

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

***Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2016***

CITY OF TARPON SPRINGS, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2016

MAYOR AND BOARD OF COMMISSIONERS

Chrisostomo Alahouzos, Mayor
Townsend Tarapani, Vice-Mayor
David Banther, Commissioner
Rea Sieber, Commissioner
Susan Miccio-Kikta, Commissioner

ADMINISTRATION

Mark G. LeCouris, City Manager
Ron Haring, Finance Director
Michelle Mims, Assistant Finance Director
Irene S. Jacobs, City Clerk
Jay Daigneault, City Attorney

CITY OF TARPON SPRINGS, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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City of Tarpon Springs
 Finance Department

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INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart



City of Tarpon Springs, Florida

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

March 24, 2017

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, 2016.

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

The City of Tarpon Springs' financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tarpon Springs for the Fiscal Year ended September 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Tarpon Springs' financial statements for the Fiscal Year ended September 30, 2016, 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 24,637. The City of Tarpon Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Mayor and Board of Commissioners.

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

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

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

Factors Affecting Financial Condition

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

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

The economic condition of the area during the past few years was declining or stagnant at best, the outlook for fiscal year 2017 shows signs of improving economic conditions. Property tax valuations and property tax revenues both decreased over past years but increased in FY 2016 and are anticipated to increase in FY 2017. 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 was in July of 2015. 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.

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

Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts when purchase orders are released to vendors. Pursuant to activity delegated to the City Manager, budget transfers within a department are processed administratively. Budget transfers between departments and any other budget amendments that increase or decrease the total budget of a fund must be approved by the Board of Commissioners. Outstanding encumbrances are reported within fund balances at September 30, 2016 based on the specific purpose for which the resources have been restricted, committed or assigned.

Cash Management Policies and Practices. As more completely described in Note III-A in the Notes to the Financial Statements, the City employs a consolidated cash/investment pool to facilitate short-term investments of liquid assets for all City funds. The Board of Commission approved a revised Investment Policy on April 6, 2010 which allows the City to diversify its investments and obtain a greater return on its investments. The Investment Policy allows the City to invest in State approved investments which include U.S. Treasury Bills/Notes, and Federal Agency Securities. In addition, the City utilizes the Florida Municipal Investment Trust Fund. Over the years, the City has held to a conservative investment philosophy with the idea that the return of the investment principal is more important than the return on the principal. We believe that a conservative investment philosophy best serves the residents of Tarpon Springs.

During Fiscal Year 2016, the average cash/investment pool balance was \$45,249,692 and the total annual earnings net of all bank charges was \$488,867 giving an average rate of return of 1.08% on the average balance.

Debt Administration. At September 30, 2016, the City had total outstanding bonds payable of \$34,185,000 representing the Utility System Revenue Bond Series 2013A. For further details regarding the City's outstanding debt, please see Note III-F in the Notes to the Financial Statements.

The computation of the legal debt margin, which is indicated in the City's Comprehensive Plan, indicates a very low proportion of indebtedness at September 30, 2016 relative to property values at January 1, 2016 (see Schedules 10 through 14 in the Statistical Section for debt information). Schedule 14 demonstrates that coverage for the City's revenue bonds is more than adequate, and is in compliance with the related bond covenants. Schedule 11 shows that the City has no general obligation debt.

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

Risk Management. The City converted to the Florida League of Cities \$25,000 Stop/Loss Property and Liability Self-Insurance program on January 1, 1995 with a Risk Management - Internal Service Fund established for the administration of the City's "self-insurance" activities. Amounts estimated to be payable due to claims occurring on or before September 30, 2016 increased to \$247,378, claims paid during the year increased which caused a decrease in the change in net position of \$277,416 with a corresponding decrease in total Net Position to \$1,699,606 as of September 30, 2016. For further information, please see Note IV-A in the Notes to the Financial Statements.

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

Pension and Other Post-employment Benefits. The General Employees', Police Officers', and Firefighters' pension plans are self-administered by their own separate Boards of Trustees. City contributions for the year were \$762,734, \$369,399 and \$758,809 respectively. The City contributions for the Police Officers' and Firefighters' Defined Benefit pension plans were in accordance with actuarially determined funding requirements. In addition, the Police Officers' and Firefighters' pension plans are partially funded from excise taxes on certain insurance premiums covering property in Tarpon Springs, collected by the State and remitted to the City. The Police Officers and Firefighters contribute to their pension plans. The General Employees do not contribute to their pension, which is a Defined Contribution

Plan administered by ICMA-RC (International City/County Management Association Retirement Corporation). For further information regarding these pension plans please see Note IV-G in the Notes to the Financial Statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tarpon Springs, Florida for its comprehensive annual financial report (CAFR) for the Fiscal Year ended September 30, 2015. This was the twenty-fifth 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.

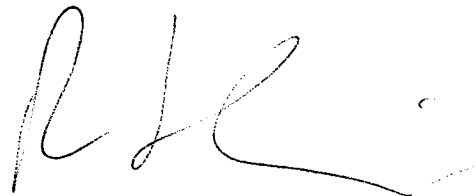
In addition, the City of Tarpon Springs also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2015. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Mark G. LeCouris
City Manager



Ron Harring
Finance Director

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Government Finance Officers Association

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

Presented to

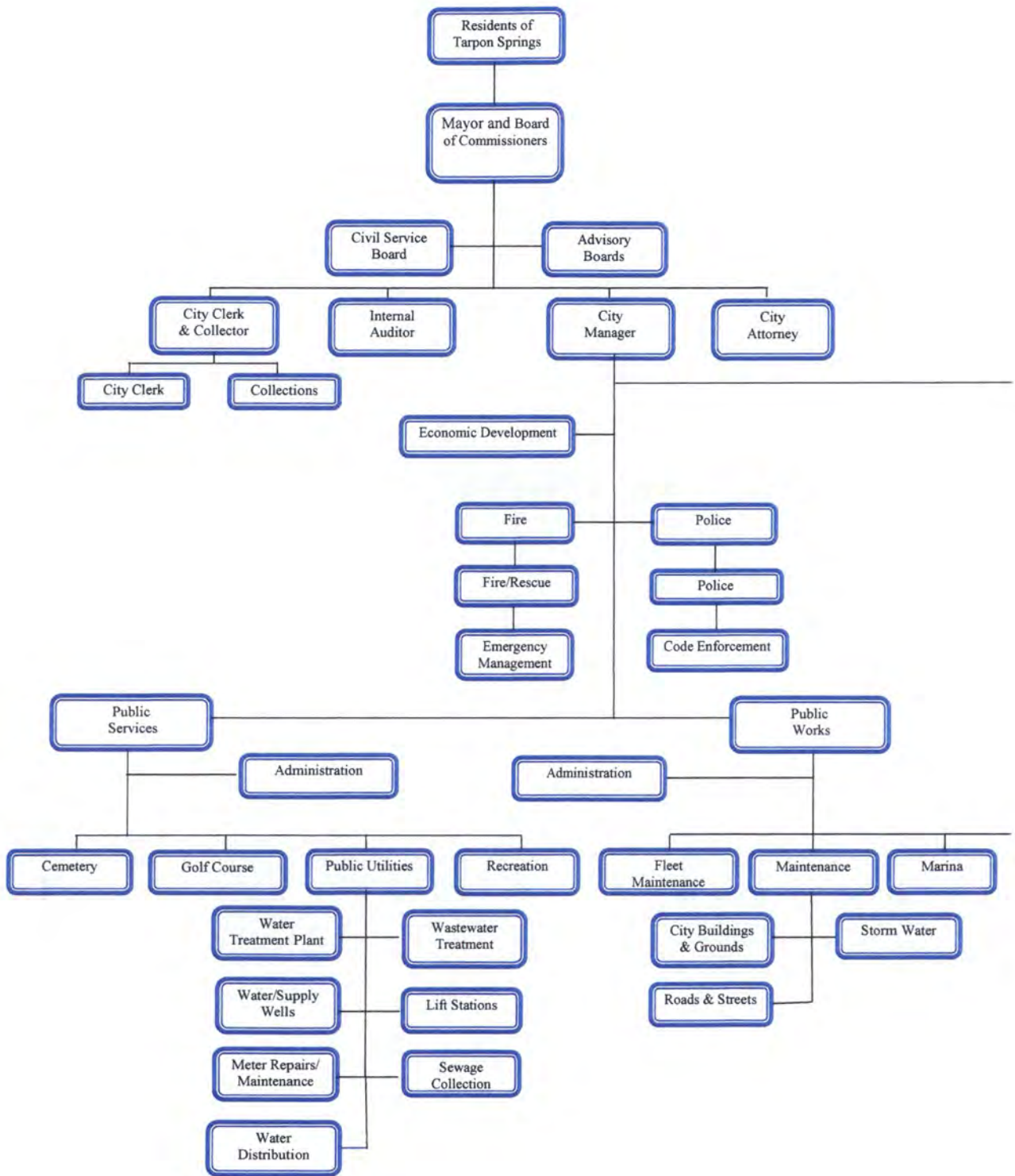
**City of Tarpon Springs
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

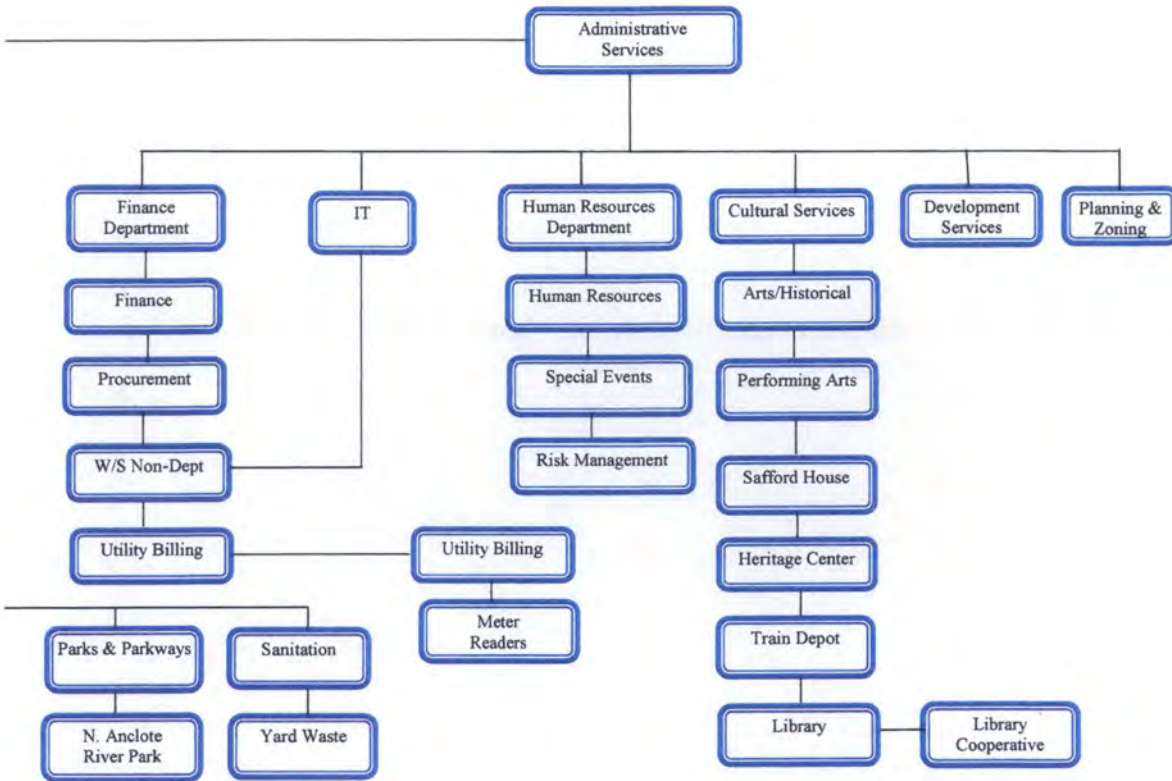
September 30, 2015

Executive Director/CEO

ORGANIZATIONAL CHART



*City of Tarpon Springs, Florida
Organizational Chart
by Department
FY 2016*



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FINANCIAL SECTION

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information other than MD & A

Combining and Individual Fund Statements and Schedules

Other Supplementary Information



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tarpon Springs, Florida (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016, and the respective changes in financial position and, cash flows, where applicable, and the budgetary comparison for the General Fund and the Community Redevelopment Agency Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
March 13, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

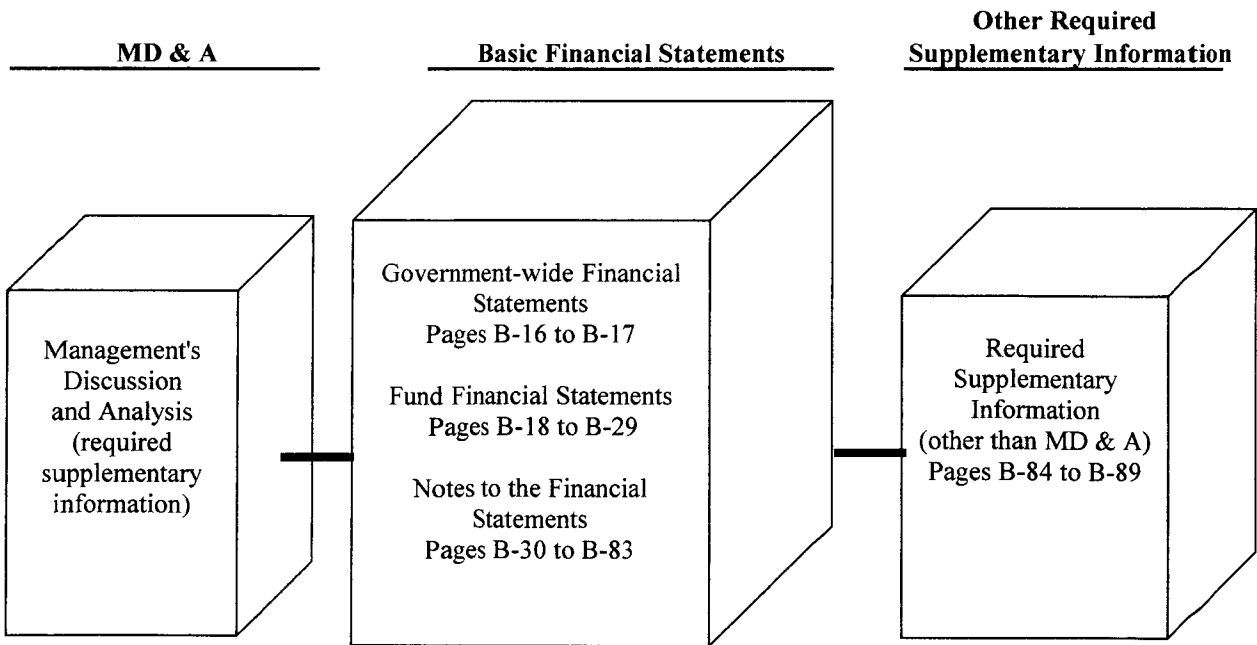
As management of the City of Tarpon Springs (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages A-1 to A-5 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$147,284,247 (net position). Of this amount, \$22,250,495 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The City's total net position increased by \$2,496,617.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of 25,038,571, a decrease of \$1,247,344 in comparison with the prior year. The portion of this total amount, \$8,820,443, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,820,443, or 39% of the total general fund expenditures.
- The City's total debt decreased by \$820,000 (2%) which was principal payment on the Utility System Revenue Bonds, Series 2013A. The Utility System Revenue Bonds, Series 2013A is the only outstanding debt of the City with a total principal balance of \$34,185,000.

USING THIS ANNUAL REPORT

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



OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Governmental Activities reflects the City's basic services, including general government, police, fire, protective inspections, public works, cultural and recreation. Property taxes, utility services taxes, gas taxes, and sales taxes, along with the City's utilities contribution, finance the majority of these services. The Business-type Activities reflect private sector-type operations, including water, wastewater, reclaimed water, storm water, marina, golf course and solid waste management, where the fee for service typically covers all or most of the cost of operation including depreciation.

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

Fund Financial Statements

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

Governmental funds.

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

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

Proprietary funds.

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

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

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

Fiduciary funds.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages B-30 to B-83 of this report.

Other Information

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$147,284,247 at the close of fiscal year September 30, 2016.

By far the largest portion of the City's net position (74%) 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	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 28,762,219	\$ 31,113,995	\$ 19,458,561	\$ 20,878,719	\$ 48,220,780	\$ 51,992,714
Capital assets	<u>49,600,615</u>	<u>48,199,096</u>	<u>93,590,819</u>	<u>90,539,887</u>	<u>143,191,434</u>	<u>138,738,983</u>
Total assets	<u>78,362,834</u>	<u>79,313,091</u>	<u>113,049,380</u>	<u>111,418,606</u>	<u>191,412,214</u>	<u>190,731,697</u>
Deferred Outflows of Resources						
Deferred Outflows of Resources	<u>3,636,004</u>	<u>2,651,796</u>	<u>-</u>	<u>-</u>	<u>3,636,004</u>	<u>2,651,796</u>
Liabilities						
Current and other liabilities	1,665,514	2,406,339	3,050,937	4,049,223	4,716,451	6,455,562
Long-term debt outstanding:						
Due within one year	78,781	77,446	866,690	837,252	945,471	914,698
Due in more than one year	<u>7,032,367</u>	<u>5,764,327</u>	<u>34,106,559</u>	<u>34,925,775</u>	<u>41,138,926</u>	<u>40,690,102</u>
Total liabilities	<u>8,776,662</u>	<u>8,248,112</u>	<u>38,024,186</u>	<u>39,812,250</u>	<u>46,800,848</u>	<u>48,060,362</u>
Deferred Inflows of Resources						
Deferred Inflows of Resources	<u>937,312</u>	<u>508,260</u>	<u>25,811</u>	<u>27,241</u>	<u>963,123</u>	<u>535,501</u>
Net Position						
Net investment in capital assets	49,600,615	48,199,096	59,405,819	57,038,372	109,006,434	105,237,468
Restricted	10,994,276	11,331,250	5,033,042	5,801,091	16,027,318	17,132,341
Unrestricted	<u>11,689,973</u>	<u>13,678,169</u>	<u>10,560,522</u>	<u>8,739,652</u>	<u>22,250,495</u>	<u>22,417,821</u>
Total net position	<u>\$ 72,284,864</u>	<u>\$ 73,208,515</u>	<u>\$ 74,999,383</u>	<u>\$ 71,579,115</u>	<u>\$ 147,284,247</u>	<u>\$ 144,787,630</u>

An additional portion of the City's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$22,250,495) 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 \$2,496,617 during the current fiscal year.

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

Statement of Activities

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

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for services	\$ 3,996,605	\$ 3,575,052	\$ 22,009,106	\$ 20,643,352	\$ 26,005,711	\$ 24,218,404
Operating grants and contributions	606,237	708,400	-	-	606,237	708,400
Capital grants and contributions	774,297	386,754	2,055,112	11,048,730	2,829,409	11,435,484
General revenues:						
Property taxes	7,828,030	7,378,995	-	-	7,828,030	7,378,995
Property taxes-TIF County portion	165,527	151,086	-	-	165,527	151,086
Utility taxes	2,896,032	2,778,970	-	-	2,896,032	2,778,970
Communication service taxes	940,076	967,373	-	-	940,076	967,373
Sales, gas and other taxes	4,315,525	4,121,570	-	-	4,315,525	4,121,570
Franchise fees	1,666,479	1,777,207	-	-	1,666,479	1,777,207
State revenue sharing	787,803	763,051	-	-	787,803	763,051
Investment income	269,278	304,826	199,000	239,449	468,278	544,275
Miscellaneous	284,976	509,088	-	-	284,976	509,088
Total revenues	24,530,865	23,422,372	24,263,218	31,931,531	48,794,083	55,353,903
EXPENSES						
Program Activities						
Primary Government:						
Governmental Activities:						
General government	3,432,723	3,194,628	-	-	3,432,723	3,194,628
Public safety	14,852,516	13,021,016	-	-	14,852,516	13,021,016
Physical environment	1,140,607	994,433	-	-	1,140,607	994,433
Transportation	2,313,101	2,267,686	-	-	2,313,101	2,267,686
Economic environment	531,483	452,117	-	-	531,483	452,117
Culture/recreation	4,239,363	4,083,635	-	-	4,239,363	4,083,635
Business-type Activities:						
Water/Sewer	-	-	12,912,634	12,745,072	12,912,634	12,745,072
Sanitation	-	-	4,335,007	4,106,003	4,335,007	4,106,003
Storm water	-	-	1,057,100	1,003,463	1,057,100	1,003,463
Golf Course	-	-	1,369,316	1,257,698	1,369,316	1,257,698
Marina	-	-	113,616	109,403	113,616	109,403
Total expenses	26,509,793	24,013,515	19,787,673	19,221,639	46,297,466	43,235,154
Increase (decrease) in Net Position before Transfers	(1,978,928)	(591,143)	4,475,545	12,709,892	2,496,617	12,118,749
Transfers	1,055,277	1,040,510	(1,055,277)	(1,040,510)	-	-
Increase in Net Position	(923,651)	449,367	3,420,268	11,669,382	2,496,617	12,118,749
Net Position - Beginning of year	73,208,515	72,759,148	71,579,115	59,909,733	144,787,630	132,668,881
Net Position - End of year	\$ 72,284,864	\$ 73,208,515	\$ 74,999,383	\$ 71,579,115	\$ 147,284,247	\$ 144,787,630

Governmental activities.

