
2004	23,436	793,918	33,876	44.0	7,115	3.8%
2005	23,660	823,723	34,815	44.2	7,022	3.6%
2006	24,161	895,914	37,081	44.2	7,115	2.8%
2007	24,628	970,269	39,397	44.5	7,115	3.7%
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%

**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 two years prior. Source is the Bureau of Economic & Business Research at the University of Florida.
- C) 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.
- 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.

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

Employer	2012		2004	
	Employees Full-Time	Rank	Employees Full-Time	Rank
Home Shopping Club	4,000	1	4,000	1
Fidelity Information Svc.	4,000	2	-	-
Nielson Media Research	3,000	3	2,669	4
Raymond James Financial	2,600	4	3,022	3
Tech Data Corp.	2,500	5	1,800	10
Special Data Processing, Inc.	1,800	6	-	-
Jabil Circuit, Inc.	1,700	7	-	-
Western Reserve Life Assur.	1,500	8	-	-
Ceridian Benefit Services	1,200	9	-	-
Franklin Templeton Invest.	1,200	10	-	-
Times Publishing Corp.	-	-	3,187	2
Morton Plant Hospital	-	-	2,448	5
Raytheon	-	-	2,200	6
All Childrens Health Systems	-	-	2,000	7
Bayfront Medical Center, Inc.	-	-	2,000	8
Progress Energy, Florida	-	-	1,870	9
<b>TOTAL</b>	<b>23,500</b>		<b>25,196</b>	

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

Data for previous year is based on eight years ago, data for nine years ago 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>										
General government	35.00	30.00	31.00	30.00	34.10	33.10	29.40	30.40	29.80	28.80
Public safety	110.00	107.00	107.00	110.00	112.00	114.00	109.00	109.00	107.00	105.00
Physical environment	17.00	13.00	14.20	15.00	16.00	16.00	16.00	15.00	15.20	15.20
Transportation	12.00	8.83	9.20	10.20	12.10	12.10	11.10	11.10	10.30	10.30
Economic Environment	-	-	-	1.00	1.00	1.00	2.20	2.20	2.20	2.20
Culture/recreation	51.00	45.00	46.00	46.00	47.00	46.00	42.00	38.00	38.00	37.00
Water/Sewer	59.25	60.75	60.00	60.00	61.00	61.00	61.50	61.50	58.55	58.55
Sanitation	4.00	4.00	4.30	5.30	4.30	4.30	4.30	6.30	7.60	7.60
Stormwater	6.75	7.25	7.25	7.45	7.45	7.45	7.45	7.45	7.25	8.25
Golf Course	7.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	4.00	4.00
Marina	1.00	0.17	0.05	0.05	0.05	0.05	0.05	0.05	0.10	0.10
<b>Total</b>	<b>303.00</b>	<b>282.00</b>	<b>285.00</b>	<b>291.00</b>	<b>301.00</b>	<b>301.00</b>	<b>289.00</b>	<b>286.00</b>	<b>280.00</b>	<b>277.00</b>

\* Positions that were designated as frozen in previous fiscal years were removed from the budgeting process in Fy 2004 and may be unfrozen in future fiscal years.

Source: City Budget documents.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>										
Public safety										
Police										
Arrests	1,328	1,041	1,246	1,292	1,317	1,341	1,100	1,424	990	942
Parking violations	918	413	563	535	629	340	286	424	553	227
Citations	6,677	7,469	6,405	3,678	3,865	3,243	2,366	4,919	3,635	3,004
Fire/EMS										
Fire calls	66	79	70	80	76	69	60	64	65	71
EMS calls	2,333	2,437	2,474	3,137	3,029	2,708	2,031	1,965	2,766	2,672
False alarms	184	191	170	281	209	169	127	148	185	151
Culture/recreation										
Community center attendance	15,607	17,850	18,203	18,036	16,210	13,625	15,246	14,395	14,316	12,767
Leagues	5	5	5	5	8	8	8	10	10	11
Library-circulation	276,617	279,448	242,216	252,394	235,570	254,854	288,481	286,672	290,703	303,567
Library-materials	95,982	84,328	98,867	98,185	109,561	122,064	130,230	119,160	106,762	110,582
Water/Sewer										
Water										
Average daily consumption (thousands of gallons)	2,962	3,230	3,204	3,245	3,067	2,913	2,830	2,609	2,644	2,679
Sewer										
Annual average daily flow (thousands of gallons)	1,993	2,151	2,106	1,992	1,991	2,083	1,950	1,932	1,874	2,115
Golf Course										
Rounds of golf played	61,085	61,366	63,196	66,187	66,563	62,011	60,004	55,136	55,104	56,984