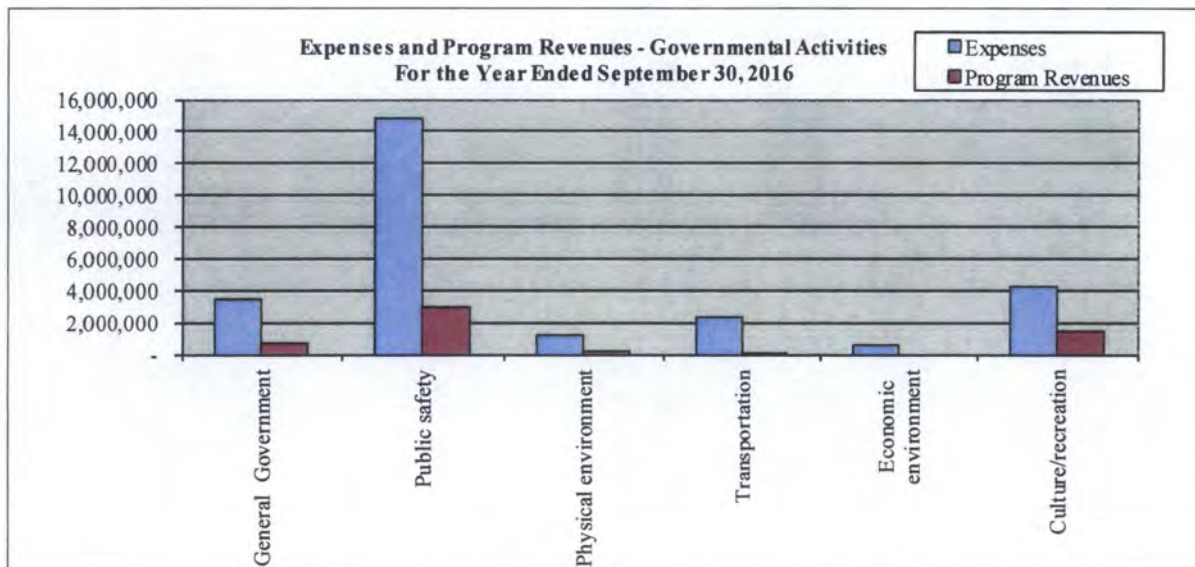
Governmental activities decreased the City's net position by \$923,651 thereby accounting for a 37% decrease in the total growth in the net position of the City. The change in net position decreased in comparison to the change noted in the previous fiscal year. Key elements of this change are as follows:

Total Governmental activity revenues increased \$1,108,493 in comparison to the previous year. The major changes were:

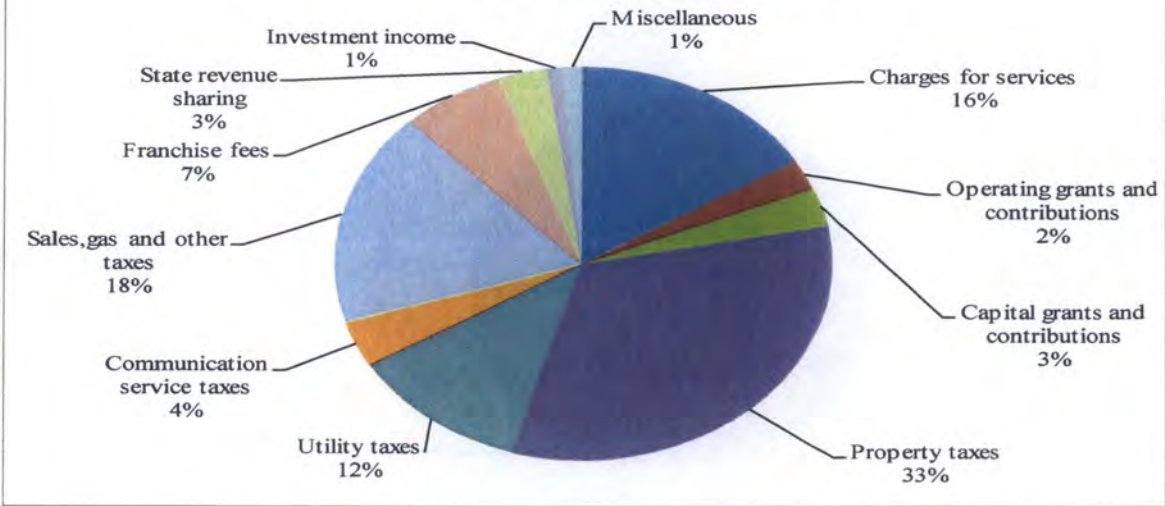
Ad Valorem Taxes:

Property Taxes General Fund	\$ 417,202	Taxable Assessed Value increase of 5.88%
Utility Tax Electric	\$ 56,848	Improved economy
Utility Tax Water	\$ 59,906	Higher consumption in FY 2016
Franchise Fee Electric	\$ (112,456)	Fuel cost reduction
Communication Service Tax	\$ (25,264)	Land line decrease
Half Cent Sales Tax	\$ 71,949	Improved economy increase in sales tax
One Cent Local Option Sales Tax (Penny)	\$ 110,701	Improved economy increase in sales tax
State Revenue Sharing	\$ 24,752	Improved economy increase in sales tax
Building Permits	\$ 50,924	Improved economy construction increase
Code Enforcement Fines	\$ 130,430	Increase in fines received
Performing Art Grant	\$ 500,000	Grant for Performing Arts Center Renovations

Total Governmental activity expenses increased \$2,496,278 in comparison to the previous year. The major changes were salary increases \$672,622, health insurance increase \$191,282 and net pension liability of Police and Fire Pensions increasing \$1,139,724.



**Revenues by Source-Governmental Activities
For the Year Ended September 30, 2016**



Business-type activities.

Business-type activities (enterprise funds) increased the City's net position by \$3,420,268, accounting for 137% of the total growth in the governments net position. The change in net position decreased in comparison to the change noted in the previous fiscal year. Key elements of this change are as follows:

Total Business-type activity revenues decreased \$7,668,313 in comparison to the previous year. The major changes were:

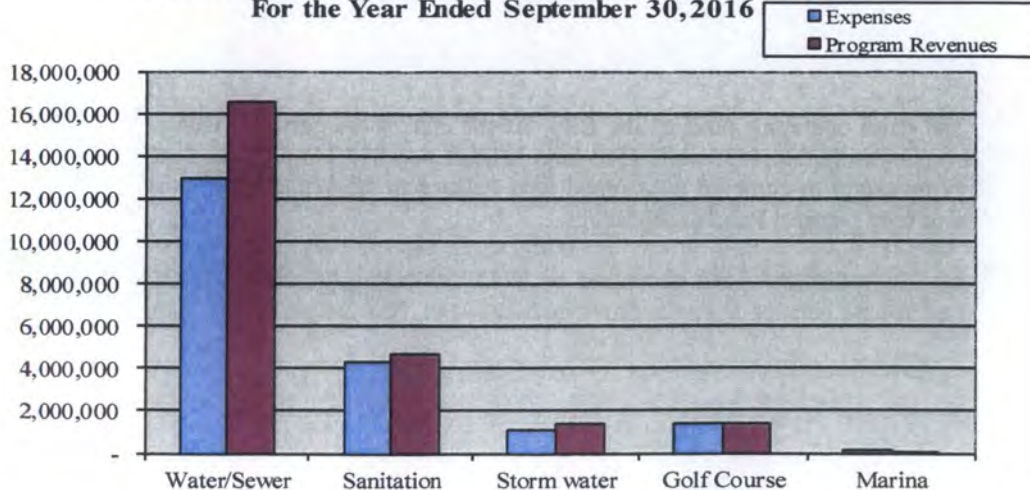
Charges for Services:

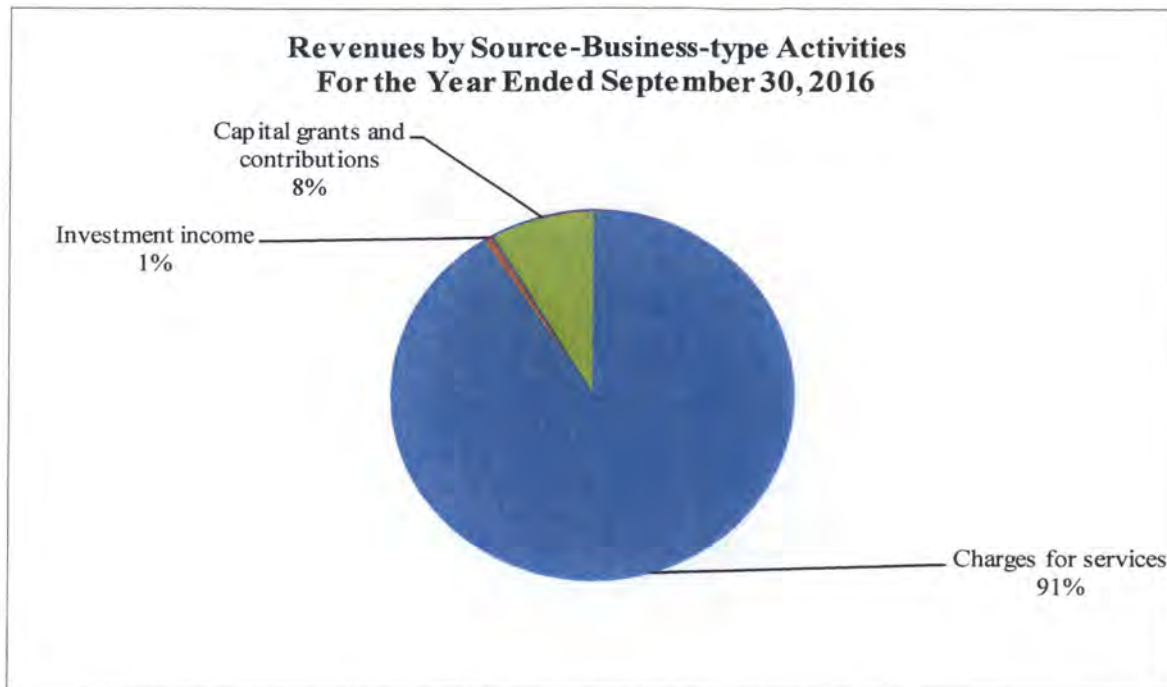
Sanitation Fees	\$	214,755	1.10% Rate Increase
Water Sales	\$	711,311	9.50% Rate Increase
Sewer Sales	\$	192,373	3.00% Rate Increase

Capital Grant Items \$ (8,686,521) SWFMD grant FY 2015 for construction of water plant \$10,369,007
SWFMD grant FY 2016 for reclaimed tank \$1,682,486

Total Business-type activity expenses increased \$566,034 in comparison to the previous year. This increase is due to salary increases and an increase in contractor sanitation expenses.

**Expenses and Program Revenues - Business-type Activities
For the Year Ended September 30, 2016**





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 \$25,038,571, a decrease of \$1,247,344 in comparison with the prior year. The majority of this total amount (\$8,820,443) 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 (\$6,060,098), 2) committed for perpetual care of the cemetery (\$2,061,362), and 3) assigned for compensated absences (\$1,185,138).

General Fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,820,443, while total fund balance was \$14,743,683. 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 39% of total General Fund expenditures.

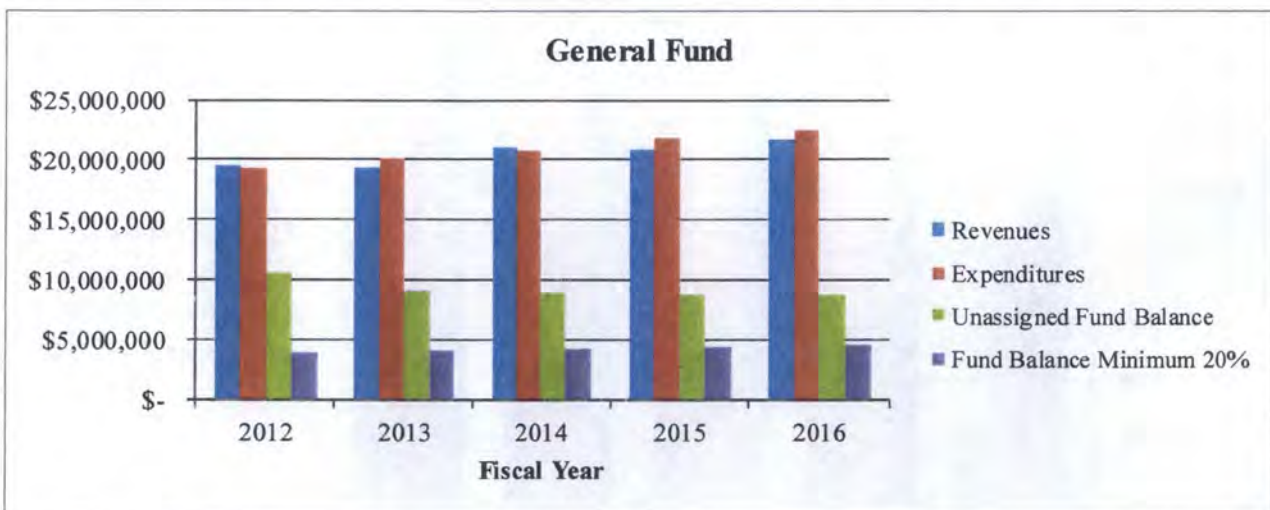
The fund balance of the City's General Fund decreased by \$942,739 during the current fiscal year, an increase in comparison to the change in fund balance from the previous fiscal year. Key factors in this change are a combination of factors:

Revenues including Transfers In totaled \$21,628,019, an increase of \$812,380 over the previous fiscal year. The major changes were:

Property Taxes	\$ 417,202	Taxable Assessed Value increase of 5.88%
Utility Tax Electric	\$ 56,848	Improved economy
Utility Tax Water	\$ 59,906	Higher consumption in FY 2016
Communication Service Tax	\$ (25,264)	Land line decrease
Half Cent Sales Tax	\$ 71,949	Improved economy increase in sales tax
State Revenue Sharing	\$ 24,752	Improved economy increase in sales tax
Building Permits	\$ 50,924	Improved economy construction increase
Code Enforcement Fines	\$ 130,430	Increase in fines received

Expenditures including Transfers Out totaled \$22,570,758, an increase of \$664,821 over the previous fiscal year. The major increases were for salary increases.

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



Community Redevelopment Agency Fund.

The fund balance of the City's Community Redevelopment Agency Fund increased by \$158,291 during the current fiscal year. Key factors in this change are as follows:

- Revenues were \$363,039 a decrease of \$16,789 under the previous fiscal year. Property Tax receipts (City portion) increased \$15,471 and Tax Increment Financing receipts (County portion) increased \$14,441 (due to increasing property values) and there was a sale of City property within the CRA for \$43,503 in FY 2015.
- Expenditures were \$204,748, an increase of \$72,505 over the previous fiscal year. The majority of the increase is due to the increase in facade grants issued in FY 2016.

Optional Sales Tax Fund.

The fund balance of the City's Optional Sales Tax Fund decreased by \$160,690 during the current fiscal year. Key factors in this change are as follows:

- Revenues were \$2,353,515 an increase of \$75,452 from the previous fiscal year. One cent sales tax receipts (Penny for Pinellas) increased by \$110,701 over the previous fiscal year.
- Expenditures were \$2,514,205, a decrease of \$1,546,813 under the previous fiscal year. The major Capital items were, Police Vehicles, City Hall Restoration, Fire Station 71 construction, and lighting along MLK and Tarpon Avenues.

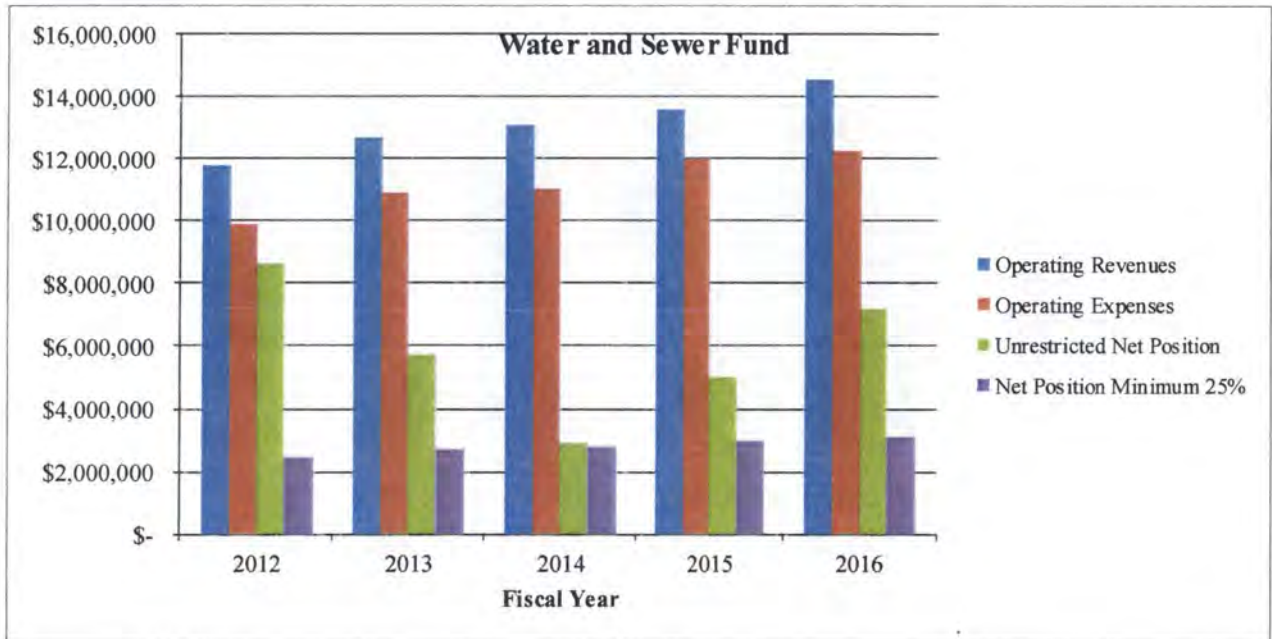
Proprietary Funds.

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

Water and Sewer Fund.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$7,224,293, and total growth in net position for the year was \$3,154,367, a decrease over the change noted in the previous fiscal year. This year operating revenues increased \$932,814, water sales increased \$711,311 or 9.75% (9.50% rate increase), sewer sales increased \$192,373 or 3.64% (3% rate increase). SWFWMD (Southwest Florida Water Management District) grant funding for the new Reclaimed Tank was received in the amount of \$1,682,486. Operating expenses increased \$258,162 mostly due to salary increases.

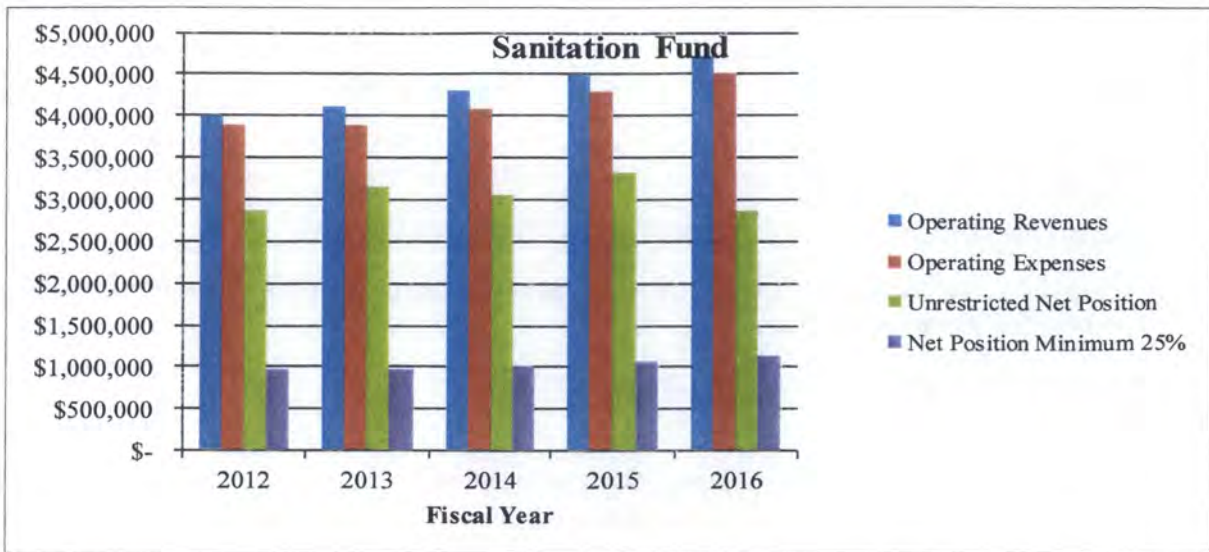
The chart below list the Water and Sewer Fund revenues, expenses, unrestricted net position and unrestricted net position minimum.



Sanitation Fund.

Unrestricted net position of the Sanitation Fund at the end of the year amounted to \$2,867,405, and total growth in net position for the year was \$215,280, slightly less than the previous fiscal year. Fiscal Year 2016 was the fifth and final year of the five year contract with the City's garbage contractor. This year operating revenues increased \$206,259, sanitation fees increased \$214,755, recycling fees increased \$27,315 and yard waste fees (not part of the garbage contract) decreased \$38,674. Operating expenses increased \$214,117. The City administration portion remained at 20% in order to cover the operational expenses.

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



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

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the final amended budget for appropriations (expenditures) in the General Fund was an increase of \$1,797,654. Significant budgetary changes between the original budget and the final amended budget in the General Fund involved:

- An increase of \$231,263 for outstanding encumbrances from FY 2015 carried over to FY 2016.
- An increase of \$254,281 for outstanding donations from FY 2015 carried over to FY 2016.
- An increase of \$567,056 for Reserve funds from FY 2015 carried over to FY 2016 dedicated for the Restoration of City Hall.

The differences between the final amended budget for appropriations (expenditures) and actual expenditures in the General Fund was a positive variance of \$1,254,100. Significant changes between the final amended budget for expenditures and the actual expenditures in the General Fund involved:

- A positive variance of \$547,959 in Capital Outlay due to items budgeted but not expensed as of fiscal year end.
- A positive variance of \$152,994 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, 2016, amounts to \$143,191,434 (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 3.21% (\$4,452,451). Separately there was a 2.91% (\$1,401,519) increase for governmental activities and a 3.37% (\$3,050,932) increase for business-type activities.

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

Governmental activities – Performing Arts Center Renovation \$697,491, Energy Performance Contract \$1,066,818, and North Safford Improvements \$811,182.

Business-type activities – Reverse Osmosis Injection Well \$3,676,742.