Source: City Departments



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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	2
Transportation										
Streets paved	92.3	92.3	92.3	92.3	92.4	92.8	92.8	92.8	92.8	93.0
Streets unpaved	0.7	0.7	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.0
Culture/recreation										
Parks acreage	431.39	430.39	430.39	430.39	430.39	430.39	430.39	430.39	430.39	430.39
Playgrounds	16	15	15	15	15	15	16	16	18	18
Baseball/softball fields	10	10	10	10	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	142	150	160	160	160	160	160	160	160	160
Sanitary sewer mains/miles	69.0	70.0	72.0	72.0	72.0	72.0	72.0	72.0	72.0	84.0
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



**CITY OF TARPON SPRINGS, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS**

**Year Ended September 30, 2012**

<u>Grantor/Grant</u>	<u>CFDA/CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Grant Award</u>	<u>Grant Expenditures</u>
<b><u>Federal Awards</u></b>				
U. S. Department of Housing and Urban Development Pinellas County Community Development Community Development Block Grant - Entitlement Grant	14.218	CD10-TSLEMON	216,000	51,055
U.S. National Endowment for the Arts Florida Humanities Council Greek Arts Initiative	45.024	10-5500-7060	40,000	39,522
U. S. Department of Justice Equitable Sharing Agreement	16.922	FL0521800	-	607,119
Office of Community Oriented Policing Services Public Safety Partnership and Community Policing Grant (ARRA)	16.710	2009-RK-WX-0245	376,836	125,045
Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2010-DJ-BX-0971	20,710	8,220
Edward Byrne Memorial State & Local Law Enforcement Discretionary Grants Program Passed through City of Tampa, FL Republican National Convention	16.580	2012-NC-BX-3070	22,503	22,503
Bureau of Justice Assistance Bulletproof Vests Partnership Program	16.607		275	275
Total Expenditures of Federal Awards			\$	<u>853,739</u>
<b><u>State Projects</u></b>				
Florida Department of State Division of Cultural Affairs State Touring Program	45.012	12.6.0166	10,101	\$ 10,101
Florida Department of Environmental Protection Pinellas County Department of Solid Waste Operations Recycling Grant	37.017	RE-05-59	18,178	18,178
Total Expenditures of State Projects			\$	<u>28,279</u>

Note to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

**Note A - Basis of Presentation**

The schedule of expenditures of federal awards and state financial assistance projects includes the federal and state grant activity of the City of Tarpon Springs, Florida and is presented on the accrual basis of accounting.

The Federal Awards and State Financial Assistance Projects for the City of Tarpon Springs, Florida are accounted for in the Statement of Activities as Operating Grants and Capital Grants and in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds as intergovernmental revenues.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tarpon Springs (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2011-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City, in a separate letter dated March 20, 2013.

The City's responses to the findings identified in our audit are included in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Honorable Mayor, Members of the City Commission, and the Auditor General of the State of Florida, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McLean P.C.*

Clearwater, Florida  
March 20, 2013



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**Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

**Compliance**

We have audited the City of Tarpon Springs, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Tarpon Springs, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

**Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and the Honorable Mayor, Members of the City Commission, the Auditor General of the State of Florida, applicable federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mayor Stephen McLean P.C.*

Clearwater, Florida  
March 20, 2013

**CITY OF TARPON SPRINGS, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2012**

**Section I: Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ Yes ☐ None Reported
- Noncompliance material to the basic financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over compliance:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditors' report on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?

☐ Yes ☒ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
16.922	U.S. Department of Justice Federal Equitable Sharing Program

The threshold for distinguishing Type A and Type B programs was: \$ 300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No



**CITY OF TARPON SPRINGS, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2012**

**Section II: Financial Statement Findings**

**2011-01: Information Technology**

**Observation:** As noted during the prior year audit, the City had an Information Technology (IT) Security Assessment performed in 2010. As a result, there were recommendations noted in the report dated September 30, 2010, based on vulnerability and threats from both internal and external sources. During our review of the IT Control Environment for the current year, several deficiencies identified in the report remained open related to the City's general control environment with respect to access, security and general awareness.