Capital Assets at Year-End Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land and land rights	\$ 5,235,802	\$ 5,235,802	\$ 3,287,697	\$ 3,287,697	\$ 8,523,499	\$ 8,523,499
Buildings and improvements	7,429,680	6,836,829	1,512,590	1,500,760	8,942,270	8,337,589
Improvements other than buildings	9,626,819	5,874,756	79,426,164	77,524,823	89,052,983	83,399,579
Machinery and equipment	3,472,583	3,651,362	2,784,697	2,218,968	6,257,280	5,870,330
Infrastructure	19,076,628	20,358,227	-	-	19,076,628	20,358,227
Total	44,841,512	41,956,976	87,011,148	84,532,248	131,852,660	126,489,224
Construction in progress	4,759,103	6,242,120	6,579,671	6,007,639	11,338,774	12,249,759
Total	<u>\$ 49,600,615</u>	<u>\$ 48,199,096</u>	<u>\$ 93,590,819</u>	<u>\$ 90,539,887</u>	<u>\$ 143,191,434</u>	<u>\$ 138,738,983</u>

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

Change in Capital Assets

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 48,199,096	\$ 90,539,887	\$ 138,738,983
Additions	6,471,397	6,587,710	13,059,107
Construction in progress	(1,483,017)	572,032	(910,985)
Retirements	(42,452)	(15,873)	(58,325)
Depreciation	<u>(3,544,409)</u>	<u>(4,092,937)</u>	<u>(7,637,346)</u>
Ending Balance	<u>\$ 49,600,615</u>	<u>\$ 93,590,819</u>	<u>\$ 143,191,434</u>

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$34,595,836 which comprises bonds secured solely by specified revenue sources.

The City's total debt decreased by \$836,470 (2.34%), principal payment and amortization of premium during the current fiscal year. Utility System Revenue Bonds, Series 2013A had a principal payment of \$820,000.

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

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Utility Revenue Bonds	\$ -	\$ -	\$ 34,595,836	\$ 35,432,306	\$ 34,595,836	\$ 35,432,306
Total	\$ -	\$ -	\$ 34,595,836	\$ 35,432,306	\$ 34,595,836	\$ 35,432,306

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

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

ECONOMIC FACTORS

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely on property and a limited array of permitted other taxes (sales, gasoline, utility services, etc.) and fees (franchise, permits, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and nonrecurring (one-time) grants from the State of Florida, federal government and other grantor agencies.

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

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

Construction activity within the City increased slightly in FY 2016. The number of building permits pulled has remained constant over the previous fiscal year. Property values are remaining stable in the City or increasing slightly.

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.

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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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,033,633	\$ 2,858,278	\$ 9,891,911
Investments	19,116,549	8,391,921	27,508,470
Receivables (net of allowance)	847,451	2,025,342	2,872,793
Due from other governments	1,124,600	653,100	1,777,700
Internal balances	432,995	(432,995)	-
Inventories	36,153	197,461	233,614
Prepaid items	170,838	144,804	315,642
Restricted assets:			
Cash and cash equivalents	-	5,591,624	5,591,624
Receivables	-	29,026	29,026
Capital Assets:			
Land and land rights	5,235,802	3,287,697	8,523,499
Buildings and improvements	19,939,572	1,926,161	21,865,733
Improvements other than buildings	15,092,987	113,475,633	128,568,620
Machinery and equipment	10,560,866	6,499,828	17,060,694
Infrastructure	44,462,598	-	44,462,598
Construction in progress	4,759,103	6,579,671	11,338,774
Accumulated depreciation	(50,450,313)	(38,178,171)	(88,628,484)
Total Assets	<u>78,362,834</u>	<u>113,049,380</u>	<u>191,412,214</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows of resources related to pension plans.	<u>3,636,004</u>	<u>-</u>	<u>3,636,004</u>
LIABILITIES			
Accounts payable	1,123,096	462,450	1,585,546
Accrued liabilities	63,416	39,101	102,517
Contracts payable	122,609	630,760	753,369
Deposits	18,453	-	18,453
Unearned revenue	337,940	20,205	358,145
Payable from restricted assets:			
Accounts payable	-	3,853	3,853
Contracts payable	-	241,769	241,769
Customer deposits	-	1,652,799	1,652,799
Non Current Liabilities			
Due Within One Year:			
Bonds payable	-	850,000	850,000
Compensated absences	67,990	16,690	84,680
Claims payable	10,791	-	10,791
Due In More Than One Year:			
Bonds payable	-	33,745,836	33,745,836
Other postemployment benefits	283,124	139,822	422,946
Compensated absences	1,137,718	220,901	1,358,619
Net pension liability	5,374,938	-	5,374,938
Claims payable	236,587	-	236,587
Total Liabilities	<u>8,776,662</u>	<u>38,024,186</u>	<u>46,800,848</u>
DEFERRED INFLOWS OF RESOURCES			
Local business tax-future year	149,722	-	149,722
Mausoleum revenue-future year	11,654	-	11,654
Sewer impacts/connections-future year	-	25,811	25,811
Deferred inflows of resources related to pension plans	775,936	-	775,936
Total Deferred Inflows of Resources	<u>937,312</u>	<u>25,811</u>	<u>963,123</u>
NET POSITION			
Net investment in capital assets	49,600,615	59,405,819	109,006,434
Restricted for :			
Capital projects - optional sales tax	4,617,649	-	4,617,649
Capital projects - impact fee programs	1,441,197	1,175,021	2,616,218
Transportation	511,457	-	511,457
CRA	589,588	-	589,588
Law enforcement programs	179,404	-	179,404
Grant programs	89,229	-	89,229
Special programs	528,390	-	528,390
Other contractual obligations	837,362	1,127,044	1,964,406
Loan receivable	200,000	-	200,000
Street and sidewalk per Charter	2,000,000	-	2,000,000
Bond reserve	-	2,045,894	2,045,894
Bond renewal and replacement	-	685,083	685,083
Unrestricted	11,689,973	10,560,522	22,250,495
Total Net Position	<u>\$ 72,284,864</u>	<u>\$ 74,999,383</u>	<u>\$ 147,284,247</u>

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

**CITY OF TARPON SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Function/Program Activities							
Primary Government:							
Governmental Activities:							
General government	\$ 3,432,723	\$ 699,323	\$ -	\$ 15,126	\$ (2,718,274)	\$ -	\$ (2,718,274)
Public safety	14,852,516	2,797,387	78,932	80,683	(11,895,514)	-	(11,895,514)
Physical environment	1,140,607	169,791	18,323	-	(952,493)	-	(952,493)
Transportation	2,313,101	-	61,473	54,622	(2,197,006)	-	(2,197,006)
Economic environment	531,483	-	-	-	(531,483)	-	(531,483)
Culture/recreation	4,239,363	330,104	447,509	623,866	(2,837,884)	-	(2,837,884)
Total governmental activities	<u>26,509,793</u>	<u>3,996,605</u>	<u>606,237</u>	<u>774,297</u>	<u>(21,132,654)</u>	<u>-</u>	<u>(21,132,654)</u>
Business-Type Activities:							
Water/Sewer	12,912,634	14,559,195	-	1,972,792	-	3,619,353	3,619,353
Sanitation	4,335,007	4,707,377	-	-	-	372,370	372,370
Storm Water	1,057,100	1,306,718	-	82,320	-	331,938	331,938
Golf Course	1,369,316	1,361,752	-	-	-	(7,564)	(7,564)
Marina	113,616	74,064	-	-	-	(39,552)	(39,552)
Total business-type activities	<u>19,787,673</u>	<u>22,009,106</u>	<u>-</u>	<u>2,055,112</u>	<u>-</u>	<u>4,276,545</u>	<u>4,276,545</u>
Total primary government	<u>\$ 46,297,466</u>	<u>\$ 26,005,711</u>	<u>\$ 606,237</u>	<u>\$ 2,829,409</u>	<u>(21,132,654)</u>	<u>4,276,545</u>	<u>(16,856,109)</u>
			General Revenues:				
			Taxes:				
			Property taxes	7,828,030	-	7,828,030	
			Property taxes -Tax Increment				
			Financing (TIF) - County portion	165,527	-	165,527	
			Utility taxes	2,896,032	-	2,896,032	
			Communication service taxes	940,076	-	940,076	
			Half-cent sales tax	1,522,938	-	1,522,938	
			Local option gas tax	321,439	-	321,439	
			Local option sales tax	2,250,231	-	2,250,231	
			Local business tax	161,569	-	161,569	
			Other taxes	59,348	-	59,348	
			Franchise fees	1,666,479	-	1,666,479	
			State revenue sharing	787,803	-	787,803	
			Investment income	269,278	199,000	468,278	
			Miscellaneous	284,976	-	284,976	
			Transfers	1,055,277	(1,055,277)	-	
			Total General Revenues	<u>20,209,003</u>	<u>(856,277)</u>	<u>19,352,726</u>	
			Change in Net Position	<u>(923,651)</u>	<u>3,420,268</u>	<u>2,496,617</u>	
			Net Position - Beginning	<u>73,208,515</u>	<u>71,579,115</u>	<u>144,787,630</u>	
			Net Position - Ending	<u>\$ 72,284,864</u>	<u>\$ 74,999,383</u>	<u>\$ 147,284,247</u>	

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

**CITY OF TARPON SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Community				
	General Fund	Redevelopment Agency Downtown	Optional Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,281,149	\$ 304,372	\$ 1,527,054	\$ 2,549,656	\$ 6,662,231
Investments	11,338,328	800,000	2,700,574	3,247,751	18,086,653
Accounts receivable - net of allowance for doubtful accounts	143,926	88	-	-	144,014
Loan receivable	200,000	-	-	-	200,000
Taxes receivable	466,136	-	-	-	466,136
Due from other funds (deficit in pooled cash)	1,343,766	-	-	-	1,343,766
Due from other governments	233,590	-	364,888	526,122	1,124,600
Advance to other fund	-	-	510,205	-	510,205
Prepaid items	167,135	881	-	72	168,088
Inventories	5,756	-	-	-	5,756
Total Assets	\$ 16,179,786	\$ 1,105,341	\$ 5,102,721	\$ 6,323,601	\$ 28,711,449
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 426,572	\$ 1,875	\$ 362,463	\$ 323,922	\$ 1,114,832
Accrued liabilities	59,640	663	-	1,257	61,560
Contracts payable	-	-	122,609	-	122,609
Due to other fund (deficit in pooled cash)	-	-	-	410,771	410,771
Deposits	15,443	3,010	-	-	18,453
Advance from other fund	435,132	510,205	-	500,000	1,445,337
Unearned revenue	337,940	-	-	-	337,940
Total Liabilities	1,274,727	515,753	485,072	1,235,950	3,511,502
Deferred Inflows of Resources:					
Local business tax-future year	149,722	-	-	-	149,722
Mausoleum revenue-future year	11,654	-	-	-	11,654
Total Deferred Inflows of Resources	161,376	-	-	-	161,376
Fund Balances:					
Nonspendable:					
Inventory	5,756	-	-	-	5,756
Prepaid items	167,135	881	-	72	168,088
Advance to other fund	-	-	510,205	-	510,205
Loan receivable	200,000	-	-	-	200,000
Street and sidewalk per Charter, nonexpendable	-	-	-	2,000,000	2,000,000
Restricted for:					
Donations received	196,191	-	-	-	196,191
Capital projects - impact fee programs	-	-	-	1,441,197	1,441,197
CRA	-	588,707	-	-	588,707
Capital projects - optional sales tax	-	-	4,107,444	-	4,107,444
Transportation	-	-	-	511,457	511,457
Law enforcement programs	-	-	-	179,452	179,452
Library	-	-	-	66,133	66,133
Grant programs	-	-	-	3,810	3,810
Public art program	-	-	-	401,742	401,742
Land preservation	-	-	-	60,443	60,443
Physical environment	-	-	-	85,371	85,371
Committed to:					
Cemetery	2,061,362	-	-	-	2,061,362
Tree bank	653,329	-	-	-	653,329
Right of way	145,557	-	-	-	145,557
Employee benefit cost deferral	-	-	-	337,974	337,974
Assigned to:					
Compensated absences	1,185,138	-	-	-	1,185,138
Disaster reserve	50,000	-	-	-	50,000
Subsequent years expenditures	310,914	-	-	-	310,914
Insurance/Other	320,075	-	-	-	320,075
Land reserve	13,091	-	-	-	13,091
Fire reserve	57,399	-	-	-	57,399
Other contractual obligations	557,293	-	-	-	557,293
Unassigned:	8,820,443	-	-	-	8,820,443
Total Fund Balances	14,743,683	589,588	4,617,649	5,087,651	25,038,571
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,179,786	\$ 1,105,341	\$ 5,102,721	\$ 6,323,601	\$ 28,711,449

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, 2016

Fund balances - total governmental funds \$ 25,038,571

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

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

Governmental capital assets	\$ 99,371,419	
Less accumulated depreciation	<u>(50,210,570)</u>	49,160,849

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

Deferred outflows of resources related to pension plans.		3,636,004
--	--	-----------

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

Compensated absences	(1,197,686)	
Other postemployment benefits	<u>(271,605)</u>	(1,469,291)

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

Net pension liability	(5,374,938)	
Deferred inflows of resources related to pension plans	<u>(775,936)</u>	(6,150,874)

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

		34,035
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Internal service funds are used by management to charge the costs of fleet maintenance and risk management to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

		<u>2,035,570</u>
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Net position of governmental activities.		<u>\$ 72,284,864</u>
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CITY OF TARPON SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Community				
	General Fund	Redevelopment Agency Downtown	Optional Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 11,656,293	\$ 169,414	\$ 2,250,231	\$ 321,439	\$ 14,397,377
Permits and fees	2,159,545	-	-	274,296	2,433,841
Intergovernmental	2,510,321	165,527	-	793,246	3,469,094
Charges for services	2,623,770	-	38,316	-	2,662,086
Fines and forfeitures	226,202	-	-	23,426	249,628
Other	1,116,267	28,098	64,968	119,113	1,328,446
Total Revenues	20,292,398	363,039	2,353,515	1,531,520	24,540,472
Expenditures:					
Current:					
General Government:					
Board of commissioners	145,419	-	-	-	145,419
City manager	295,801	-	-	-	295,801
Financial administration	419,526	-	-	-	419,526
Human resources	251,948	-	-	-	251,948
Purchasing	227,196	-	-	-	227,196
Management information services	387,384	-	-	-	387,384
City attorney	180,429	-	-	-	180,429
Planning	256,550	-	-	-	256,550
City clerk	284,732	-	-	-	284,732
Non-departmental	542,686	-	-	-	542,686
Other	-	-	-	18,105	18,105
	2,991,671	-	-	18,105	3,009,776
Public Safety:					
Police	7,015,022	-	-	77,593	7,092,615
Fire/ems/emergency management	4,934,038	-	-	-	4,934,038
Protective inspections	971,313	-	-	-	971,313
	12,920,373	-	-	77,593	12,997,966
Physical Environment:					
City buildings/grounds	622,331	-	-	-	622,331
Cemetery	263,827	-	-	-	263,827
Other	83,968	-	-	2,242	86,210
	970,126	-	-	2,242	972,368
Transportation:					
Roads and streets	1,056,737	-	-	-	1,056,737
	1,056,737	-	-	-	1,056,737
Economic Environment:					
Other	115,724	204,748	-	-	320,472
	115,724	204,748	-	-	320,472
Culture and Recreation:					
Library	982,545	-	-	-	982,545
Parks and recreation	1,571,300	-	-	-	1,571,300
Cultural	885,271	-	-	-	885,271
Other	-	-	-	210,709	210,709
	3,439,116	-	-	210,709	3,649,825
Capital Outlay					
	958,719	-	2,514,205	1,388,725	4,861,649
Total Expenditures	22,452,466	204,748	2,514,205	1,697,374	26,868,793
Excess of Revenues Over (Under) Expenditures	(2,160,068)	158,291	(160,690)	(165,854)	(2,328,321)
Other Financing Sources (Uses):					
Transfers in	1,335,621	-	-	308,992	1,644,613
Transfers out	(118,292)	-	-	(445,344)	(563,636)
Total Other Financing Sources (Uses)	1,217,329	-	-	(136,352)	1,080,977
Net Change in Fund Balances	(942,739)	158,291	(160,690)	(302,206)	(1,247,344)
Fund Balances - Beginning of Year	15,686,422	431,297	4,778,339	5,389,857	26,285,915
Fund Balances - End of Year	\$ 14,743,683	\$ 589,588	\$ 4,617,649	\$ 5,087,651	\$ 25,038,571

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, 2016**

Net change in fund balances - total governmental funds		\$ (1,247,344)
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	\$ 4,861,649	
Less current year depreciation	<u>(3,495,471)</u>	1,366,178
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.		(34,145)
Deferred outflows of resources related to pension plans.		984,208
Liability for other postemployment benefits (OPEB) does not require the use of current financial resources and consequently is not reported in the funds.		
Current year change in the liability for other postemployment benefits		(55,671)
Revenues which do not provide current financial resources and are not reported in the governmental funds.		
Current year change in accrued interest		(11,819)
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Current year change in compensated absences	(26,617)	
Net pension liability	(1,139,724)	
Deferred inflows of resources related to pension plans	<u>(430,432)</u>	(1,596,773)
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>(328,285)</u>
Change in net position of governmental activities.		<u>\$ (923,651)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,652,207	\$ 11,652,207	\$ 11,656,293	\$ 4,086
Permits and fees	2,137,538	2,197,538	2,159,545	(37,993)
Intergovernmental	2,375,366	2,571,767	2,510,321	(61,446)
Charges for services	2,724,564	2,724,564	2,623,770	(100,794)
Fines and forfeitures	181,152	181,152	226,202	45,050
Other	938,974	975,974	1,116,267	140,293
Total Revenues	<u>20,009,801</u>	<u>20,303,202</u>	<u>20,292,398</u>	<u>(10,804)</u>
Expenditures:				
Current:				
General Government:				
Board of commissioners	148,906	148,906	145,419	3,487
City manager	295,351	295,351	295,801	(450)
Financial administration	490,936	496,645	419,526	77,119
Human resources	279,166	279,731	251,948	27,783
Purchasing	233,807	233,807	227,196	6,611
Management information services	415,020	415,795	387,384	28,411
City attorney	162,841	180,441	180,429	12
Planning	257,490	282,490	256,550	25,940
City clerk	308,802	306,052	284,732	21,320
Non-departmental	610,752	695,680	542,686	152,994
	<u>3,203,071</u>	<u>3,334,898</u>	<u>2,991,671</u>	<u>343,227</u>
Public Safety:				
Police	7,119,294	7,117,670	7,015,022	102,648
Fire/ems/emergency management	4,728,891	4,950,250	4,934,038	16,212
Protective inspections	901,328	971,351	971,313	38
	<u>12,749,513</u>	<u>13,039,271</u>	<u>12,920,373</u>	<u>118,898</u>
Physical Environment:				
City buildings/grounds	563,791	624,736	622,331	2,405
Cemetery	271,222	278,779	263,827	14,952
Tree bank	75,000	84,067	83,968	99
	<u>910,013</u>	<u>987,582</u>	<u>970,126</u>	<u>17,456</u>
Transportation:				
Roads and streets	1,090,508	1,074,445	1,056,737	17,708
Economic Environment:				
Economic development	119,301	119,960	115,724	4,236
Culture and Recreation:				
Library	1,003,597	1,079,863	982,545	97,318
Parks and recreation	1,601,164	1,644,626	1,571,300	73,326
Cultural	890,595	919,243	885,271	33,972
	<u>3,495,356</u>	<u>3,643,732</u>	<u>3,439,116</u>	<u>204,616</u>
Capital Outlay	341,150	1,506,678	958,719	547,959
Total Expenditures	<u>21,908,912</u>	<u>23,706,566</u>	<u>22,452,466</u>	<u>1,254,100</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,899,111)</u>	<u>(3,403,364)</u>	<u>(2,160,068)</u>	<u>1,243,296</u>
Other Financing Sources:				
Transfers in	1,335,621	1,335,621	1,335,621	-
Transfers out	-	(118,292)	(118,292)	-
Total Other Financing Sources	<u>1,335,621</u>	<u>1,217,329</u>	<u>1,217,329</u>	<u>-</u>
Net Change in Fund Balances	(563,490)	(2,186,035)	(942,739)	1,243,296
Fund Balances - Beginning of Year	15,686,422	15,686,422	15,686,422	-
Fund Balances - End of Year	<u>\$ 15,122,932</u>	<u>\$ 13,500,387</u>	<u>\$ 14,743,683</u>	<u>\$ 1,243,296</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
COMMUNITY REDEVELOPMENT AGENCY FUND - DOWNTOWN
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 169,199	\$ 169,199	\$ 169,414	\$ 215
Intergovernmental	165,453	165,453	165,527	74
Other	21,689	21,689	28,098	6,409
Total Revenues	<u>356,341</u>	<u>356,341</u>	<u>363,039</u>	<u>6,698</u>
Expenditures:				
Current:				
Economic Environment:				
Other	133,341	283,341	204,748	78,593
Capital Outlay	<u>223,000</u>	<u>223,000</u>	<u>-</u>	<u>223,000</u>
Total Expenditures	<u>356,341</u>	<u>506,341</u>	<u>204,748</u>	<u>301,593</u>
Net Change in Fund Balances	-	(150,000)	158,291	308,291
Fund Balances - Beginning of Year	<u>431,297</u>	<u>431,297</u>	<u>431,297</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 431,297</u>	<u>\$ 281,297</u>	<u>\$ 589,588</u>	<u>\$ 308,291</u>