**Recommendation:** We recommend that the City review the recommendations from the IT Security Assessment and perform a thorough IT risk assessment. This should include the establishment of formalized IT policies and procedures that covers a disaster recovery plan as well as addressing backup procedures and a review of backup failures. The IT policies and procedures as well as the disaster recovery plan should be reviewed, tested and documented as completed on an annual basis to confirm that the policies and procedures are current, accurate and that in the event of a disaster, the disaster recovery plan will operate as intended.

We also recommend that the City develop and implement a formalized process surrounding user access. Management should review user access levels annually at a minimum, to ensure user access levels remain appropriate for the current responsibilities of the users. User access for new employees should be documented and approved by the department heads and the IT department should be timely notified of employee terminations. This will allow the IT department to establish appropriate access rights to new employees and to timely disable user ID's of terminated employees until the user ID's can be properly reviewed and determined safe to delete.

We recommend password parameters be strengthened to a higher level of complexity. We also recommend that the administrator passwords be changed at least annually, and whenever there is a change in IT staff due to the extensive access associated with these ID's.

These recommendations will enhance the security around the City's systems and strengthen internal controls over fraud detection and prevention. A risk assessment will also ensure the City is aware of any potential threats resulting from unauthorized activity in the IT environment.

**Management Response:** The City agrees with the recommendation to perform risk assessments and develop IT policies and procedures. The City's IT department will also review current business processes and security protocols as they pertain to the handling and dissemination of sensitive information (data or information protected under current Public Records Law) that is stored within City systems.

**Section III: Federal Award Findings and Questioned Costs**

This section identifies significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, related to the audit of major federal awards and state financial assistance projects, as required to be reported by OMB Circular A-133.

There were no findings required to be reported in accordance with OMB Circular A-133.

**CITY OF TARPON SPRINGS, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR YEAR ENDED SEPTEMBER 30, 2012**

**2011-01: Information Technology**

The finding was not addressed during the fiscal year and has been presented as a current year finding. See 2011-01 in Section II above.

**2011-02: Grant Compliance**

The significant deficiency over compliance for 2011 has been addressed and no longer applies.



An Independent CPA Firm

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### **Independent Auditor's Management Letter**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tarpon Springs, Florida (the "City") as of and for the year ended September 30, 2012 and have issued our report thereon dated March 20, 2013.

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; and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133; and the related Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 20, 2013, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, we noted that no corrective action was taken to address the significant deficiency in the preceding annual financial report. Therefore, it has been presented as a finding in this year's Schedule of Findings and Questioned Costs. In regards to recommendations presented in the prior year Management Letter, corrective actions have been taken as noted in the accompanying Appendix A to this Management Letter.

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, nothing came to our attention that caused us to believe the City was not in compliance with Section 218.415, *Florida Statutes*.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, the recommendations are noted in the accompanying Appendix A to this Management Letter.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we identified areas for strengthening internal control, as noted in the accompanying Appendix A to this Management Letter, under Current Year Recommendations.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), *Florida Statutes* and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.
- Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by same.

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

Maya Hoffman McLean P.C.

March 20, 2013  
Clearwater, Florida

**CITY OF TARPON SPRINGS, FLORIDA**  
**Appendix A – Management Letter Comments**  
**September 30, 2012**

**Current Year Recommendations:**

**2012-01: Bank Reconciliation**

**Observation:** It is our understanding that the City reconciles all of its bank statements within 30 days of receipt. During our review of the City's bank accounts, we noted that the bank statement reconciliations for the primary bank account did not have documented evidence of the preparer and the reviewer. The bank reconciliations for this account are currently being prepared by the Senior Staff Accountant and reviewed monthly by the Assistant Finance Director or Finance Director. However, due to small variances of under \$200, the Assistant Finance Director or Finance Director did not physically sign off on the reconciliations until the variances were resolved, which could have been several months later. As a result, evidence of timely review of the bank reconciliations was not available.