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, 2016

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds			Total	
	Sanitation	Water and Sewer	Non-Major Enterprise Funds		
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 796,827	\$ 1,484,559	\$ 576,892	\$ 2,858,278	\$ 371,402
Investments	2,090,400	5,191,206	1,110,315	8,391,921	1,029,896
Receivables:					
Interest	3,367	12,310	2,704	18,381	3,266
Accounts - billed (net)	334,848	956,921	92,729	1,384,498	-
Accounts - unbilled	133,201	445,423	43,839	622,463	-
Due from other governments	-	653,100	-	653,100	-
Advance to other fund	784,779	-	-	784,779	435,132
Inventories	-	180,285	17,176	197,461	30,397
Prepaid items	9,168	120,870	14,766	144,804	2,750
Restricted cash and cash equivalents:					
Customer deposits	518,829	1,130,976	-	1,649,805	-
Total Current Assets	4,671,419	10,175,650	1,858,421	16,705,490	1,872,843
Non-Current Assets:					
Restricted:					
Cash and cash equivalents:					
Impact fees	-	1,042,179	-	1,042,179	-
Reserve fund	-	2,045,894	-	2,045,894	-
Renewal and replacement fund	-	685,083	-	685,083	-
Construction fund	-	168,663	-	168,663	-
Receivables:					
Accrued interest	-	9,775	-	9,775	-
Accounts receivable - billed (net)	-	19,251	-	19,251	-
Capital Assets:					
Land and land rights	421,435	2,566,730	299,532	3,287,697	-
Buildings and improvements	56,198	1,365,892	504,071	1,926,161	44,756
Improvements other than buildings	103,763	107,980,961	5,390,909	113,475,633	521,035
Machinery and equipment	762,302	3,622,342	2,115,184	6,499,828	113,718
Accumulated depreciation	(387,649)	(34,812,534)	(2,977,988)	(38,178,171)	(239,743)
Construction in progress	-	6,482,385	97,286	6,579,671	-
Total Non-Current Assets	956,049	91,176,621	5,428,994	97,561,664	439,766
Total Assets	5,627,468	101,352,271	7,287,415	114,267,154	2,312,609
LIABILITIES					
Current Liabilities:					
Accounts payable	22,946	377,601	61,903	462,450	8,264
Accrued liabilities	2,692	31,076	5,333	39,101	1,856
Contracts payable	435,090	195,670	-	630,760	-
Due to other fund (deficit in pooled cash)	-	-	932,995	932,995	-
Advance from other fund	-	-	284,779	284,779	-
Bonds payable	-	850,000	-	850,000	-
Claims payable	-	-	-	-	10,791
Compensated absences	837	14,383	1,470	16,690	3,196
Unearned revenue	-	3,153	17,052	20,205	-
Current Liabilities (payable from restricted assets):					
Accounts payable	-	3,853	-	3,853	-
Contracts payable	-	241,769	-	241,769	-
Customer deposits	518,829	1,130,976	2,994	1,652,799	-
Total Current Liabilities	980,394	2,848,481	1,306,526	5,135,401	24,107
Non-Current Liabilities:					
Bonds payable	-	33,745,836	-	33,745,836	-
Claims payable	-	-	-	-	236,587
Other postemployment benefits	17,233	99,459	23,130	139,822	11,519
Compensated absences	12,440	180,462	27,999	220,901	4,826
Total Non-Current Liabilities	29,673	34,025,757	51,129	34,106,559	252,932
Total Liabilities	1,010,067	36,874,238	1,357,655	39,241,960	277,039
DEFERRED INFLOWS OF RESOURCES					
Sewer impacts/connections-future year	-	25,811	-	25,811	-
Total Deferred Inflows of Resources	-	25,811	-	25,811	-
NET POSITION					
Net investment in capital assets	956,049	53,020,776	5,428,994	59,405,819	439,766
Restricted for:					
Revenue bond reserve requirements	-	2,045,894	-	2,045,894	-
Revenue bond renewal and replacement requirements	-	685,083	-	685,083	-
Capital projects - impact fee program	-	1,175,021	-	1,175,021	-
Other contractual obligations	793,947	301,155	31,942	1,127,044	468,279
Unrestricted	2,867,405	7,224,293	468,824	10,560,522	1,127,525
Total Net Position	\$ 4,617,401	\$ 64,452,222	\$ 5,929,760	\$ 74,999,383	\$ 2,035,570

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, 2016

	Business-type Activities			Total	Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Sanitation	Water and Sewer	Non-Major Enterprise Funds		
Operating Revenues:					
Charges for services	\$ 4,696,662	\$ 14,364,710	\$ 2,592,965	\$ 21,654,337	\$ 1,465,593
Other	10,715	178,015	149,242	337,972	-
Total Operating Revenues	4,707,377	14,542,725	2,742,207	21,992,309	1,465,593
Operating Expenses:					
Personnel services	439,983	4,363,518	866,529	5,670,030	289,252
Contractual services	3,729,731	819,372	842,042	5,391,145	39,959
Supplies	23,860	1,145,135	226,693	1,395,688	366,257
Repairs and maintenance	57,908	733,130	78,635	869,673	318,284
Utilities	4,733	1,012,244	87,131	1,104,108	961
Claims	-	-	-	-	154,889
Insurance	-	-	-	-	551,849
Depreciation	62,847	3,591,088	439,002	4,092,937	48,939
Total Operating Expenses	4,319,062	11,664,487	2,540,032	18,523,581	1,770,390
Operating Income (Loss)	388,315	2,878,238	202,175	3,468,728	(304,797)
Non-Operating Revenues (Expenses):					
Investment income	52,557	136,835	9,738	199,130	13,323
Net change in fair value of investments	(3,247)	3,652	(535)	(130)	(2,805)
Interest expense	(1,023)	(1,225,726)	-	(1,226,749)	-
Amortization of bond premium	-	16,470	-	16,470	-
Other	(14,922)	(22,421)	327	(37,016)	(8,306)
Total Non-Operating Revenues (Expenses)	33,365	(1,091,190)	9,530	(1,048,295)	2,212
Income (Loss) before Contributions and Transfers	421,680	1,787,048	211,705	2,420,433	(302,585)
Capital grants and contributions	-	1,972,792	82,320	2,055,112	-
Transfers out	(206,400)	(605,473)	(243,404)	(1,055,277)	(25,700)
	(206,400)	1,367,319	(161,084)	999,835	(25,700)
Change in Net Position	215,280	3,154,367	50,621	3,420,268	(328,285)
Net Position - Beginning of Year	4,402,121	61,297,855	5,879,139	71,579,115	2,363,855
Net Position - End of Year	\$ 4,617,401	\$ 64,452,222	\$ 5,929,760	\$ 74,999,383	\$ 2,035,570

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, 2016

	Business-type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds			Total	
	Sanitation	Water and Sewer	Non-Major Enterprise Funds		
Cash flows from operating activities:					
Cash received from customers	\$ 4,703,382	\$ 14,185,885	\$ 2,746,378	\$ 21,635,645	\$ -
Cash payments to suppliers	(3,832,129)	(4,614,468)	(1,269,648)	(9,716,245)	(1,521,489)
Cash payments to employees	(437,517)	(4,365,698)	(866,258)	(5,669,473)	(285,402)
Cash received from other funds	-	-	-	-	1,462,242
Other	(14,922)	(22,421)	327	(37,016)	(8,306)
Net cash provided (used) by operating activities	<u>418,814</u>	<u>5,183,298</u>	<u>610,799</u>	<u>6,212,911</u>	<u>(352,955)</u>
Cash flows from noncapital financing activities:					
Transfers out	(206,400)	(605,473)	(243,404)	(1,055,277)	(25,700)
Interest paid	(1,023)	(2,414)	-	(3,437)	-
Advance to other fund	(460,951)	-	-	(460,951)	84,997
Advance from other fund	-	-	(39,049)	(39,049)	-
Payment of cash on loans to/from other funds	-	-	179,136	179,136	-
Net cash provided (used) by noncapital financing activities	<u>(668,374)</u>	<u>(607,887)</u>	<u>(103,317)</u>	<u>(1,379,578)</u>	<u>59,297</u>
Cash flows from capital and related financing activities:					
Principal payments on debt	-	(820,000)	-	(820,000)	-
Interest payments on debt	-	(1,223,312)	-	(1,223,312)	-
Disposal of capital assets	-	15,693	180	15,873	8,306
Acquisition and construction of capital assets	(269,733)	(6,450,672)	(439,337)	(7,159,742)	(126,731)
Contributed capital from other governmental entities	-	1,682,486	82,320	1,764,806	-
Contributed capital - impact fees	-	290,306	-	290,306	-
Net cash used for capital and related financing activities	<u>(269,733)</u>	<u>(6,505,499)</u>	<u>(356,837)</u>	<u>(7,132,069)</u>	<u>(118,425)</u>
Cash flows from investing activities:					
Interest on investments	52,557	136,835	9,738	199,130	13,323
Proceeds of investment sales & maturities	1,160,084	5,275,656	1,439,680	7,875,420	850,874
Purchase of investments	(1,849,799)	(6,760,853)	(1,399,680)	(10,010,332)	(630,329)
Net cash provided (used) by investing activities	<u>(637,158)</u>	<u>(1,348,362)</u>	<u>49,738</u>	<u>(1,935,782)</u>	<u>233,868</u>
Net increase (decrease) in cash and cash equivalents	(1,156,451)	(3,278,450)	200,383	(4,234,518)	(178,215)
Cash and cash equivalents at beginning of year	<u>2,472,107</u>	<u>9,835,804</u>	<u>376,509</u>	<u>12,684,420</u>	<u>549,617</u>
Cash and cash equivalents at end of year	<u>\$ 1,315,656</u>	<u>\$ 6,557,354</u>	<u>\$ 576,892</u>	<u>\$ 8,449,902</u>	<u>\$ 371,402</u>
Cash and cash equivalents classified as:					
Cash and cash equivalents	\$ 796,827	\$ 1,484,559	\$ 576,892	\$ 2,858,278	\$ 371,402
Restricted cash and cash equivalents - current:					
Customer deposits	518,829	1,130,976	-	1,649,805	-
Restricted cash and cash equivalents - non-current:					
Impact fees	-	1,042,179	-	1,042,179	-
Reserve fund	-	2,045,894	-	2,045,894	-
Renewal and replacement fund	-	685,083	-	685,083	-
Construction fund	-	168,663	-	168,663	-
	<u>\$ 1,315,656</u>	<u>\$ 6,557,354</u>	<u>\$ 576,892</u>	<u>\$ 8,449,902</u>	<u>\$ 371,402</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, 2016

	Business-type Activities			Total	Governmental Activities - Internal Service Funds
	Enterprise Funds		Non-Major		
	Sanitation	Water and Sewer	Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 388,315	\$ 2,878,238	\$ 202,175	\$ 3,468,728	\$ (304,797)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other	(14,922)	(22,421)	327	(37,016)	(8,306)
Depreciation expense	62,847	3,591,088	439,002	4,092,937	48,939
Change in assets and liabilities:					
(Increase) decrease in accounts receivable - interest	302	(2,964)	63	(2,599)	840
Decrease in accounts receivable - billed (net)	5,002	59,983	4,035	69,020	-
Increase in unbilled accounts receivable	(9,299)	(28,818)	(4,165)	(42,282)	-
Increase in due from other governments	-	(383,567)	-	(383,567)	-
(Increase) decrease in inventories	-	(597)	4,679	4,082	10,529
Increase in prepaid items	(1,549)	(296)	(1,523)	(3,368)	(248)
Decrease in accounts and contracts payable	(28,361)	(937,405)	(38,955)	(1,004,721)	(141,096)
Decrease in accrued liabilities	(3,635)	(35,151)	(7,349)	(46,135)	(1,988)
Increase in claims payable	-	-	-	-	41,525
Increase (decrease) in unavailable revenue	-	(44)	4,238	4,194	(4,191)
Increase in customer deposits	14,013	33,711	652	48,376	-
Increase in other postemployment benefits	3,409	20,276	3,721	27,406	2,668
Increase in compensated absences	2,692	12,695	3,899	19,286	3,170
Decrease in deferred inflows of resources	-	(1,430)	-	(1,430)	-
Total adjustments	30,499	2,305,060	408,624	2,744,183	(48,158)
Net cash provided (used) by operating activities	\$ <u>418,814</u>	\$ <u>5,183,298</u>	\$ <u>610,799</u>	\$ <u>6,212,911</u>	\$ <u>(352,955)</u>

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, 2016

Assets	Employee Retirement Funds
Cash and cash equivalents	\$ 1,922,391
Accounts receivable	5,121
Interest receivable	89,932
Investments, at fair value:	
U.S. Government Securities	6,670,960
Equities Common Stock	29,915,692
Mutual Funds	8,870,718
Corporate Bonds	6,517,543
Real Estate	2,397,972
Total Investments	<u>54,372,885</u>
 Total Assets	 <u>56,390,329</u>
Liabilities	
Accounts payable	<u>34,708</u>
Total Liabilities	<u>34,708</u>
Net Position	
Restricted for Pension Benefits	<u><u>\$ 56,355,621</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, 2016

	<u>Employee Retirement Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,890,942
Plan members	519,465
State of Florida	443,372
Total Contributions	<u>2,853,779</u>
Investment Income:	
Net increase in fair value of investments (realized and unrealized)	2,754,621
Interest	867,510
Dividends	522,989
	<u>4,145,120</u>
Less Investment Expenses:	
Investment management fees	231,564
	<u>231,564</u>
Net Investment Income	<u>3,913,556</u>
Total Additions	<u>6,767,335</u>
Deductions:	
Benefits	4,070,165
Refunds of contributions	72,446
Administrative expense	184,031
	<u>4,326,642</u>
Total Deductions	4,326,642
Change in Net Position	2,440,693
Net Position - Beginning of Year	<u>53,914,928</u>
Net Position - End of Year	<u>\$ 56,355,621</u>

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

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City of Tarpon Springs, Florida

Notes to the Financial Statements

September 30, 2016

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, 2016

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

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

Related Organization – Tarpon Springs Housing Authority (TSHA):

TSHA is a public housing authority created by City Resolution 1062 (1964), under Section 421.04 of the Florida Statutes. TSHA receives primary funding from the Federal Department of Housing and Urban Development (HUD). The City Commission appoints the governing board, however, the City Commission is not able to impose its will on the TSHA, nor does the City have any responsibility for the budget, debt, financing deficits, or fiscal management of TSHA. Consequently it is not a component unit of the City of Tarpon Springs. Separate audited financial statements of TSHA, as of March 31, 2016, are available from TSHA.

B. Basic Financial Statements

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

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

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

Notes to the Financial Statements
September 30, 2016

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

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

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

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

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

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

City of Tarpon Springs, Florida

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

Operating and Non-operating items in Proprietary Funds:

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

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

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

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

Cash and Investments:

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

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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, commercial paper and the Fire Pension can also invest in real estate.

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, 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.

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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

Net interest cost (interest cost less interest earned on the investment of unexpended debt proceeds) is capitalized for business-type activities on construction projects financed with tax-exempt debt. Interest cost is not capitalized on projects financed by government grants, third party donations or on assets in the governmental funds. Total interest incurred for business-type activities during the current fiscal year was \$1,223,312. There was no capitalized interest in Fiscal Year 2016.

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
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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 1st 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 year's accrued sick leave for General Employees. Police and Fire employees have no maximum and follow their respective bargaining unit. Upon retirement or separation in good standing, employees shall be paid a percentage of accrued sick time equal to their full years of service, i.e. five (5) years = 5%, six (6) years = 6%, etc. with a maximum not to exceed forty (40) days.

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

Long-Term Obligations:

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

Unearned Revenue:

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
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Unearned revenue in the golf course fund is for gift certificates and rainchecks 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 Position:

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

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

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

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

In accordance with GASB Statement No. 65, the City has previously determined that Local Business Taxes, Mausoleum Loans, Sewer Impact/Connection Loans that were all billed in FY 2016, Grants that met the eligibility requirements, and Differences between Expected and Actual Experience in Pensions, are revenues of the subsequent year FY 2017, are to be classified as Deferred Inflows of Resources. Differences between Projected and Actual Earnings in Pensions, are to be classified as Deferred Outflows of Resources.

Net Position:

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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 \$16,027,318 of restricted net position, of which \$6,140,987 is restricted by enabling legislation.

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

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance:

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

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

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

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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

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

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

Fund Balance/Net Position Policy:

I. Purpose

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

II. Definitions of Fund Balance/Net Position

Fund Balance of Governmental Funds:

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

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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.

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

III. Policy

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

A. General Fund - There shall be a reserve balance in its unassigned fund balance equal to 20% of the current fiscal year operating expenditure and transfers out budgeted for the fund. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 30th for the

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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 30th for the subsequent fiscal year. The unrestricted amount shall be in addition to all other required restrictions of net position including but limited to amounts restricted for debt service and/or amounts restricted for renewal and replacement of long lived assets.

IV. Utilization of Surplus Reserves

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

V. Replenishment of Reserve Deficits

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

VI. Annual Review

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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 the fiscal year ended September 30, 2016, there were no new funds.

E. Recently Issued and Implemented Accounting Pronouncements

The following Government Accounting Standards were effective in fiscal year 2016.

Government Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application". The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. The requirements of GASB 72 are effective in fiscal year 2016. The City is required to implement this Standard.

Government Accounting Standards Board (GASB) Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of GASB 73 are effective in fiscal year 2016. The City is required to implement this Standard for our Police Officers and Firefighters Pension Plans.

Government Accounting Standards Board (GASB) Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The requirements of GASB 76 are effective in fiscal year 2016. Its implementation did not have any effect on the City's financial statements.

Government Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The objective of this Statement is to address accounting and financial reporting for certain external investment pools and pool

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

participants. The requirements of GASB 79 are effective in fiscal year 2016. Its implementation did not have any effect on the City's financial statements.

Note II - Stewardship, Compliance and Accountability

A. Budgetary information

Annual appropriated budgets are adopted for all funds except for the trust funds which are not required to be budgeted. All annual appropriations lapse at fiscal year end. Project-length financial plans, in addition to annual appropriated budgets, are adopted for all capital project funds. Supplemental budgetary appropriations were necessary during fiscal 2016, 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 2016, periodic amendments were made to the approved budget.
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.

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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, 2016 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 or after are without discount.

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holders after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

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

Excess of Expenditures Over Appropriations

The City had no expenditures over appropriations.

B. Deficit Fund Balance/Net Position

The City's Golf Course Enterprise Fund contains a total net position deficit of \$302,185. This is caused by extensive capital projects being undertaken at the golf course. A

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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 \$14,547,428 which consisted of Checking accounts \$3,532,783, BankUnited Public Funds Savings \$4,005,492, Hancock Bank Public Funds Savings \$1,009,153 and Certificate of Deposits \$6,000,000.

Pooled Cash and Investments:

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

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

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.

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

Given this strategy, the basis to determine whether market yields are being achieved shall be the average investment return as stated by the Florida Prime, formerly the SBA, for each fiscal year ending September 30. The average investment return as stated by the Florida Prime for fiscal year ending September 30, 2016 is .54%. During Fiscal Year 2016, the average cash/investment pool balance was \$45,249,692 (not including bond/debt service funds) and the total annual earnings net of all bank charges was \$488,867 (not including bond/debt service earnings) giving an average rate of return of 1.08% on the average balance.

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.

As of September 30, 2016, the City of Tarpon Springs had \$129 and \$17 invested in two accounts with Florida Prime.

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

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

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

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

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

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

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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

Cash and Cash Equivalents and Investments	Maturity/ WAM	Fair Value	Rating	Rating Agency	Hierarchy Level
Cash and Cash Equivalents:					
Cash on Hand		\$ 57,683			
Deposits with Banks -					
Chase Bank - Checking Accounts					
Operating Funds		2,238,654			
Bond Proceeds		168,663			
		<u>2,407,317</u>			
Bank of America - Checking Account					
Operating Funds		1,125,466			
		<u>1,125,466</u>			
Public Funds Savings Accounts:					
BankUnited		4,005,492			
Hancock		1,009,153			
		<u>5,014,645</u>			
State Board of Administration (Florida Prime)					
Plan A	50 days	146	AAAm	S & P	n/a
Total State Board of Administration (Florida Prime)		<u>146</u>			
Florida Municipal Investment Trust -					
High Quality Government Fund	0.80	1,140,350	AAAf/S1	Fitch	2
1-3 Year High Quality Bond Fund	1.40	1,198,935	AAAf/S2	Fitch	2
Intermediate High Quality Bond Fund	3.20	4,538,993	AAAf/S3	Fitch	2
Total Florida Municipal Investment Trust		<u>6,878,278</u>			
Total Cash and Cash Equivalents		<u>15,483,535</u>			
Investments:					
Certificate of Deposit - BankUnited	6/23/2017	4,000,000	n/a		n/a
Certificate of Deposit - BankUnited	8/2/2017	2,000,000	n/a		n/a
Treasury Bill 1 Year	12/31/2016	2,001,714	AA+	S & P	1
Treasury Bill 2 Year	12/31/2017	2,000,860	AA+	S & P	1
Federal Home Loan Bank Note	7/7/2017	1,002,040	AA+	S & P	1
Federal Home Loan Bank Note	12/29/2017	2,000,504	AA+	S & P	1
Federal Home Loan Mortgage Corporation	10/29/2018	1,000,136	AA+	S & P	2
Federal National Mortgage Association	11/23/2018	2,001,140	AA+	S & P	2
Federal Home Loan Bank Note	1/25/2019	1,001,991	AA+	S & P	1
Federal Farm Credit Bank Note	3/29/2019	2,000,604	AA+	S & P	1
Federal Home Loan Mortgage Corporation	3/29/2019	1,000,842	AA+	S & P	2
Federal Home Loan Mortgage Corporation	8/28/2019	1,998,414	AA+	S & P	2
Federal Home Loan Mortgage Corporation	9/27/2019	1,998,642	AA+	S & P	2
Federal Home Loan Bank Note	11/25/2019	2,001,260	AA+	S & P	1
Federal Home Loan Mortgage Corporation	12/30/2019	1,500,323	AA+	S & P	2
Total Investments		<u>27,508,470</u>			
Total Pooled Cash and Investments		<u>\$ 42,992,005</u>			

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

Cash and investments as of September 30, 2016 are classified in the accompanying financial statements as follows:

<u>Statement of Net Position</u>	<u>9/30/2016</u>
Primary Government:	
Cash and cash equivalents	\$ 9,891,911
Investments	27,508,470
Restricted assets:	
Cash and cash equivalents	<u>5,591,624</u>
 Total Pooled Cash and Investments per CAFR	 <u><u>\$ 42,992,005</u></u>

Interest Rate Risk:

In compliance with the City's Investment Policy, as of September 30, 2016, 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, 2016, the City minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities, U. S. Government Agency securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business.

Pension Plan Assets

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

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

Firefighters' Retirement System

Deposits:

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

Investments:

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

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

<u>Firefighters' Retirement System Cash and Investments</u>	<u>Fair Value</u>	<u>Moody's Rating</u>	<u>Hierarchy Level</u>
Cash and Cash Equivalents:			
Cash in Managed Investment Accounts	\$ 827,906	n/a	1
Investments:			
U. S. Government Agencies	202,026	AAA	1
Mortgage-Backed Obligations	630,350	AAA	2
Canadian Treasury Security	61,552	Aa1/Aa2/Aa3	2
Domestic Corporate Bonds	707,992	Aa1/Aa2/Aa3	2
Domestic Corporate Bonds	1,439,369	A1/A2/A3	2
Domestic Corporate Bonds	1,651,005	Baa1/Baa2/Baa3	2
Real Estate Fund-Measured at Net Asset Value (NAV)	2,397,972	n/a	n/a
Equities Common Stock	14,475,279	n/a	1
Total Investments	<u>21,565,545</u>		
Total Managed Cash and Investments	<u>\$ 22,393,451</u>		

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

The real estate fund has no unfunded commitments at September 30, 2016. The redemption frequency is quarterly and requires 30 days notice. The fund is valued at NAV of units held at the end of the period based upon the fair value of the underlying investments.

Credit Risk:

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

Interest Rate Risk:

Through its investment policies, the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard, the Plan adopted the Lehman Aggregate Bond Index (LBAB) bench mark performance evaluator. Additionally, the bond portion of the Plan's portfolio is expected to perform in the top 40th 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, 2016**

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

<u>Police Officers' Retirement System Cash and Investments</u>	<u>Fair Value</u>	<u>Moody's Rating</u>	<u>Hierarchy Level</u>
Cash and Cash Equivalents:			
Cash in Managed Investment Accounts	\$ 1,094,485	n/a	
Investments:			
U. S. Government Agencies	2,937,495	AAA	1
Mortgage-Backed Obligations	2,839,537	Not Rated	2
Domestic Corporate Bonds	73,574	Aa1/Aa2/Aa3	2
Domestic Corporate Bonds	2,025,772	A1/A2/A3	2
Domestic Corporate Bonds	619,831	Baa1/Baa2/Baa3	2
Equities Common Stock	15,440,413	n/a	1
Total Investments	<u>23,936,622</u>		
Total Managed Cash and Investments	<u>\$ 25,031,107</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 40th 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, 2016**

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	\$ 8,870,718	n/a

Interest Rate Risk:

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

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:

	<u>Governmental Activities</u>			
	Internal		Total	
	General	Service		
Interest	\$ 34,035	\$ 3,266	\$ 37,301	
Accounts - billed	344,014	-	344,014	
Taxes	466,136	-	466,136	
Total receivables	<u>\$ 844,185</u>	<u>\$ 3,266</u>	<u>\$ 847,451</u>	
Allow. for uncollectibles	-	-	-	
Net total receivables	<u>\$ 844,185</u>	<u>\$ 3,266</u>	<u>\$ 847,451</u>	
	<u>Business-type Activities</u>			
			Non-Major	
		Water/ Sewer	Enterprise	
	Sanitation		Funds	
			Total	
Interest	\$ 3,367	\$ 12,310	\$ 2,704	\$ 18,381
Accounts - billed	384,700	1,060,687	100,706	1,546,093
Accounts - unbilled	133,201	445,423	43,839	622,463
	<u>521,268</u>	<u>1,518,420</u>	<u>147,249</u>	<u>2,186,937</u>
Allow. for uncollectibles	(49,852)	(103,766)	(7,977)	(161,595)
Net total receivables	<u>\$ 471,416</u>	<u>\$ 1,414,654</u>	<u>\$ 139,272</u>	<u>\$ 2,025,342</u>
Restricted:				
Accrued interest	-	9,775	-	9,775
Accounts - billed	-	19,251	-	19,251
Total restricted receivables	<u>\$ -</u>	<u>\$ 29,026</u>	<u>\$ -</u>	<u>\$ 29,026</u>

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

C. Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land rights	\$ 5,235,802	\$ -	\$ -	\$ 5,235,802
Construction in progress	6,242,120	3,491,250	(4,974,267)	4,759,103
Total capital assets, not being depreciated	<u>11,477,922</u>	<u>3,491,250</u>	<u>(4,974,267)</u>	<u>9,994,905</u>
Capital assets, being depreciated:				
Buildings	18,742,845	1,196,727	-	19,939,572
Improvements other than buildings	10,703,953	4,394,499	(5,465)	15,092,987
Machinery and equipment	10,835,906	880,171	(1,155,211)	10,560,866
Infrastructure	44,462,598	-	-	44,462,598
Total capital assets, being depreciated	<u>84,745,302</u>	<u>6,471,397</u>	<u>(1,160,676)</u>	<u>90,056,023</u>
less accumulated depreciation for:				
Buildings	(11,906,016)	(603,876)	-	(12,509,892)
Improvements other than buildings	(4,829,197)	(640,265)	3,294	(5,466,168)
Machinery and equipment	(7,184,544)	(1,018,669)	1,114,930	(7,088,283)
Infrastructure	(24,104,371)	(1,281,599)	-	(25,385,970)
Total accumulated depreciation	<u>(48,024,128)</u>	<u>(3,544,409)</u>	<u>1,118,224</u>	<u>(50,450,313)</u>
Total capital assets, being depreciated, net	36,721,174	2,926,988	(42,452)	39,605,710
Governmental activities capital assets, net	<u>\$ 48,199,096</u>	<u>\$ 6,418,238</u>	<u>\$ (5,016,719)</u>	<u>\$ 49,600,615</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land and land rights	\$ 3,287,697	\$ -	\$ -	\$ 3,287,697
Construction in progress	6,007,639	4,902,794	(4,330,762)	6,579,671
Total capital assets, not being depreciated	<u>9,295,336</u>	<u>4,902,794</u>	<u>(4,330,762)</u>	<u>9,867,368</u>
Capital assets, being depreciated:				
Buildings	1,843,635	82,526	-	1,926,161
Improvements other than buildings	108,161,256	5,314,377	-	113,475,633
Machinery and equipment	6,109,597	1,190,807	(800,576)	6,499,828
Total capital assets, being depreciated	<u>116,114,488</u>	<u>6,587,710</u>	<u>(800,576)</u>	<u>121,901,622</u>
less accumulated depreciation for:				
Buildings	(342,875)	(70,696)	-	(413,571)
Improvements other than buildings	(30,636,433)	(3,413,036)	-	(34,049,469)
Machinery and equipment	(3,890,629)	(609,205)	784,703	(3,715,131)
Total accumulated depreciation	<u>(34,869,937)</u>	<u>(4,092,937)</u>	<u>784,703</u>	<u>(38,178,171)</u>
Total capital assets, being depreciated, net	81,244,551	2,494,773	(15,873)	83,723,451
Business-type activities capital assets, net	<u>\$ 90,539,887</u>	<u>\$ 7,397,567</u>	<u>\$ (4,346,635)</u>	<u>\$ 93,590,819</u>

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

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

Governmental activities:		
General government	\$	299,580
Public safety		1,074,567
Physical environment		154,904
Transportation		1,229,124
Economic environment		206,948
Culture/recreation		530,347
Internal service funds		<u>48,939</u>
Total depreciation expense - governmental activities	\$	<u><u>3,544,409</u></u>
Business-type activities:		
Sanitation	\$	62,847
Water and Sewer		3,591,088
Stormwater		359,420
Marina		16,747
Golf Course		<u>62,835</u>
Total depreciation expense - business-type activities	\$	<u><u>4,092,937</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, 2016, 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, 2016, 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, 2016**

The amounts of the reclassified balances at September 30, 2016 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,343,766	\$ -
Special Revenue Fund:		
Grants	-	410,771
Enterprise Fund:		
Golf Course	-	932,995
Total	<u>\$ 1,343,766</u>	<u>\$ 1,343,766</u>

Advances to / from other funds:

<u>Fund</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ -	\$ 435,132
Capital Project Fund:		
Optional Sales Tax	510,205	-
Special Revenue Fund:		
CRA	-	510,205
Impact Fees	-	500,000
Enterprise Fund:		
Sanitation	784,779	-
Golf Course	-	284,779
Internal Service Fund:		
Risk Management	435,132	-
Total	<u>\$ 1,730,116</u>	<u>\$ 1,730,116</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 \$183,210 in Fiscal Year 2016. This noninterest-bearing advance is to be repaid per the Interlocal Reimbursement Agreement schedule below, from CRA property tax

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

receipts as they are collected. At September 30, 2016, the unpaid advance was \$510,205, which is included in the total advances of \$1,730,116 in the City's financial statements.

<u>Due Date</u>	<u>Amount Due</u>
September 30, 2017	\$ 189,120
September 30, 2018	195,030
September 30, 2019	126,055
	<u>\$ 510,205</u>

In Fiscal Year 2010, the sanitation fund advanced funds to the golf course fund in the amount of \$430,415 for the purpose of providing the balance of monies required for past capital expenditures and declining revenues. The sanitation fund advanced additional funds in Fiscal Year 2014 in the amount of \$180,000 for the reconstruction of the greens. This advance was decreased with a reimbursement of \$39,049 in Fiscal Year 2016. This noninterest-bearing advance is to be repaid from golf course capital improvement program (CIP) fees as they are collected. At September 30, 2016, the unpaid advance was \$284,779, which is included in the total advances of \$1,730,116 in the City's financial statements.

In Fiscal Year 2014, the risk management fund advanced funds to the general fund in the amount of \$601,078 for the purpose of providing the balance of monies required for the energy performance contract expenditures. This advance was decreased with a reimbursement of \$84,997 in Fiscal Year 2016. This noninterest-bearing advance is to be repaid by the annual energy savings as they are collected. At September 30, 2016, the unpaid advance was \$435,132, which is included in the total advances of \$1,730,116 in the City's financial statements.

In Fiscal Year 2016, the sanitation fund advanced funds to the fire impact fund in the amount of \$500,000 for the purpose of providing the balance of monies required for the construction of fire station 71. This noninterest-bearing advance is to be repaid by fire impact fees as they are collected. At September 30, 2016, the unpaid advance was \$500,000, which is included in the total advances of \$1,730,116 in the City's financial statements.

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

Interfund transfers:

	Transfer In:		Total
	General Fund	Non-major Governmental Funds	
<u>Transfer Out:</u>			
General Fund	\$ -	\$ 118,292	\$ 118,292
Non-major Governmental Funds	280,344	165,000	445,344
 <u>Enterprise Funds:</u>			
Sanitation	206,400	-	206,400
Water & Sewer	605,473	-	605,473
Non-major Enterprise Funds	243,404	-	243,404
 <u>Internal Service Funds:</u>			
Risk Management	-	25,700	25,700
	\$ 1,335,621	\$ 308,992	\$ 1,644,613

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 \$477,993 in fiscal year 2016. Included in this amount are rents of \$335,782 received under the terms of a 40-year lease dated September 1, 2000, with the Tarpon Springs Hospital Foundation, Inc. for rental of the Helen Ellis Memorial Hospital property and facilities that are owned by the City. The previous lease with the Tarpon Springs Health Facilities Authority was terminated on September 1, 2000 and a new lease between the City and the Tarpon Springs Hospital Foundation, Inc. was commenced on September 1, 2000. The annual rent with the new lease is \$250,000 and on the fifth anniversary the base rent shall be increased by ten percent and on each annual anniversary thereafter the annual base rent shall be increased by two percent.

On December 1, 2015 Ordinance 2015-23 was approved by the Board of Commissioners which submitted to the electors of the City of Tarpon Springs a proposed amendment to section 5.0 (base rent) of the lease between the City of Tarpon Springs and the Tarpon Springs Hospital Foundation. The electors approved this referendum question on March 15, 2016. If a

City of Tarpon Springs, Florida

Notes to the Financial Statements

September 30, 2016

state of the art emergency room is completed by July 31, 2022 the base rent will be \$300,000 annually. Beginning FY 2017-2018 the City will reserve the difference between the current base rent and the \$300,000 and upon issuance of a certificate of completion before July 31, 2022 the reserve funds shall be remitted to the Foundation.

Included in the aggregate rental income of \$477,993 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 17th 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, 2016 in the amount of \$200,000.

Also included in the aggregate rental income of \$477,993 is \$39,514 received under the terms of a 5-year lease dated August 1, 2005 (Commencement date) with GTP Towers I, LLC ("Global Tower") who was assigned the lease on May 27, 2008 from Ridan Industries, LLC to construct, maintain, and operate a communication tower on property at the City's Fire Station #2. The lease was renewed with GTP Towers I, LLC ("Global Tower") on August 1, 2010 for an additional five years. On October 1, 2013 American Tower acquired the ownership of GTP Towers I, LLC with no change in the lease agreement. The annual rent initially with the lease was \$30,000 (\$2,500 per month) and commencing with the second (2nd) year of the agreement the basic monthly rent shall be adjusted annually upon each anniversary of the commencement date of this agreement, by any change in the index now known as "United States Bureau of Labor Statistics, Consumer Price Index for Urban Consumers".

F. Long-Term Debt

Utility System Revenue Bonds:

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

The 2013A-1 serial bonds are due in annual installments of \$250,000 at October 1, 2016 to \$355,000 due October 1, 2028, interest at 2.00% to 4.00%; 3.375% term bonds in the amount of \$1,950,000 due October 1, 2029 to October 1, 2033 in annual installments of \$365,000 to

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

\$415,000; 3.50% term bonds in the amount of \$1,335,000 due October 1, 2034 to October 1, 2036 in annual installments of \$430,000 to \$460,000.

The 2013A-2 serial bonds are due in annual installments of \$570,000 at October 1, 2016 to \$835,000 due October 1, 2028, interest at 2.00% to 5.00%; 3.375% term bonds in the amount of \$3,680,000 due October 1, 2029 to October 1, 2033 in annual installments of \$670,000 to \$805,000; 5.00% term bonds in the amount of \$1,000,000 due October 1, 2029 to October 1, 2033 in annual installments of \$200,000; 3.50% term bonds in the amount of \$3,240,000 due October 1, 2034 to October 1, 2036 in annual installments of \$1,045,000 to \$1,115,000; 3.625% term bonds in the amount of \$2,600,000 due October 1, 2037 to October 1, 2038 in annual installments of \$1,270,000 to \$1,330,000; 5.00% term bonds in the amount of \$730,000 due October 1, 2037 to October 1, 2038 in annual installments of \$365,000; 3.75% term bonds in the amount of \$7,465,000 due October 1, 2039 to October 1, 2042 in annual installments of \$1,765,000 to \$1,970,000.

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

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

Year Ended September 30 -	Utility System Revenue Bonds					
	2013A-1		2013A-2		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 255,000	\$ 220,363	\$ 595,000	\$ 972,650	\$ 850,000	\$ 1,193,013
2018	265,000	212,713	615,000	948,850	880,000	1,161,563
2019	275,000	204,763	640,000	924,250	915,000	1,129,013
2020	280,000	196,513	660,000	905,050	940,000	1,101,563
2021	290,000	185,313	685,000	885,250	975,000	1,070,563
2022-2026	1,585,000	806,100	3,700,000	4,128,650	5,285,000	4,934,750
2027-2031	1,830,000	557,044	4,350,000	3,482,369	6,180,000	4,039,413
2032-2036	2,155,000	229,631	5,210,000	2,619,644	7,365,000	2,849,275
2037-2041	-	-	8,825,000	1,395,900	8,825,000	1,395,900
2042	-	-	1,970,000	73,875	1,970,000	73,875
Totals	\$ 6,935,000	\$ 2,612,438	\$ 27,250,000	\$ 16,336,488	\$ 34,185,000	\$ 18,948,925

The City has pledged future net revenues of the City of Tarpon Springs, Florida Utility System defined as all income or earnings, including any income from the investment of funds, derived by the City from the operation of the utility after deduction of current expenses for the operation, maintenance and repair of the system, but not including reserves for renewals and replacements, for extraordinary repairs or any allowance for depreciation to repay the \$35,795,000 Utility System Revenue Bonds issued in March 2013. Proceeds from the bonds provided financing for the costs of the design, permitting, acquisition and construction of well sites, pipelines and the reverse osmosis water plant project, funding necessary reserves, and paying all related costs; refunding the City's outstanding Utility System Revenue Bond Anticipation Note, Series 2007A. The bonds are payable solely from the Utility System net revenues and are payable through October 1, 2042. The principal of the Bonds at September 30, 2016 are \$34,185,000, Series 2013A-1 \$6,935,000 and Series 2013A-2 \$27,250,000. Interest paid for the current year and net revenues were Series 2013A-1 \$227,862 and Series 2013A-2 \$995,450 and \$6,730,406 respectively. There was no Interest expense capitalized in Fiscal Year 2016.

City of Tarpon Springs, Florida

Notes to the Financial Statements
September 30, 2016

Long-term liability activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Other Liabilities:					
Compensated absences	\$ 1,175,921	\$ 640,900	\$ (611,113)	\$ 1,205,708	\$ 67,990
Other postemployment benefits	224,785	131,174	(72,835)	283,124	-
Net pension liability	4,235,214	1,139,724	-	5,374,938	-
Claims payable	205,853	154,889	(113,364)	247,378	10,791
Governmental activities					
Long-term liabilities	<u>\$ 5,841,773</u>	<u>\$ 2,066,687</u>	<u>\$ (797,312)</u>	<u>\$ 7,111,148</u>	<u>\$ 78,781</u>
Business-type Activities:					
Bonds and notes payable:					
Utility system revenue bonds	\$ 35,005,000	\$ -	\$ (820,000)	\$ 34,185,000	\$ 850,000
Less deferred amounts:					
For issuance premiums (discounts)	427,306	-	(16,470)	410,836	-
Net utility system revenue bonds	<u>35,432,306</u>	<u>-</u>	<u>(836,470)</u>	<u>34,595,836</u>	<u>850,000</u>
Utility grant anticipation note	<u>11,197,727</u>	<u>-</u>	<u>(11,197,727)</u>	<u>-</u>	<u>-</u>
Total bonds and notes payable	46,630,033	-	(12,034,197)	34,595,836	850,000
Other Liabilities:					
Compensated absences	218,305	233,946	(214,660)	237,591	16,690
Other postemployment benefits	112,416	30,351	(2,945)	139,822	-
Business-type activities					
Long-term liabilities	<u>\$ 46,960,754</u>	<u>\$ 264,297</u>	<u>\$ (12,251,802)</u>	<u>\$ 34,973,249</u>	<u>\$ 866,690</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 \$8,022 of internal service funds compensated absences are included in the above amounts. Compensated absences for governmental activities, are generally liquidated by the general fund with \$1,185,138 making up most of this balance and the remainder of \$12,548 being liquidated by other governmental funds. Also, for governmental activities, other post-employment benefits are liquidated by the general fund.

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

Note IV - Other Information

A. Risk Management

The City is self-insured within certain parameters for losses arising from claims for property and general liability. The City converted to the Florida League of Cities \$25,000 Stop/Loss property and liability self-insurance program on January 1, 1995. The City is responsible for up to a maximum liability of \$382,812 for Fiscal Year 2016. Claims for each occurrence above

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

\$25,000 and above \$382,812 for all occurrences for the fiscal year, along with the related legal fees, are covered by the Florida League of Cities. Settled claims have not exceeded excess coverage in any of the past three years. The unrestricted net position balance of \$1,072,653 is a reserve for unexpected catastrophic events.

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

Expenditures/expenses reported in excess of actual losses is the result of a reasonable provision for anticipated future losses. The claims liability reported at September 30, 2016 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, 2016.

Changes in the claims liability amounts in Fiscal Years 2016 and 2015 were:

	<u>Self Insurance</u>
Balance at September 30, 2014	\$ 99,205
Current year claims and changes in estimates	146,724
Claim payments	<u>(40,076)</u>
Balance at September 30, 2015	205,853
Current year claims and changes in estimates	154,889
Claim payments	<u>(113,364)</u>
Balance at September 30, 2016	<u>\$ 247,378</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 and Dental insurance is purchased through Florida Municipal Insurance Trust. Life and Long-Term Disability insurance is purchased through Hartford Life & Accident.

B. Deferred Compensation Plan

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
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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, 2016, there were no conduit debt obligations of the City.

D. Landfill Monitoring Costs

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

On August 24, 2012 a new permit titled “Solid Waste Closure [long-term care] Permit – Landfill” was issued by the Florida Department of Environmental Protection which replaces the previous permit. This extension of the long-term care period was required at the facility for an indefinite period of time until sufficient data has been collected to demonstrate that the site has “stabilized” as defined in Rule 17-701.020(64), F.A.C. The new permit (which expires August 24, 2022) states that financial assurance is no longer required for this facility. The City had expenses of \$11,781 in Fiscal Year 2016 for post-closure monitoring and maintenance at the facility.

E. Commitments and Contingencies

The following table lists the outstanding encumbrances at September 30, 2016. These encumbrances are reported in the financial statements based on the specific purpose of the resources that have been provided.

	Governmental Activities				Total
	General Fund	Optional Sales Tax	Non-Major Governmental Funds	Internal Service Funds	
Encumbrances Outstanding	\$ 557,293	\$ 2,712,145	\$ 543,534	\$ 5,610	\$ 3,818,582

	Business-Type Activities			Total
	Sanitation	Water and Sewer	Non-Major Enterprise Funds	
Encumbrances Outstanding	\$ 7,695	\$ 691,559	\$ 177,387	\$ 876,641

City of Tarpon Springs, Florida

Notes to the Financial Statements

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General Fund – of the amount above, \$413,307 is for the City Hall exterior renovation.

Optional Sales Tax – of the amount noted above, \$1,176,925 is for the City Hall exterior renovation; \$1,202,073 is for the new Fire Station 71 construction.

Non-Major Governmental Funds - of the amount noted above, \$360,891 is for the new Fire Station 71 construction.

Water and Sewer – of the amount noted above, \$198,686 is for engineering for Lake Tarpon Phase III.

Non-Major Enterprise Funds – of the amount noted above, \$173,100 is for various storm water capital projects.

During Fiscal Year 2016 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.

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, 2016 is \$1,460,626.

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
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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, 2016, the City estimated that it subsidized \$75,779 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.