**Recommendation:** We recommend that both the preparer and the reviewer initial and date the bank statement reconciliation as evidence that the review has been performed in a timely manner, even if there are minor reconciling items still being investigated. Bank reconciliations are a critical control over cash and this practice would greatly enforce the checks and balances necessary for strong controls over cash. We also understand that the City is in the process of updating and documenting its accounting policy and procedures. We recommend that this update address the timely bank reconciliation and appropriate documented evidence of preparer and reviewer.

**Management Response:** The City takes the reconciling of the bank accounts very seriously in protecting the financial assets of the City. The City does have a policy that the bank statements are reviewed by the end of the subsequent month. Other safeguards are also implemented by reviewing on-line the transactions weekly and reviewing the weekly check registers in looking for any abnormal transactions. The City has also instituted all possible fraud prevention mechanisms available from our banking institution. The City will ensure, as part of this review process that a reviewer initials and dates the bank reconciliation before the end of the subsequent month or soon thereafter.

**2012-02: Server Room Generator and Access**

**Observation:** During the audit, it was noted that the server room does not contain a separate generator system to ensure that the servers will remain running in the event that the building loses power. Additionally, based on the current layout of the IT office, the only entry to the IT Manager's office is through the server room.

**Recommendation:** We recommend that the Server room have a separate generator to supply power to run the servers in the event the City building loses power. Additionally, the City has future plans to renovate the IT office. We recommend that these renovations include modifications as to the entrance to the IT Manager's office so that it no longer includes going through the server room.

**Management Response:** The City agrees with this recommendation and a generator has been requested in the Fiscal Year 2014 budget. Also requested in the Fiscal year 2014 budget is funding for the interior renovation/remodeling of the Information Technology Division to improve access to staff offices.

**CITY OF TARPON SPRINGS, FLORIDA**  
**Appendix A – Management Letter Comments**  
**September 30, 2012**

**Follow Up on Prior Year Recommendations:**

	<b><u>Not Implemented</u></b>	<b><u>In Process</u></b>	<b><u>Implemented</u></b>
<b>2011-03 Journal Entry Review</b>			<b>X</b>
<b>2011-04 Capital Assets – Construction in Process</b>			<b>X</b>
<b>2011-05 Payroll</b>			<b>X</b>
<b>2011-06 Investments</b>			<b>X</b>
<b>2011-07 Accounting Policies and Procedures Manual</b>		<b>X</b>	
<b>2011-08 Fraud Hotline, Whistleblower Policy &amp; Ethics Policy</b>			<b>X</b>





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**CITY OF TARPON SPRINGS, FLORIDA**

**Schedule of Revenues and Expenditures  
of the Fire Department**

**Year Ended September 30, 2012  
(With Independent Auditor's Report Thereon)**

The logo for Mayer Hoffman McCann P.C. (MHM) is a black square with the letters "MHM" in white, bold, sans-serif font. A registered trademark symbol (®) is located to the left of the square.

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### Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2013. We have also audited the accompanying Schedule of Revenues and Expenditures of the Fire Department (Schedule) for the year ended September 30, 2012. This Schedule is the responsibility of the City's management. Our responsibility is to express an opinion on this Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule was prepared for the purpose of complying with the Pinellas County Home Rule Charter and Chapter 62, Article II of the Pinellas County Code and the Fire Services Agreement, as described in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the revenues and expenditures of the City of Tarpon Springs' Fire Department for the year ended September 30, 2012 in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information and use of the Mayor, the Board of Commissioners, and management of the City of Tarpon Springs for filing with the Pinellas County Fire Authority, and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

March 20, 2013  
Clearwater, Florida

**CITY OF TARPON SPRINGS, FLORIDA**

**Schedule of Revenues and Expenditures of the Fire Department**

**For the Year Ended September 30, 2012**

Pinellas County Funds Paid to Contractor	\$ 336,831
Reimbursement to County for FY11 Overpayment	<u>12,392</u>
Funds provided by Pinellas County (a)	<u>349,223</u>
Total expenditures by City (b)	<u>3,161,275</u>
Fire Allowable Costs	<u>3,161,275</u>
Pinellas County Percentage of District	<u>10.04%</u>
Total Pinellas County Share	<u>317,392</u>
Total due to Fire District (c)	<u><u>\$ 31,831</u></u>

- (a) Information provided by the Pinellas County Fire Protection Authority.
- (b) Expenditures are included in the general fund of the City.
- (c) Amount to be deducted from subsequent year's compensation.