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	\$ 158,177
Interest on net OPEB obligation	16,860
Adjustment to annual required contribution	<u>(13,512)</u>
Annual OPEB cost (expense)	161,525
Contributions made	<u>(75,779)</u>
Increase in net OPEB obligation	85,746
Net OPEB obligation - beginning of year	<u>337,200</u>
Net OPEB obligation - end of year	<u><u>\$ 422,946</u></u>

The actuarially determined contribution requirements for the City's fiscal year ended September 30, 2016 are based on an actuarial valuation as of October 1, 2015.

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

City of Tarpon Springs, Florida

Notes to the Financial Statements September 30, 2016

At fiscal year ended September 30, 2016, of the \$422,946 net OPEB obligation, the general fund will liquidate \$271,605 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, 2016, are presented below. Data is presented for three fiscal years as required by GASB Statement No. 45.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2014	\$ 105,300	41.12%	\$ 293,600
9/30/2015	\$ 95,800	54.49%	\$ 337,200
9/30/2016	\$ 161,525	46.91%	\$ 422,946

Funded Status and Funding Progress:

As of September 30, 2016, the actuarial accrued liability for benefits was \$1,460,626 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability of \$1,460,626. The covered payroll (annual payroll for active participating employees) was projected to be \$14,033,240 for Fiscal Year 2016, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.41%. The schedule of funding progress, as part of the required supplementary information immediately following the notes, provides information on the funded ratio over time.

Actuarial Methods and Assumptions:

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

The City's OPEB actuarial valuation for Fiscal Year 2016 used the projected unit credit cost method to estimate the unfunded actuarial liability and to determine the annual required

City of Tarpon Springs, Florida

**Notes to the Financial Statements
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contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 5.0% rate of return on invested assets, which is the City's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4.0% per year which includes the general wage inflation rate assumption of 3%, and an annual healthcare cost trend rate of 9.0% initially, reduced by .5% per year, to an ultimate rate of 5.0%. The unfunded actuarial accrued liability is being amortized over 30 years, open level percentage of projected payroll method, in calculating the City's Fiscal Year 2016 annual required contribution.

G. Employee Pension Plans

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

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

Defined Benefit Pension Plans for Firefighters and Police Officers

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

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

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

City of Tarpon Springs, Florida

Notes to the Financial Statements

September 30, 2016

Police Officers Pension Plan

Plan Description:

Plan administration:

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

The Board of Trustees is comprised of:

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

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

Plan membership as of October 1, 2015:

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	45
	<u>82</u>

Benefits provided:

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

Normal Retirement:

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

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

Minimum benefit amount: \$450

Early Retirement:

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

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
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Vesting (Termination):

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

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

Disability:

Service Incurred: Covered from date of employment.

Non-service Incurred: 10 years of credited service.

Service Incurred Benefit: 50% of average monthly earnings.

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

Death Benefits:

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

Non-service Incurred:

Vested: Spouse receives 25% of average monthly earnings.

Non-vested: Refund of member contributions.

Benefit Adjustment:

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

Contributions:

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

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

Contribution Rates:

Employee: 8.00%

Premium Tax: 0.85% tax on premiums for applicable insurance policies.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

Net Pension Liability:

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2015 through September 30, 2016.

The sponsor's Net Pension Liability was measured as of September 30, 2016.

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.70%
Investment Rate of Return	7.70%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2016 the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

following table:

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

Discount Rate:

The discount rate used to measure the total pension liability was 7.70%.

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 24,446,864	\$ 23,814,002	632,862
Changes for a year:			
Service cost	814,107	-	814,107
Interest	1,960,385	-	1,960,385
Change in Excess State Money	7,763	-	7,763
Differences between Expected and Actual Experience	(727,466)	-	(727,466)
Changes of assumptions	541,040	-	541,040
Contributions - Employer	-	369,399	(369,399)
Contributions - State	-	220,273	(220,273)
Contributions - Employee	-	264,978	(264,978)
Contributions - Buy Back	56,848	56,848	-
Net Investment Income	-	1,292,444	(1,292,444)
Benefit Payments, including Refunds of Employee Contributions	(891,933)	(891,933)	-
Administrative Expense	-	(52,805)	52,805
Net Changes	<u>1,760,744</u>	<u>1,259,204</u>	<u>501,540</u>
Reporting Period Ending September 30, 2016	<u>\$ 26,207,608</u>	<u>\$ 25,073,206</u>	<u>\$ 1,134,402</u>

City of Tarpon Springs, Florida

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

	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Sponsor's Net Pension Liability	\$ 4,381,757	\$ 1,134,402	\$ (1,527,804)

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$1,070,628.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 705,184
Changes of assumptions	405,780	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,638,324	-
Total	<u>\$ 2,044,104</u>	<u>\$ 705,184</u>

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

Year ended September 30:

2017	\$ 380,540
2018	380,539
2019	460,331
2020	117,510
2021	-
Thereafter	-

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

Firefighters Pension Plan

Plan Description:

Plan administration:

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

The Board of Trustees is comprised of:

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

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

Plan membership as of October 1, 2015:

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	30
	<u>64</u>

Benefits provided:

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

Normal Retirement:

Eligibility:

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

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

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

Vesting (Termination):

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

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

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

Disability:

Eligibility:

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

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

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

Pre-Retirement Death Benefits:

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

Non-service Incurred:

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

Non-vested: Refund of member contributions.

Contributions:

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

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

Contribution Rates:

Employee: 9.45%

Premium Tax: 1.85% tax on premiums for fire insurance policies.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years, but not less than 7% of member salaries

Net Pension Liability:

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2015 through September 30, 2016.

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

The sponsor's Net Pension Liability was measured as of September 30, 2016.

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

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

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated March 12, 2009.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	53%	7.50%
International Equity	12%	8.50%
Domestic Bonds	25%	2.50%
Real Estate	10%	4.50%
	<u>100%</u>	

Discount Rate:

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

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 25,402,979	\$ 21,800,627	\$ 3,602,352
Changes for a year:			
Service cost	470,186	-	470,186
Interest	1,949,568	-	1,949,568
Differences between Expected and Actual Experience	226,161	-	226,161
Changes of assumptions	954,519	-	954,519
Contributions - Employer	-	758,808	(758,808)
Contributions - State	-	223,925	(223,925)
Contributions - Employee	-	197,641	(197,641)
Net Investment Income	-	1,821,061	(1,821,061)
Benefit Payments, including Refunds of Employee Contributions	(2,252,731)	(2,252,731)	-
Administrative Expense	-	(39,185)	39,185
Net Changes	<u>1,347,703</u>	<u>709,519</u>	<u>638,184</u>
Reporting Period Ending September 30, 2016	<u>\$ 26,750,682</u>	<u>\$ 22,510,146</u>	<u>\$ 4,240,536</u>

City of Tarpon Springs, Florida

Notes to the Financial Statements
September 30, 2016

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

	1% Decrease 6.90%	Current Discount Rate 7.90%	1% Increase 8.90%
Sponsor's Net Pension Liability	\$ 7,504,013	\$ 4,240,536	\$ 1,548,227

Pension Plan Fiduciary Net Position.

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

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

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$1,087,725.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 169,620	\$ 70,752
Changes of assumptions	715,890	-
Net difference between Projected and Actual Earnings on Pension Plan investments	706,390	-
Total	<u>\$ 1,591,900</u>	<u>\$ 70,752</u>

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

Year ended September 30:

2017	\$ 504,771
2018	504,772
2019	540,148
2020	(28,543)
2021	-
Thereafter	-

City of Tarpon Springs, Florida

**Notes to the Financial Statements
September 30, 2016**

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

STATEMENT OF NET POSITION - PENSION TRUST FUNDS

	<u>Police Officers Pension</u>	<u>Firefighters Pension</u>
Assets		
Cash and cash equivalents:		
Short Term Investments	\$ 1,094,485	\$ -
Prepaid Benefits	-	99,681
Money Market	-	827,500
Cash	-	406
Total Cash and cash equivalents:	<u>1,094,485</u>	<u>927,587</u>
Receivables:		
From Broker for Investments Sold	-	726
Tax Reclaims	-	4,394
Investment Income	43,331	46,601
Total Receivables:	<u>43,331</u>	<u>51,721</u>
Investments:		
U.S. Bonds and Bills	3,323,616	61,552
Federal Agency Guaranteed Securities	2,453,416	832,375
Corporate Bonds	2,719,177	3,798,366
Stocks	12,718,240	14,475,279
Mutual Funds: Equity	2,722,173	-
Pooled/Common/Commingled Funds: Real Estate	-	2,397,974
Total Investments	<u>23,936,622</u>	<u>21,565,546</u>
Total Assets	<u>25,074,438</u>	<u>22,544,854</u>
Liabilities		
Payables:		
Prior Refunds	1,232	-
To Broker for Investments Purchased	-	34,708
Total Liabilities	<u>1,232</u>	<u>34,708</u>
Net Position		
Net Position Restricted for Pensions	<u>\$ 25,073,206</u>	<u>\$ 22,510,146</u>

City of Tarpon Springs, Florida

Notes to the Financial Statements
September 30, 2016

STATEMENT OF CHANGES IN NET POSITION - PENSION TRUST FUNDS

	<u>Police Officers Pension</u>	<u>Firefighters Pension</u>
Additions:		
Contributions:		
Plan members	\$ 264,978	\$ 197,641
Buy-Back	56,848	-
Employer	369,399	758,808
State of Florida	220,273	223,925
Total Contributions	<u>911,498</u>	<u>1,180,374</u>
Investment Income:		
Net increase in fair value of investments	905,158	1,289,429
Interest & Dividends	514,215	645,217
Less Investment Expense (a)	<u>(126,929)</u>	<u>(113,585)</u>
Net Investment Income	<u>1,292,444</u>	<u>1,821,061</u>
Total Additions	<u>2,203,942</u>	<u>3,001,435</u>
Deductions:		
Distributions to Members:		
Benefit Payments	854,671	1,084,860
Lump Sum DROP Distributions	35,738	1,132,687
Refunds of Member Contributions	<u>1,524</u>	<u>35,184</u>
Total Distributions	<u>891,933</u>	<u>2,252,731</u>
Administrative Expense	52,805	39,185
Total Deductions	944,738	2,291,916
Net Increase in Net Position	1,259,204	709,519
Net Position Restricted for Pensions - Beginning of Year	<u>23,814,002</u>	<u>21,800,627</u>
Net Position Restricted for Pensions - End of Year	<u>\$ 25,073,206</u>	<u>\$ 22,510,146</u>

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

City of Tarpon Springs, Florida

Notes to the Financial Statements

September 30, 2016

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, 2016, there were 192 active Plan members, 98 vested and 94 partially vested. The City contributes 8.7% of covered salary beginning after three months of employment and Plan members do not contribute to the Plan but can contribute to the ICMA Deferred Compensation Plan. Plan provisions and contribution requirements are established and may be amended by the BOC. Employer contributions become vested on a graduated basis at the rate of 20% per Plan year with full vesting after five vested years of employment. The total City contributions to the General Employees pension plan during Fiscal Year 2016 were \$762,734.

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

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

City of Tarpon Springs, Florida

Notes to the Financial Statements
September 30, 2016

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, 2016, the General Employees Pension fund held investments (other than U.S. Government and U.S. Government guaranteed obligations) in the following organizations comprising 5% or more of the net position available for benefits.

<u>Asset Description</u>	<u>Number of Shares</u>	<u>Fair Value</u>
JPMorgan SmartRetirement 2020	34,365	\$ 635,746
JPMorgan SmartRetirement 2030	54,622	1,047,111
MFS Moderate Allocation R4	34,785	580,902
MFS Growth Allocation R4	49,598	930,956
MFS Aggressive Growth Alloc R4	21,935	446,381

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

Pension Schedules - Police Officers and Firefighters Pension Trust Funds

Schedule of Changes in Net Pension Liability and Related Ratios

Police Officers Pension Trust Fund

Firefighters Pension Trust Fund

Schedule of Contributions and Notes to Schedule

Police Officers Pension Trust Fund

Firefighters Pension Trust Fund

Schedule of Investment Returns

Police Officers and Firefighters

Other Post-Employment Benefits

Schedule of Employer Contributions

Schedule of Funding Progress

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

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

Notes to Schedule:

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

Changes of assumptions:

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

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

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

Changes of benefit terms:

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

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

* Information only available for four years.

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

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

Notes to Schedule:

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

Changes of assumptions:

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

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

* Information only available for four years.

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

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

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

Notes to Schedule:

Valuation Date: 10/1/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method
Amortization Method: Level Percentage of Pay, Closed.
Remaining Amortization Period: 30 Years (as of 10/01/2014)
Asset Smoothing Methodology: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net of fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Salary Increases: 7% per year up to the assumed retirement age. Projected salary in the year of retirement is increased 20% to account for non-regular compensation.

Interest Rate: 7.9% per year, compounded annually net of investment related expenses.
Payroll Growth: 3.3% per year.
Marriage Rates: 100% of Plan Members are assumed to be married, with husbands 3 years older than their wives.

Retirement Age: Earlier of age 50 with 10 years of calculation service or 25 years of calculation service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement: Commencing with the earliest Early Retirement Age (45), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Termination Rate: See table below.
Disability Rate: See table below. 75% of Disability Retirements, and 75% of Active Employment Deaths are assumed to be service-related.

Mortality: RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Termination and Disability Rate Table:

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

* Information only available for four years.

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

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

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

Notes to Schedule:

Valuation Date: 10/1/2014

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

Methods and assumptions used to determine contribution rates:

Cost Method: Entry Age Normal Actuarial Cost Method. Loads: half of year of interest at 7.9% and a full year of salary at 6.3%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 29 Years (as of 10/01/2014)

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

Salary Increases: 7% per year up to the assumed retirement age for Members with less than 10 years of service, 5.5% for those with 10 or more years of service. Projected Salary at retirement is increased 20% before 10/1/2000, 10% 10/1/2000 - 9/30/11, 0.0% on and after 10/1/11.

Interest Rate: 7.9% per year, compounded annually net of investment related expenses.

Payroll Increase: 0.2%

Cost of Living Increase: 2% per year beginning on the October 1 following 5 years of payments.

Normal Retirement Rates:	Number of Years after First Eligibility for Normal Retirement	Probability of Retirement
	0	50%
1 or more	100%	

Termination Rate: See table below.

Disability Rate: See table below. 75% of Disability and Pre-Retirement Death Retirements are assumed to be service-incurred.

Mortality: RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Termination and Disability Rate Table.

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

* Information only available for four years.

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

Police Officers Pension Trust Fund
Schedule of Investment Returns

	Fiscal Year			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return net of investment expense	5.44%	-0.29%	11.89%	10.70%

Firefighters Pension Trust Fund
Schedule of Investment Returns

	Fiscal Year			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return net of investment expense	8.52%	1.49%	10.43%	13.04%

Notes to Schedule:

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

**CITY OF TARPON SPRINGS, FLORIDA
OTHER POST-EMPLOYMENT BENEFITS
SEPTEMBER 30, 2016**

Schedule of Employer Contributions:

<u>Year Ended</u>	<u>Annual Required Contributions</u>	<u>Estimated Contributions</u>	<u>Percentage Contributed</u>
September 30, 2014	\$ 102,800	\$ 43,300	42.1%
September 30, 2015	92,600	52,200	56.4%
September 30, 2016	158,177	75,779	47.9%

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, 2013	\$ -	\$ 1,101,400	\$ 1,101,400	0.00%	\$ 12,422,060	8.87%
October 1, 2014	-	1,021,200	1,021,200	0.00%	13,131,232	7.78%
October 1, 2015	-	1,460,626	1,460,626	0.00%	14,033,240	10.41%

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Non-Major Governmental Funds

Special Revenue Funds:

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

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

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

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

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

Special Programs Fund - This fund is used to account for programs in which the revenue source is restricted or committed by Law and or Interlocal agreement for specific purposes. These include the 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, 2016**

	Special Revenue Funds					
	Local Option Gas Tax	Impact Fees	Grants	Law Enforcement Programs	Special Programs	Total
ASSETS						
Cash and cash equivalents	\$ 171,794	\$ 1,568,625	\$ -	\$ 192,239	\$ 524,082	\$ 2,456,740
Investments	40,545	680,000	-	-	345,000	1,065,545
Due from other governments	26,122	-	500,000	-	-	526,122
Prepaid items	-	-	-	-	72	72
Total Assets	<u>\$ 238,461</u>	<u>\$ 2,248,625</u>	<u>\$ 500,000</u>	<u>\$ 192,239</u>	<u>\$ 869,154</u>	<u>\$ 4,048,479</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 307,428	\$ -	\$ 12,835	\$ 1,533	\$ 321,796
Accrued liabilities	-	-	-	-	1,257	1,257
Advance from other funds	-	500,000	-	-	-	500,000
Due to other fund (deficit in pooled cash)	-	-	410,771	-	-	410,771
Total Liabilities	<u>-</u>	<u>807,428</u>	<u>410,771</u>	<u>12,835</u>	<u>2,790</u>	<u>1,233,824</u>
Fund Balances:						
Nonspendable:						
Prepaid items	-	-	-	-	72	72
Street and sidewalk per Charter, nonexpendable	-	-	-	-	-	-
Restricted for:						
Transportation	238,461	-	-	-	-	238,461
Capital projects - impact fee programs	-	1,441,197	-	-	-	1,441,197
Law enforcement programs	-	-	48	179,404	-	179,452
Library	-	-	-	-	66,133	66,133
Grant programs	-	-	3,810	-	-	3,810
Public art program	-	-	-	-	401,742	401,742
Land Preservation	-	-	-	-	60,443	60,443
Physical environment	-	-	85,371	-	-	85,371
Committed to:						
Employee benefit cost deferral	-	-	-	-	337,974	337,974
Total Fund Balances	<u>238,461</u>	<u>1,441,197</u>	<u>89,229</u>	<u>179,404</u>	<u>866,364</u>	<u>2,814,655</u>
Total Liabilities and Fund Balances	<u>\$ 238,461</u>	<u>\$ 2,248,625</u>	<u>\$ 500,000</u>	<u>\$ 192,239</u>	<u>\$ 869,154</u>	<u>\$ 4,048,479</u>

Capital Projects Funds			Total
General Projects	Capital Investment	Total	Non-Major Governmental Funds
\$ 56,527	\$ 36,389	\$ 92,916	\$ 2,549,656
180,000	2,002,206	2,182,206	3,247,751
-	-	-	526,122
-	-	-	72
<u>\$ 236,527</u>	<u>\$ 2,038,595</u>	<u>\$ 2,275,122</u>	<u>\$ 6,323,601</u>
\$ 2,126	\$ -	\$ 2,126	\$ 323,922
-	-	-	1,257
-	-	-	500,000
-	-	-	410,771
<u>2,126</u>	<u>-</u>	<u>2,126</u>	<u>1,235,950</u>
-	-	-	72
-	2,000,000	2,000,000	2,000,000
234,401	38,595	272,996	511,457
-	-	-	1,441,197
-	-	-	179,452
-	-	-	66,133
-	-	-	3,810
-	-	-	401,742
-	-	-	60,443
-	-	-	85,371
-	-	-	337,974
<u>234,401</u>	<u>2,038,595</u>	<u>2,272,996</u>	<u>5,087,651</u>
<u>\$ 236,527</u>	<u>\$ 2,038,595</u>	<u>\$ 2,275,122</u>	<u>\$ 6,323,601</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, 2016

	Special Revenue Funds					Total
	Local Option Gas Tax	Impact Fees	Grants	Law Enforcement Programs	Special Programs	
Revenues:						
Taxes	\$ 321,439	\$ -	\$ -	\$ -	\$ -	\$ 321,439
Permits and fees	-	274,296	-	-	-	274,296
Intergovernmental	-	-	528,934	68,102	196,210	793,246
Fines and forfeitures	-	-	-	23,426	-	23,426
Other	976	14,340	395	1,352	81,020	98,083
Total Revenues	<u>322,415</u>	<u>288,636</u>	<u>529,329</u>	<u>92,880</u>	<u>277,230</u>	<u>1,510,490</u>
Expenditures:						
Current:						
General Government:						
Other	-	-	-	-	18,105	18,105
Public Safety:						
Police	-	-	852	76,741	-	77,593
Physical Environment:						
Other	-	-	2,242	-	-	2,242
Culture and Recreation:						
Other	-	-	7,028	-	203,681	210,709
Capital Outlay	-	519,175	649,091	77,738	-	1,246,004
Total Expenditures	<u>-</u>	<u>519,175</u>	<u>659,213</u>	<u>154,479</u>	<u>221,786</u>	<u>1,554,653</u>
Excess of Revenues Over (Under) Expenditures	<u>322,415</u>	<u>(230,539)</u>	<u>(129,884)</u>	<u>(61,599)</u>	<u>55,444</u>	<u>(44,163)</u>
Other Financing Sources (Uses):						
Transfers in	-	-	143,992	-	-	143,992
Transfers out	(350,000)	-	-	-	(80,344)	(430,344)
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>-</u>	<u>143,992</u>	<u>-</u>	<u>(80,344)</u>	<u>(286,352)</u>
Net Change in Fund Balances	(27,585)	(230,539)	14,108	(61,599)	(24,900)	(330,515)
Fund Balances - Beginning of Year	<u>266,046</u>	<u>1,671,736</u>	<u>75,121</u>	<u>241,003</u>	<u>891,264</u>	<u>3,145,170</u>
Fund Balances - End of Year	<u>\$ 238,461</u>	<u>\$ 1,441,197</u>	<u>\$ 89,229</u>	<u>\$ 179,404</u>	<u>\$ 866,364</u>	<u>\$ 2,814,655</u>

Capital Projects Funds			Total Non-Major Governmental Funds
General Projects	Capital Investment	Total	
\$ -	\$ -	\$ -	\$ 321,439
-	-	-	274,296
-	-	-	793,246
-	-	-	23,426
993	20,037	21,030	119,113
993	20,037	21,030	1,531,520
-	-	-	18,105
-	-	-	77,593
-	-	-	2,242
-	-	-	210,709
142,721	-	142,721	1,388,725
142,721	-	142,721	1,697,374
(141,728)	20,037	(121,691)	(165,854)
165,000	-	165,000	308,992
-	(15,000)	(15,000)	(445,344)
165,000	(15,000)	150,000	(136,352)
23,272	5,037	28,309	(302,206)
211,129	2,033,558	2,244,687	5,389,857
\$ 234,401	\$ 2,038,595	\$ 2,272,996	\$ 5,087,651

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 304,272	\$ 304,272	\$ 321,439	\$ 17,167
Other	700	700	976	276
Total Revenues	<u>304,972</u>	<u>304,972</u>	<u>322,415</u>	<u>17,443</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	(45,028)	(45,028)	(27,585)	17,443
Fund Balances - Beginning of Year	<u>266,046</u>	<u>266,046</u>	<u>266,046</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 221,018</u>	<u>\$ 221,018</u>	<u>\$ 238,461</u>	<u>\$ 17,443</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Permits and Fees	\$ 222,509	\$ 222,509	\$ 274,296	\$ 51,787
Charges for Services	50,000	50,000	-	(50,000)
Other	810	810	14,340	13,530
Total Revenues	273,319	273,319	288,636	15,317
Expenditures:				
Capital Outlay	2,178,715	2,334,981	519,175	1,815,806
Total Expenditures	2,178,715	2,334,981	519,175	1,815,806
Excess of Revenues Over (Under) Expenditures	(1,905,396)	(2,061,662)	(230,539)	1,831,123
Other Financing Sources:				
Debt proceeds	500,000	500,000	-	(500,000)
Total Other Financing Sources	500,000	500,000	-	(500,000)
Net Change in Fund Balances	(1,405,396)	(1,561,662)	(230,539)	1,331,123
Fund Balances - Beginning of Year	1,671,736	1,671,736	1,671,736	-
Fund Balances - End of Year	\$ 266,340	\$ 110,074	\$ 1,441,197	\$ 1,331,123

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 18,000	\$ 460,660	\$ 528,934	\$ 68,274
Other	-	53,500	395	(53,105)
Total Revenues	<u>18,000</u>	<u>514,160</u>	<u>529,329</u>	<u>15,169</u>
Expenditures:				
Current:				
Public Safety:				
Police	-	852	852	-
Physical Environment:				
Other	55,100	55,100	2,242	52,858
Culture/Recreation:				
Other	-	7,028	7,028	-
Capital Outlay	-	649,185	649,091	94
Total Expenditures	<u>55,100</u>	<u>712,165</u>	<u>659,213</u>	<u>52,952</u>
Excess of Revenues Over (Under) Expenditures	<u>(37,100)</u>	<u>(198,005)</u>	<u>(129,884)</u>	<u>68,121</u>
Other Financing Sources:				
Transfers in	-	143,992	143,992	-
Total Other Financing Sources	<u>-</u>	<u>143,992</u>	<u>143,992</u>	<u>-</u>
Net Change in Fund Balances	(37,100)	(54,013)	14,108	68,121
Fund Balances - Beginning of Year	<u>75,121</u>	<u>75,121</u>	<u>75,121</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 38,021</u>	<u>\$ 21,108</u>	<u>\$ 89,229</u>	<u>\$ 68,121</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 79,999	\$ 79,999	\$ 68,102	\$ (11,897)
Fines and forfeitures	20,400	20,400	23,426	3,026
Other	20	20	1,352	1,332
Total Revenues	<u>100,419</u>	<u>100,419</u>	<u>92,880</u>	<u>(7,539)</u>
Expenditures:				
Current:				
Public Safety:				
Police	107,499	83,198	76,741	6,457
Capital Outlay	16,000	79,739	77,738	2,001
Total Expenditures	<u>123,499</u>	<u>162,937</u>	<u>154,479</u>	<u>8,458</u>
Net Change in Fund Balances	(23,080)	(62,518)	(61,599)	919
Fund Balances - Beginning of Year	<u>241,003</u>	<u>241,003</u>	<u>241,003</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 217,923</u>	<u>\$ 178,485</u>	<u>\$ 179,404</u>	<u>\$ 919</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 187,000	\$ 187,000	\$ 196,210	\$ 9,210
Other	-	-	81,020	81,020
Total Revenues	<u>187,000</u>	<u>187,000</u>	<u>277,230</u>	<u>90,230</u>
Expenditures:				
Current:				
General Government:				
Other	20,000	20,000	18,105	1,895
Culture/Recreation:				
Other	443,159	443,159	203,681	239,478
Capital Outlay	50,000	50,000	-	50,000
Total Expenditures	<u>513,159</u>	<u>513,159</u>	<u>221,786</u>	<u>291,373</u>
Excess of Revenues Over (Under) Expenditures	<u>(326,159)</u>	<u>(326,159)</u>	<u>55,444</u>	<u>381,603</u>
Other Financing Uses:				
Transfers out	<u>(80,344)</u>	<u>(80,344)</u>	<u>(80,344)</u>	<u>-</u>
Total Other Financing Uses	<u>(80,344)</u>	<u>(80,344)</u>	<u>(80,344)</u>	<u>-</u>
Net Change in Fund Balances	(406,503)	(406,503)	(24,900)	381,603
Fund Balances - Beginning of Year	<u>891,264</u>	<u>891,264</u>	<u>891,264</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 484,761</u>	<u>\$ 484,761</u>	<u>\$ 866,364</u>	<u>\$ 381,603</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 700	\$ 700	\$ 993	\$ 293
Total Revenues	<u>700</u>	<u>700</u>	<u>993</u>	<u>293</u>
Expenditures:				
Capital Outlay	250,000	350,000	142,721	207,279
Total Expenditures	<u>250,000</u>	<u>350,000</u>	<u>142,721</u>	<u>207,279</u>
Excess of Revenues Over (Under) Expenditures	<u>(249,300)</u>	<u>(349,300)</u>	<u>(141,728)</u>	<u>207,572</u>
Other Financing Sources:				
Transfers in	165,000	165,000	165,000	-
Total Other Financing Sources	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Net Change in Fund Balances	(84,300)	(184,300)	23,272	207,572
Fund Balances - Beginning of Year	<u>211,129</u>	<u>211,129</u>	<u>211,129</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 126,829</u>	<u>\$ 26,829</u>	<u>\$ 234,401</u>	<u>\$ 207,572</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 15,000	\$ 15,000	\$ 20,037	\$ 5,037
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>20,037</u>	<u>5,037</u>
Other Financing Uses:				
Transfers out	(15,000)	(15,000)	(15,000)	-
Total Other Financing Uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	5,037	5,037
Fund Balances - Beginning of Year	<u>2,033,558</u>	<u>2,033,558</u>	<u>2,033,558</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,033,558</u>	<u>\$ 2,033,558</u>	<u>\$ 2,038,595</u>	<u>\$ 5,037</u>

CITY OF TARPON SPRINGS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
OPTIONAL SALES TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,250,231	\$ 150,231
Charges for Services	200,000	200,000	38,316	(161,684)
Other	20,000	20,000	64,968	44,968
Total Revenues	<u>2,320,000</u>	<u>2,320,000</u>	<u>2,353,515</u>	<u>33,515</u>
Expenditures:				
Capital Outlay	<u>3,389,070</u>	<u>6,035,568</u>	<u>2,514,205</u>	<u>3,521,363</u>
Total Expenditures	<u>3,389,070</u>	<u>6,035,568</u>	<u>2,514,205</u>	<u>3,521,363</u>
Net Change in Fund Balances	(1,069,070)	(3,715,568)	(160,690)	3,554,878
Fund Balances - Beginning of Year	<u>4,778,339</u>	<u>4,778,339</u>	<u>4,778,339</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 3,709,269</u>	<u>\$ 1,062,771</u>	<u>\$ 4,617,649</u>	<u>\$ 3,554,878</u>

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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, 2016

	Storm Water	Marina	Golf Course	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 533,023	\$ 43,869	\$ -	\$ 576,892
Investments	1,080,315	30,000	-	1,110,315
Receivables:				
Interest	2,631	73	-	2,704
Accounts - billed (net)	92,729	-	-	92,729
Accounts - unbilled	43,839	-	-	43,839
Inventories	-	-	17,176	17,176
Prepaid items	4,045	1,304	9,417	14,766
Total Current Assets	<u>1,756,582</u>	<u>75,246</u>	<u>26,593</u>	<u>1,858,421</u>
Non-Current Assets:				
Capital Assets:				
Land and land rights	247,776	400	51,356	299,532
Buildings and improvements	3,993	25,388	474,690	504,071
Improvements other than buildings	3,469,518	631,849	1,289,542	5,390,909
Machinery and equipment	2,067,877	-	47,307	2,115,184
Accumulated depreciation	(1,570,750)	(531,366)	(875,872)	(2,977,988)
Construction in progress	97,286	-	-	97,286
Total Non-Current Assets	<u>4,315,700</u>	<u>126,271</u>	<u>987,023</u>	<u>5,428,994</u>
Total Assets	<u>6,072,282</u>	<u>201,517</u>	<u>1,013,616</u>	<u>7,287,415</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	9,339	1,479	51,085	61,903
Accrued liabilities	2,554	327	2,452	5,333
Due to other fund (deficit in pooled cash)	-	-	932,995	932,995
Advance from other fund	-	-	284,779	284,779
Customer deposits	-	2,994	-	2,994
Compensated absences	882	-	588	1,470
Unearned revenue	-	-	17,052	17,052
Total Current Liabilities	<u>12,775</u>	<u>4,800</u>	<u>1,288,951</u>	<u>1,306,526</u>
Non-Current Liabilities:				
Other postemployment benefits	14,245	-	8,885	23,130
Compensated absences	8,972	1,062	17,965	27,999
Total Non-Current Liabilities	<u>23,217</u>	<u>1,062</u>	<u>26,850</u>	<u>51,129</u>
Total Liabilities	<u>35,992</u>	<u>5,862</u>	<u>1,315,801</u>	<u>1,357,655</u>
NET POSITION				
Net investment in capital assets	4,315,700	126,271	987,023	5,428,994
Restricted:				
Other contractual obligations	4,045	1,304	26,593	31,942
Unrestricted (deficit)	1,716,545	68,080	(1,315,801)	468,824
Total Net Position	<u>\$ 6,036,290</u>	<u>\$ 195,655</u>	<u>\$ (302,185)</u>	<u>\$ 5,929,760</u>

CITY OF TARPON SPRINGS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Storm Water	Marina	Golf Course	Total
Operating Revenues:				
Charges for services	\$ 1,236,132	\$ 73,671	\$ 1,283,162	\$ 2,592,965
Other	70,259	393	78,590	149,242
Total Operating Revenues	1,306,391	74,064	1,361,752	2,742,207
Operating Expenses:				
Personnel services	400,452	54,724	411,353	866,529
Contractual services	138,480	21,238	682,324	842,042
Supplies	88,357	3,253	135,083	226,693
Repairs and maintenance	66,148	2,095	10,392	78,635
Utilities	4,243	15,559	67,329	87,131
Depreciation	359,420	16,747	62,835	439,002
Total Operating Expenses	1,057,100	113,616	1,369,316	2,540,032
Operating Income (Loss)	249,291	(39,552)	(7,564)	202,175
Non-Operating Revenues (Expenses):				
Investment income	9,370	368	-	9,738
Net change in fair value of investments	(535)	-	-	(535)
Other	327	-	-	327
Total Non-Operating Revenues	9,162	368	-	9,530
Income (Loss) before Transfers	258,453	(39,184)	(7,564)	211,705
Capital grants and contributions	82,320	-	-	82,320
Transfers out	(108,664)	-	(134,740)	(243,404)
	(26,344)	-	(134,740)	(161,084)
Change in Net Position	232,109	(39,184)	(142,304)	50,621
Net Position - Beginning of Year	5,804,181	234,839	(159,881)	5,879,139
Net Position - End of Year	\$ 6,036,290	\$ 195,655	\$ (302,185)	\$ 5,929,760

**CITY OF TARPON SPRINGS, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Storm Water	Marina	Golf Course	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,305,916	\$ 74,472	\$ 1,365,990	\$ 2,746,378
Cash payments to suppliers	(324,417)	(41,138)	(904,093)	(1,269,648)
Cash payments to employees	(400,797)	(55,420)	(410,041)	(866,258)
Other	327	-	-	327
Net cash provided (used) by operating activities	<u>581,029</u>	<u>(22,086)</u>	<u>51,856</u>	<u>610,799</u>
Cash flows from noncapital financing activities:				
Transfers out	(108,664)	-	(134,740)	(243,404)
Advance from other fund	-	-	(39,049)	(39,049)
Payment of cash on loans to/from other funds	-	-	179,136	179,136
Net cash provided (used) by noncapital financing activities	<u>(108,664)</u>	<u>-</u>	<u>5,347</u>	<u>(103,317)</u>
Cash flows from capital and related financing activities:				
Disposal of capital assets	180	-	-	180
Acquisition and construction of capital assets	(382,134)	-	(57,203)	(439,337)
Contributed capital from other governmental entities	82,320	-	-	82,320
Net cash used for capital and related financing activities	<u>(299,634)</u>	<u>-</u>	<u>(57,203)</u>	<u>(356,837)</u>
Cash flows from investing activities:				
Interest on investments	9,370	368	-	9,738
Proceeds of investment sales & maturities	1,324,828	114,852	-	1,439,680
Purchase of investments	(1,304,828)	(94,852)	-	(1,399,680)
Net cash provided by investing activities	<u>29,370</u>	<u>20,368</u>	<u>-</u>	<u>49,738</u>
Net increase (decrease) in cash and cash equivalents	202,101	(1,718)	-	200,383
Cash and cash equivalents at beginning of year	<u>330,922</u>	<u>45,587</u>	<u>-</u>	<u>376,509</u>
Cash and cash equivalents at end of year	<u>\$ 533,023</u>	<u>\$ 43,869</u>	<u>\$ -</u>	<u>\$ 576,892</u>
Cash and cash equivalents classified as:				
Cash and cash equivalents	\$ 533,023	\$ 43,869	\$ -	\$ 576,892

**CITY OF TARPON SPRINGS, FLORIDA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Storm Water	Marina	Golf Course	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 249,291	\$ (39,552)	\$ (7,564)	\$ 202,175
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other	327	-	-	327
Depreciation expense	359,420	16,747	62,835	439,002
Change in assets and liabilities:				
(Increase) decrease in accounts receivable - interest	(2)	65	-	63
Decrease in accounts receivable - billed (net)	3,692	343	-	4,035
Increase in unbilled accounts receivable	(4,165)	-	-	(4,165)
Decrease in inventories	-	-	4,679	4,679
Increase in prepaid items	(1,254)	(69)	(200)	(1,523)
Increase (decrease) in accounts and contracts payable	(25,935)	424	(13,444)	(38,955)
Decrease in accrued liabilities	(3,501)	(428)	(3,420)	(7,349)
Increase in unavailable revenue	-	-	4,238	4,238
Increase in customer deposits	-	652	-	652
Increase in other postemployment benefits	1,241	-	2,480	3,721
Increase (decrease) in compensated absences	1,915	(268)	2,252	3,899
Total adjustments	<u>331,738</u>	<u>17,466</u>	<u>59,420</u>	<u>408,624</u>
Net cash provided (used) by operating activities	<u>\$ 581,029</u>	<u>\$ (22,086)</u>	<u>\$ 51,856</u>	<u>\$ 610,799</u>

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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, 2016**

	Governmental Activities		
	Internal Service Funds		
	Vehicle Maintenance	Risk Management	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 82,269	\$ 289,133	\$ 371,402
Investments	-	1,029,896	1,029,896
Accounts receivable - interest	-	3,266	3,266
Advance to other fund	-	435,132	435,132
Inventories	30,397	-	30,397
Prepaid items	2,750	-	2,750
Total Current Assets	<u>115,416</u>	<u>1,757,427</u>	<u>1,872,843</u>
Non-Current Assets:			
Capital Assets:			
Buildings and improvements	44,756	-	44,756
Improvements other than buildings	331,011	190,024	521,035
Machinery and equipment	86,052	27,666	113,718
Accumulated depreciation	(213,874)	(25,869)	(239,743)
Total Non-Current Assets	<u>247,945</u>	<u>191,821</u>	<u>439,766</u>
Total Assets	<u>363,361</u>	<u>1,949,248</u>	<u>2,312,609</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	6,000	2,264	8,264
Accrued liabilities	1,856	-	1,856
Claims payable	-	10,791	10,791
Compensated absences	3,196	-	3,196
Total Current Liabilities	<u>11,052</u>	<u>13,055</u>	<u>24,107</u>
Non-Current Liabilities:			
Claims payable	-	236,587	236,587
Other postemployment benefits	11,519	-	11,519
Compensated absences	4,826	-	4,826
Total Non-Current Liabilities	<u>16,345</u>	<u>236,587</u>	<u>252,932</u>
Total Liabilities	<u>27,397</u>	<u>249,642</u>	<u>277,039</u>
NET POSITION			
Net investment in capital assets	247,945	191,821	439,766
Restricted for:			
Other contractual obligations	33,147	435,132	468,279
Unrestricted	54,872	1,072,653	1,127,525
Total Net Position	<u>\$ 335,964</u>	<u>\$ 1,699,606</u>	<u>\$ 2,035,570</u>

CITY OF TARPON SPRINGS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Governmental Activities		
	Internal Service Funds		
	Vehicle Maintenance	Risk Management	Total
Operating Revenues:			
Billings to departments	\$ 982,536	\$ 483,057	\$ 1,465,593
Total Operating Revenues	<u>982,536</u>	<u>483,057</u>	<u>1,465,593</u>
Operating Expenses:			
Personnel services	289,252	-	289,252
Contractual services	14,686	25,273	39,959
Supplies	365,241	1,016	366,257
Repairs and maintenance	318,284	-	318,284
Utilities	961	-	961
Claims	-	154,889	154,889
Insurance	-	551,849	551,849
Depreciation	36,729	12,210	48,939
Total Operating Expenses	<u>1,025,153</u>	<u>745,237</u>	<u>1,770,390</u>
Operating Loss	<u>(42,617)</u>	<u>(262,180)</u>	<u>(304,797)</u>
Non-Operating Revenues:			
Investment income	54	13,269	13,323
Net change in fair value of investments	-	(2,805)	(2,805)
Other	(8,306)	-	(8,306)
Total Non-Operating Revenues	<u>(8,252)</u>	<u>10,464</u>	<u>2,212</u>
Loss before Transfers	<u>(50,869)</u>	<u>(251,716)</u>	<u>(302,585)</u>
Transfers out	<u>-</u>	<u>(25,700)</u>	<u>(25,700)</u>
	-	(25,700)	(25,700)
Change in Net Position	(50,869)	(277,416)	(328,285)
Net Position - Beginning of Year	<u>386,833</u>	<u>1,977,022</u>	<u>2,363,855</u>
Net Position - End of Year	<u>\$ 335,964</u>	<u>\$ 1,699,606</u>	<u>\$ 2,035,570</u>

CITY OF TARPON SPRINGS, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Vehicle Maintenance	Risk Management	Total
Cash flows from operating activities:			
Cash received from other funds	\$ 982,536	\$ 479,706	\$ 1,462,242
Cash payments to suppliers	(757,645)	(763,844)	(1,521,489)
Cash payments to employees	(285,402)	-	(285,402)
Other	(8,306)	-	(8,306)
Net cash used by operating activities	<u>(68,817)</u>	<u>(284,138)</u>	<u>(352,955)</u>
Cash flows from noncapital financing activities:			
Transfers out	-	(25,700)	(25,700)
Advance to other fund	-	84,997	84,997
Net cash provided by noncapital financing activities	<u>-</u>	<u>59,297</u>	<u>59,297</u>
Cash flows from capital and related financing activities:			
Disposal of capital assets	8,306		8,306
Acquisition and construction of capital assets	(1,945)	(124,786)	(126,731)
Net cash provided (used) by capital and related financing activities	<u>6,361</u>	<u>(124,786)</u>	<u>(118,425)</u>
Cash flows from investing activities:			
Interest on investments	54	13,269	13,323
Proceeds of investment sales & maturities	-	850,874	850,874
Purchase of investments	-	(630,329)	(630,329)
Net cash provided by investing activities	<u>54</u>	<u>233,814</u>	<u>233,868</u>
Net decrease in cash and cash equivalents	(62,402)	(115,813)	(178,215)
Cash and cash equivalents at beginning of year	144,671	404,946	549,617
Cash and cash equivalents at end of year	<u>\$ 82,269</u>	<u>\$ 289,133</u>	<u>\$ 371,402</u>
Cash and cash equivalents classified as:			
Cash and cash equivalents	<u>\$ 82,269</u>	<u>\$ 289,133</u>	<u>\$ 371,402</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (42,617)	\$ (262,180)	\$ (304,797)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other	(8,306)	-	(8,306)
Depreciation expense	36,729	12,210	48,939
Change in assets and liabilities:			
Decrease in accounts receivable-interest	-	840	840
Decrease in inventories	10,529	-	10,529
Increase in prepaid items	(248)	-	(248)
Decrease in accounts and contracts payable	(68,754)	(72,342)	(141,096)
Decrease in accrued liabilities	(1,988)	-	(1,988)
Increase in claims payable	-	41,525	41,525
Decrease in unavailable revenue	-	(4,191)	(4,191)
Increase in other postemployment benefits	2,668	-	2,668
Increase in compensated absences	3,170	-	3,170
Total adjustments	<u>(26,200)</u>	<u>(21,958)</u>	<u>(48,158)</u>
Net cash used by operating activities	<u>\$ (68,817)</u>	<u>\$ (284,138)</u>	<u>\$ (352,955)</u>

Fiduciary Funds

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

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

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

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

CITY OF TARPON SPRINGS, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	Employee Retirement Funds			
	Defined Benefit		Defined Contribution Plans	
	Police Officers Pension	Firefighters Pension	General Employees Pensions	Total
	Pension	Pension	Pensions	Total
Assets				
Cash and cash equivalents	\$ 1,094,485	\$ 827,906	\$ -	\$ 1,922,391
Accounts receivable	-	5,121	-	5,121
Interest receivable	43,331	46,601	-	89,932
Investments, at fair value:				
U.S. Government Securities	5,777,032	893,928	-	6,670,960
Equities Common Stock	15,440,413	14,475,279	-	29,915,692
Mutual Funds	-	-	8,870,718	8,870,718
Corporate Bonds	2,719,177	3,798,366	-	6,517,543
Real Estate	-	2,397,972	-	2,397,972
Total Investments	<u>23,936,622</u>	<u>21,565,545</u>	<u>8,870,718</u>	<u>54,372,885</u>
Total Assets	<u>25,074,438</u>	<u>22,445,173</u>	<u>8,870,718</u>	<u>56,390,329</u>
Liabilities				
Accounts payable	-	34,708	-	34,708
Total Liabilities	<u>-</u>	<u>34,708</u>	<u>-</u>	<u>34,708</u>
Net Position				
Restricted for Pension Benefits	<u>\$ 25,074,438</u>	<u>\$ 22,410,465</u>	<u>\$ 8,870,718</u>	<u>\$ 56,355,621</u>