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 the Fire District must be used solely for Fire Allowable Costs. Any unspent balance at the conclusion of a fiscal year must be accounted for and returned to the Fire District. The return of any such funds will be accomplished through a reduction to the current year funding from the Fire District to Contractor for Fire Services.

## **CITY OF TARPON SPRINGS, FLORIDA**

### **Notes to Schedule of Revenues and Expenditures of the Fire Department**

**Year Ended September 30, 2012**

**(1) Reporting Entity**

The City of Tarpon Springs, Florida (the City) is a political subdivision of the State of Florida. The Schedule of Revenues and Expenditures related to the Fire Department (Schedule) contains the revenues received from the Pinellas County Fire Authority. The expenditures for the City's Fire Department are based on Fire allowable costs. The schedule is not intended to present the revenues and expenditures of the City for the year ended September 30, 2012 in accordance with U.S. generally accepted accounting principles.

The Schedule of Revenues and Expenditures related to the City of Tarpon Springs' Fire Department are prepared and submitted to the Fire Division Manager, Pinellas County Public Safety Services in accordance with the Pinellas County Home Rule Charter and Chapter 62, Article II of the Pinellas County Code and the Fire Services Agreement.

**(2) Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized if they are measurable and available for use during the year. Expenditures are generally recognized in the period liabilities are incurred.

**APPENDIX C****Pinellas County Fire Services Agreement****SUPPLEMENTAL FINANCIAL INFORMATION****Instructions:**

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 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 are 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 Contractor.

In accordance with Section 409(a), the following form will be provided to Pinellas County no later than April 1 of the year following the audited year together with the Financials. The results of the form (line 7) and supporting annual audit may be used to adjust the current year payments from Pinellas County to Contractor.

**To be Completed by Contractor:**

Contractor (District Supporting)	<u>City of Tarpon Springs</u>
Person Completing Form	<u>Ron Haring, Assistant Finance Director</u>
Phone Number	<u>727-942-5612</u>
Fiscal Year	<u>2012</u>

***Note:** All references are only to the Fire District, and do not include any revenue or expenditures associated with EMS. State Law and County Code forbid the use of fire funds for EMS purposes or EMS funds for fire fighting, i.e., fire funds cannot be used to purchase rescue units, attend EMS related conferences or membership in EMS organizations or to pay salary and benefits of EMS personnel, etc. If the specific items are not documented in the audited financials, please compute the amount and place it on the form and attach documentation showing how the information was calculated citing information contained in the audited financials.*

1. Total Expenditures by Contractor	<u>\$3,161,275</u>	page audit <u>2</u>
2. Less: Other Revenues received by Contractor *	<u>-</u>	page audit <u>2</u>
3. Total Outlay by Contractor (1 less 2)	<u>\$3,161,275</u>	page audit <u>2</u>
4. Pinellas County Percentage of District **	<u>10.04%</u>	
5. Total Pinellas County Share (3 times 4)	<u>\$ 317,392</u>	
6. Pinellas County paid to Contractor	<u>\$ 349,223</u>	page audit <u>2</u>
7. Total Due to Pinellas County (the District)		Includes \$12,392 due to reduction of funding for 9-30-11 excess County funding.
difference 6 less 5	<u>\$ 31,831</u>	
8. Fund Balance retained by Contractor	<u>-</u>	

\* Includes interest and other fire protection agreements

\*\* To be provided by Pinellas County Fire Authority

**PLEASE INCLUDE A COPY OF YOUR ANNUAL AUDIT AND ANY OTHER SUPPORTING DOCUMENTATION AS NEEDED.**

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**CITY OF TARPON SPRINGS, FLORIDA**

**Schedule of Revenues and Expenditures  
of the EMS Department**

**Year Ended September 30, 2012  
(With Independent Auditor's Report Thereon)**

MHM

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### Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2013. We have also audited the accompanying Schedule of Revenues and Expenditures of the EMS Department (Schedule) for the year ended September 30, 2012. This Schedule is the responsibility of the City's management. Our responsibility is to express an opinion on this Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule was prepared for the purpose of complying with the Pinellas County EMS Authority's Resolution 09-38 and Section 706 of the 2009 EMS ALS First Responder Agreement, as described in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the revenues and expenditures of the City of Tarpon Springs' EMS Department for the year ended September 30, 2012 in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information and use of the Mayor, the Board of Commissioners, and management of the City of Tarpon Springs for filing with the Pinellas County EMS Authority, and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

March 20, 2013  
Clearwater, Florida

**CITY OF TARPON SPRINGS, FLORIDA**

**Schedule of Revenues and Expenditures of the EMS Department**

**For the Year Ended September 30, 2012**

Funds provided by the EMS Authority (a)	\$ <u>884,094</u>
Total expenditures by City (b)	<u>921,509</u>
EMS allowable costs	<u>921,509</u>
Total due to EMS Authority (c)	\$ <u><u>-</u></u>

- (a) Information provided by the Pinellas County EMS Authority.
- (b) Expenditures are included in the general fund of the City.
- (c) Amount to be deducted from subsequent year's compensation.

In accordance with the Pinellas County EMS Authority's Resolution 09-38 and Section 706 of the 2009 EMS 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 Contractor for ALS First Responder Services.



# **CITY OF TARPON SPRINGS, FLORIDA**

## **Notes to Schedule of Revenues and Expenditures of the EMS Department**

**Year Ended September 30, 2012**

### **(1) Reporting Entity**

The City of Tarpon Springs, Florida (the City) is a political subdivision of the State of Florida. The Schedule of Revenues and Expenditures related to the EMS Department (Schedule) contains the revenues received from the Pinellas County EMS Authority. The expenditures for the City's EMS Department are based on EMS allowable costs. The schedule is not intended to present the revenues and expenditures of the City for the year ended September 30, 2012 in accordance with U.S. generally accepted accounting principles.

The Schedule of Revenues and Expenditures related to the City of Tarpon Springs' EMS Department are prepared and submitted to the EMS Division Manager, Pinellas County Public Safety Services in accordance with Pinellas County EMS Resolution 09-38.

### **(2) Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized if they are measurable and available for use during the year. Expenditures are generally recognized in the period liabilities are incurred.

Pinellas County  
ALS First Responder Agreement

**EMS FINANCIAL INFORMATION ATTESTATION FORM FOR FY 11-12**

**Instructions:**

In accordance with the Emergency Medical Services 2009 ALS First Responder Agreement, the Emergency Medical Services ALS First Responder Agreement Extension for fiscal year 2010/2011, and the Emergency Medical Services ALS First Responder Agreement Second Extension for fiscal year 2011/2012, monies derived from the Emergency Medical Services Mill must be used solely for Emergency Medical Services ("EMS"). A designated Emergency Medical Services Fund is used exclusively for EMS revenue and expenditures. The following form is provided for consistent expenditure reporting and shall be submitted within ten (10) business days of City's receipt of Annual External Audit.

**To be completed by City:**

City or Fire District	<u>City of Tarpon Springs</u>
Name of Person Completing Form	<u>Ron Harring, Assistant Finance Director</u>
Phone Number and Email Address	<u>727-942-5612; rharring@ctsf.us</u>

1.	EMS Funding FY11-12 Received by City	\$ <u>884,094</u>	Audit Page: <u>2</u>
2.	EMS Expenditures Incurred by City	\$ <u>921,509</u>	Audit Page: <u>2</u>
3.	Difference to be placed into City's EMS Fund	\$ <u>-</u>	Audit Page: <u>2</u>

**PLEASE INCLUDE A COPY OF ANNUAL AUDIT AND SUPPORTING  
DOCUMENTATION AS NEEDED.**

We have audited the *Schedule of Revenue and Expenditures related to the Emergency Medical Services (EMS)* of the City of St. Petersburg, Florida for the year ended September 30, 2012. The expenditures identified in line 2 above, are related to EMS Authorized positions and units in accordance with the 2009 Emergency Medical Services ALS First Responder Agreement, the Emergency Medical Services ALS First Responder Agreement Extension for fiscal year 2010/2011, and the Emergency Medical Services ALS First Responder Agreement Second Extension for fiscal year 2011/2012. We have reviewed payroll expenditures, salary and benefit expenditures, relief staffing expenditures incurred to maintain continuous staffing of Authorized positions, and expenditures for supervision, fuel, maintenance and repairs.

Mayor Hoffman McCann P.C. March 20, 2013  
External Auditor Signature and Date

(see attached independent auditor's report)