CITY OF TARPON SPRINGS, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Employee Retirement Funds			
	Defined Benefit		Defined Contribution Plans	
	Police Officers Pension	Firefighters Pension	General Employees Pensions	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Additions:				
Contributions:				
Employer	\$ 369,399	\$ 758,809	\$ 762,734	\$ 1,890,942
Plan members	321,825	197,640	-	519,465
State of Florida	220,273	223,099	-	443,372
Total Contributions	<u>911,497</u>	<u>1,179,548</u>	<u>762,734</u>	<u>2,853,779</u>
Investment Income:				
Net increase (decrease) in fair value of investments (realized and unrealized)	904,081	1,391,037	459,503	2,754,621
Interest	290,589	289,404	287,517	867,510
Dividends	224,703	298,286	-	522,989
	<u>1,419,373</u>	<u>1,978,727</u>	<u>747,020</u>	<u>4,145,120</u>
Less Investment Expenses:				
Investment management fees	114,851	116,713	-	231,564
	<u>114,851</u>	<u>116,713</u>	<u>-</u>	<u>231,564</u>
Net Investment Income	<u>1,304,522</u>	<u>1,862,014</u>	<u>747,020</u>	<u>3,913,556</u>
Total Additions	<u>2,216,019</u>	<u>3,041,562</u>	<u>1,509,754</u>	<u>6,767,335</u>
Deductions:				
Benefits	854,671	2,234,568	980,926	4,070,165
Refunds of contributions	37,262	35,184	-	72,446
Administrative expense	64,883	80,137	39,011	184,031
Total Deductions	<u>956,816</u>	<u>2,349,889</u>	<u>1,019,937</u>	<u>4,326,642</u>
Change in Net Position	1,259,203	691,673	489,817	2,440,693
Net Position - Beginning of Year	<u>23,815,235</u>	<u>21,718,792</u>	<u>8,380,901</u>	<u>53,914,928</u>
Net Position - End of Year	<u>\$ 25,074,438</u>	<u>\$ 22,410,465</u>	<u>\$ 8,870,718</u>	<u>\$ 56,355,621</u>

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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, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
EMS District Funds	\$ 1,405,536	\$ 1,405,536	\$ -
Total Revenue	<u>1,405,536</u>	<u>1,405,536</u>	<u>-</u>
Expenditures:			
Salaries and Benefits	1,283,043	1,343,536	(60,493)
Operating Expenditures	<u>122,493</u>	<u>91,502</u>	<u>30,991</u>
Total Expenditures	<u>1,405,536</u>	<u>1,435,038</u>	<u>(29,502)</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ (29,502)</u>	<u>\$ (29,502)</u>

1 EMS Funding FY 15-16 Received by Contractor	\$ 1,405,536
2 EMS Allowable Costs Incurred by Contractor	<u>1,435,038</u>
3 Difference (If Excess Revenues) Due to Pinellas County	<u>\$ (29,502)</u>

Reserve for Future Years:

Beginning of Fiscal Year 10/1/2015	\$ -
Additions:	
Reserve funding FY 2016	-
Reductions:	
FY 2016 Budget	<u>-</u>
End of Fiscal Year - 9/30/2016	<u>\$ -</u>

**CITY OF TARPON SPRINGS, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FIRE DISTRICT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
General Fund			
Revenues:			
Municipality - City of Tarpon Springs (1)	\$ 3,129,104	\$ 3,150,982	\$ 21,878
Tarpon Springs Fire District Funds	421,529	353,040	(68,489)
Total Revenues	<u>3,550,633</u>	<u>3,504,022</u>	<u>(46,611)</u>
Expenditures:			
Salaries and Benefits	3,002,751	2,942,254	60,497
Operating Expenditures	541,963	556,746	(14,783)
Capital Outlay	5,919	5,032	887
Total Expenditures	<u>3,550,633</u>	<u>3,504,032</u>	<u>46,601</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>(10)</u>	\$ <u>10</u>
Special Revenue Fund - Fire Impacts			
Revenues:			
Fire Impact Fees	\$ 37,059	\$ 38,448	\$ 1,389
Tarpon Springs Fire District Funds	50,000	-	(50,000)
Interest	50	872	822
Inter-Fund Loan	500,000	-	(500,000)
Fire Impact - Carryover	122,089	-	(122,089)
Total Revenues	<u>709,198</u>	<u>39,320</u>	<u>(669,878)</u>
Expenditures:			
Capital Outlay	709,198	333,751	375,447
Total Expenditures	<u>709,198</u>	<u>333,751</u>	<u>375,447</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>(294,431)</u>	\$ <u>(294,431)</u>
Capital Project Fund			
Revenues:			
Municipality - City of Tarpon Springs (1)	\$ 2,367,103	\$ 1,155,346	\$ (1,211,757)
Tarpon Springs Fire District Funds	-	-	-
Total Revenues	<u>2,367,103</u>	<u>1,155,346</u>	<u>(1,211,757)</u>
Expenditures:			
Capital Outlay	2,367,103	1,155,346	1,211,757
Debt Service Interest - Fire Truck	-	-	-
Total Expenditures	<u>2,367,103</u>	<u>1,155,346</u>	<u>1,211,757</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Grand Total			
Total Revenues	\$ <u>6,626,934</u>	\$ <u>4,698,688</u>	\$ <u>(1,928,246)</u>
Total Expenditures	<u>6,626,934</u>	<u>4,993,129</u>	<u>1,633,805</u>
Excess of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>(294,441)</u>	\$ <u>(294,441)</u>

(1) Expenditures not covered through Fire District funds are provided by the City.

1 Total Expenditures by Contractor	\$ 4,993,129
2 Less: Other Revenues Received by Contractor	-
3 Total Outlay by Contractor	<u>4,993,129</u>
4 Pinellas County Percentage of District	9.99%
5 Total Pinellas County Share (3 times 4)	<u>498,814</u>
6 Pinellas County Paid to Contractor	
Fire District Funding FY 2016	353,040
Total Pinellas County Paid to Contractor	<u>353,040</u>
7 Total Due to Pinellas County (6 less 5), if negative none due	\$ (145,774)

Reserve for Future Years:

Beginning of Fiscal Year 10/1/2015	\$ 192,490
Additions:	
Reserve funding FY 2016	-
Reductions:	
County utilized to avoid millage increase	<u>(133,950)</u>
End of Fiscal Year - 9/30/2016	\$ <u>58,540</u>

Major Capital Balance:

Beginning of Fiscal Year 10/1/2015	\$ 263,680
Additions	-
Reductions	-
End of Fiscal Year - 9/30/2016	\$ <u>263,680</u>

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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, 2016
- 13 Legal Debt Margin Information - Last Ten Fiscal Years
- 14 Pledged-Revenue Coverage - Last Ten Fiscal Years

Demographic and Economic Information

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

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

Operating Information

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

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

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 39,016,438	\$ 40,154,559	\$ 40,672,112	\$ 41,281,743
Restricted	13,569,645	14,103,319	13,113,128	13,322,303
Unrestricted	13,648,350	14,374,903	17,358,272	18,530,274
Total governmental activities net position	<u>\$ 66,234,433</u>	<u>\$ 68,632,781</u>	<u>\$ 71,143,512</u>	<u>\$ 73,134,320</u>
Business-type activities:				
Net investment in capital assets	\$ 20,367,137	\$ 22,499,445	\$ 24,561,610	\$ 26,067,196
Restricted	4,468,380	3,940,536	3,531,319	3,686,103
Unrestricted	12,088,334	12,092,799	12,467,175	11,617,680
Total business-type activities net position	<u>\$ 36,923,851</u>	<u>\$ 38,532,780</u>	<u>\$ 40,560,104</u>	<u>\$ 41,370,979</u>
Primary government:				
Net investment in capital assets	\$ 59,383,575	\$ 62,654,004	\$ 65,233,722	\$ 67,348,939
Restricted	18,038,025	18,043,855	16,644,447	17,008,406
Unrestricted	25,736,684	26,467,702	29,825,447	30,147,954
Total primary government net position	<u>\$ 103,158,284</u>	<u>\$ 107,165,561</u>	<u>\$ 111,703,616</u>	<u>\$ 114,505,299</u>

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

- A) Increase due to construction of new Alternative Water Plant
- B) Decrease in FY 2014 due to Reserve in FY 2013 for emergency sewer break
- C) Decrease in FY 2014 due to expenses for Alternative Water Plant, FY 2015 SWFMD receipts will alleviate this.

Fiscal Year

2011	2012	2013	2014 *	2015	2016
\$ 42,581,135	\$ 42,653,653	\$ 44,380,440	\$ 45,090,304	\$ 48,199,096	\$ 49,600,615
12,914,081	12,896,516	12,423,712	13,233,342	11,331,250	10,994,276
19,466,009	19,615,271	18,237,353	14,435,502	13,678,169	11,689,973
<u>\$ 74,961,225</u>	<u>\$ 75,165,440</u>	<u>\$ 75,041,505</u>	<u>\$ 72,759,148</u>	<u>\$ 73,208,515</u>	<u>\$ 72,284,864</u>
\$ 26,751,911	\$ 30,787,409	\$ 33,033,440	\$ 47,376,740	A \$ 57,038,372	\$ 59,405,819
4,283,180	2,986,956	8,244,803	5,647,475	B 5,801,091	5,033,042
12,354,958	14,259,417	10,623,313	6,885,518	C 8,739,652	10,560,522
<u>\$ 43,390,049</u>	<u>\$ 48,033,782</u>	<u>\$ 51,901,556</u>	<u>\$ 59,909,733</u>	<u>\$ 71,579,115</u>	<u>\$ 74,999,383</u>
\$ 69,333,046	\$ 73,441,062	\$ 77,413,880	\$ 92,467,044	\$ 105,237,468	\$ 109,006,434
17,197,261	15,883,472	20,668,515	18,880,817	17,132,341	16,027,318
31,820,967	33,874,688	28,860,666	21,321,020	22,417,821	22,250,495
<u>\$ 118,351,274</u>	<u>\$ 123,199,222</u>	<u>\$ 126,943,061</u>	<u>\$ 132,668,881</u>	<u>\$ 144,787,630</u>	<u>\$ 147,284,247</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 3,147,383	\$ 3,424,454	\$ 3,247,806	\$ 3,151,755
Public safety	10,522,659	11,231,522	11,007,450	11,296,815
Physical environment	1,164,477	1,188,796	1,086,567	1,129,614
Transportation	2,153,470	2,140,625	2,154,244	2,130,186
Economic environment	226,684	120,911	182,489	361,444
Culture/recreation	3,903,443	4,043,603	3,968,052	3,862,643
Interest on long-term debt	63,583	52,844	25,011	23,373
Total governmental activities expenses	<u>21,181,699</u>	<u>22,202,755</u>	<u>21,671,619</u>	<u>21,955,830</u>
Business-type activities:				
Water/Sewer	9,578,521	9,740,837	9,639,797	9,681,751
Sanitation	5,404,705	5,124,329	4,931,648	4,877,167
Storm Water	515,663	595,846	679,599	814,746
Golf Course	1,232,950	1,249,106	1,230,148	1,185,149
Marina	87,026	92,358	91,013	94,279
Total business-type activities expenses	<u>16,818,865</u>	<u>16,802,476</u>	<u>16,572,205</u>	<u>16,653,092</u>
Total primary government expenses	<u>\$ 38,000,564</u>	<u>\$ 39,005,231</u>	<u>\$ 38,243,824</u>	<u>\$ 38,608,922</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 744,672	\$ 655,871	\$ 507,018	\$ 530,030
Public safety	1,767,905	1,944,316	1,854,563	2,121,388
Physical environment	206,983	186,229	196,589	111,909
Transportation	13,425	13,154	9,288	-
Culture/recreation	344,711	346,256	374,944	376,447
Operating grants and contributions	739,036	753,292	554,398	890,126
Capital grants and contributions	467,570	767,599	510,046	730,133
Total governmental activities program revenues	<u>4,284,302</u>	<u>4,666,717</u>	<u>4,006,846</u>	<u>4,760,033</u>
Business-type activities:				
Charges for services:				
Water/Sewer	10,409,561	10,305,918	10,315,485	10,277,658
Sanitation	5,950,190	5,484,602	5,263,508	5,170,267
Storm Water	1,111,836	1,095,245	990,438	1,106,548
Golf Course	1,575,508	1,407,793	1,367,577	1,246,668
Marina	68,373	65,505	65,828	71,609
Operating grants and contributions	-	-	-	-
Capital grants and contributions	216,312	501,676	844,387	164,608
Total business-type activities program revenues	<u>19,331,780</u>	<u>18,860,739</u>	<u>18,847,223</u>	<u>18,037,358</u>
Total primary government program revenues	<u>\$ 23,616,082</u>	<u>\$ 23,527,456</u>	<u>\$ 22,854,069</u>	<u>\$ 22,797,391</u>

Fiscal Year					
2011	2012	2013	2014	2015*	2016
\$ 3,090,494	\$ 2,789,491	\$ 2,927,360	\$ 3,017,621	\$ 3,194,628	\$ 3,432,723
11,325,115	11,712,003	12,282,243	12,723,797	13,021,016	14,852,516
1,155,888	1,240,584	1,177,133	1,171,151	994,433	1,140,607
2,077,166	2,116,119	2,200,491	2,315,266	2,267,686	2,313,101
230,382	365,584	466,831	457,145	452,117	531,483
3,780,449	3,899,214	3,901,603	4,002,625	4,083,635	4,239,363
16,841	12,542	8,114	3,526	-	-
<u>21,676,335</u>	<u>22,135,537</u>	<u>22,963,775</u>	<u>23,691,131</u>	<u>24,013,515</u>	<u>26,509,793</u>
9,407,340	9,348,746	11,139,707	11,328,461	12,745,072	12,912,634
4,888,177	3,701,551	3,705,989	3,892,966	4,106,003	4,335,007
656,883	687,356	764,604	835,943	1,003,463	1,057,100
1,178,261	1,217,951	1,222,499	1,111,819	1,257,698	1,369,316
96,211	84,547	88,566	92,019	109,403	113,616
<u>16,226,872</u>	<u>15,040,151</u>	<u>16,921,365</u>	<u>17,261,208</u>	<u>19,221,639</u>	<u>19,787,673</u>
<u>\$ 37,903,207</u>	<u>\$ 37,175,688</u>	<u>\$ 39,885,140</u>	<u>\$ 40,952,339</u>	<u>\$ 43,235,154</u>	<u>\$ 46,297,466</u>
\$ 526,133	\$ 545,215	\$ 630,026	\$ 643,467	\$ 657,837	\$ 699,323
2,094,293	1,868,326	2,109,951	2,380,485	2,392,264	2,797,387
218,822	169,750	177,515	209,146	168,483	169,791
-	-	-	-	-	-
352,600	374,117	378,345	423,844	356,468	330,104
752,469	604,223	632,434	917,380	708,400	606,237
877,714	160,702	1,103,109	375,687	386,754	774,297
<u>4,822,031</u>	<u>3,722,333</u>	<u>5,031,380</u>	<u>4,950,009</u>	<u>4,670,206</u>	<u>5,377,139</u>
10,987,035	11,698,218	12,656,837	13,067,679	13,626,383	14,559,195
5,089,668	4,031,733	4,108,504	4,290,803	4,501,118	4,707,377
1,103,375	1,106,378	1,112,834	1,148,787	1,144,356	1,306,718
1,297,338	1,363,095	1,454,599	1,064,827	1,300,411	1,361,752
68,882	45,235	50,684	60,861	71,084	74,064
-	44,988	13,469	-	-	-
425,317	2,116,009	2,259,507	6,388,338	11,048,730	2,055,112
<u>18,971,615</u>	<u>20,405,656</u>	<u>21,656,434</u>	<u>26,021,295</u>	<u>31,692,082</u>	<u>24,064,218</u>
<u>\$ 23,793,646</u>	<u>\$ 24,127,989</u>	<u>\$ 26,687,814</u>	<u>\$ 30,971,304</u>	<u>\$ 36,362,288</u>	<u>\$ 29,441,357</u>

City of Tarpon Springs, Florida
Schedule 2 (Continued)

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

	Fiscal Year			
	2007	2008	2009	2010
Net (Expense)/Revenue				
Governmental activities	\$ (16,897,397)	\$ (17,536,038)	\$ (17,664,773)	\$ (17,195,797)
Business-type activities	2,512,915	2,058,263	2,275,018	1,384,266
Total primary government net expense	<u>\$ (14,384,482)</u>	<u>\$ (15,477,775)</u>	<u>\$ (15,389,755)</u>	<u>\$ (15,811,531)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 8,112,444	\$ 8,077,123	\$ 7,991,275	\$ 7,648,740
Property - TIF	231,462	236,657	280,701	191,121
Franchise fees (A)	1,730,658	-	-	-
Utility	2,227,055	2,248,065	2,303,766	2,621,960
Communication service	1,239,970	1,228,056	1,369,298	1,199,683
Half-cent sales	1,318,498	1,276,883	1,182,942	1,173,804
Local option gas	171,320	307,345	297,770	298,150
Local option sales	1,891,820	1,798,029	1,650,590	1,610,685
Local business (A)	-	196,058	193,362	184,452
Other	55,983	58,161	59,029	56,469
Franchise fees (A)	-	1,693,510	1,838,955	1,948,215
State revenue sharing	726,052	680,637	617,725	615,365
Investment income	1,781,454	1,070,299	749,301	327,913
Miscellaneous	193,986	150,663	713,590	358,134
Transfers	839,900	912,900	927,200	951,914
Total governmental activities	<u>20,520,602</u>	<u>19,934,386</u>	<u>20,175,504</u>	<u>19,186,605</u>
Business-type activities:				
Investment income	715,673	463,566	679,506	378,523
Transfers	(839,900)	(912,900)	(927,200)	(951,914)
Total business-type activities	<u>(124,227)</u>	<u>(449,334)</u>	<u>(247,694)</u>	<u>(573,391)</u>
Total primary government	<u>\$ 20,396,375</u>	<u>\$ 19,485,052</u>	<u>\$ 19,927,810</u>	<u>\$ 18,613,214</u>
Change in Net Position				
Governmental activities	\$ 3,623,205	\$ 2,398,348	\$ 2,510,731	\$ 1,990,808
Business-type activities	2,388,688	1,608,929	2,027,324	810,875
Total primary government	<u>\$ 6,011,893</u>	<u>\$ 4,007,277</u>	<u>\$ 4,538,055</u>	<u>\$ 2,801,683</u>

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

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

Fiscal Year

2011	2012	2013	2014	2015*	2016
\$ (16,854,304)	\$ (18,413,204)	\$ (17,932,395)	\$ (18,741,122)	\$ (19,343,309)	\$ (21,132,654)
2,744,743	5,365,505	4,735,069	8,760,087	12,470,443	4,276,545
<u>\$ (14,109,561)</u>	<u>\$ (13,047,699)</u>	<u>\$ (13,197,326)</u>	<u>\$ (9,981,035)</u>	<u>\$ (6,872,866)</u>	<u>\$ (16,856,109)</u>
\$ 7,375,405	\$ 7,026,707	\$ 6,853,987	\$ 6,972,982	\$ 7,378,995	\$ 7,828,030
145,579	121,924	115,714	135,007	151,086	165,527
-	-	-	-	-	-
2,515,843	2,386,538	2,603,245	2,796,901	2,778,970	2,896,032
1,128,100	1,142,824	1,073,489	1,024,720	967,373	940,076
1,209,877	1,236,403	1,292,192	1,372,185	1,450,989	1,522,938
290,820	295,330	301,086	301,389	312,407	321,439
1,665,280	1,762,725	1,862,505	1,987,731	2,139,530	2,250,231
177,632	176,558	172,804	162,355	161,021	161,569
55,736	52,478	54,694	57,011	57,623	59,348
1,771,745	1,653,880	1,612,675	1,765,945	1,777,207	1,666,479
643,733	656,534	662,791	708,168	763,051	787,803
233,698	238,069	30,369	173,212	304,826	269,278
337,602	912,698	237,202	867,571	509,088	284,976
969,663	954,751	935,707	951,553	1,040,510	1,055,277
<u>18,520,713</u>	<u>18,617,419</u>	<u>17,808,460</u>	<u>19,276,730</u>	<u>19,792,676</u>	<u>20,209,003</u>
243,990	232,979	68,412	199,643	239,449	199,000
(969,663)	(954,751)	(935,707)	(951,553)	(1,040,510)	(1,055,277)
(725,673)	(721,772)	(867,295)	(751,910)	(801,061)	(856,277)
<u>\$ 17,795,040</u>	<u>\$ 17,895,647</u>	<u>\$ 16,941,165</u>	<u>\$ 18,524,820</u>	<u>\$ 18,991,615</u>	<u>\$ 19,352,726</u>
\$ 1,666,409	\$ 204,215	\$ (123,935)	\$ 535,608	\$ 449,367	\$ (923,651)
2,019,070	4,643,733	3,867,774	8,008,177	11,669,382	3,420,268
<u>\$ 3,685,479</u>	<u>\$ 4,847,948</u>	<u>\$ 3,743,839</u>	<u>\$ 8,543,785</u>	<u>\$ 12,118,749</u>	<u>\$ 2,496,617</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Nonspendable	\$ 239,803	\$ 185,661	\$ 149,243	\$ 330,533
Restricted	361,733	381,188	356,340	282,319
Committed	1,520,576	1,677,318	2,127,263	2,029,862
Assigned	2,730,464	2,862,314	3,355,153	2,852,355
Unassigned	8,549,150	8,716,138	9,203,929	10,935,000
Total general fund	<u>\$ 13,401,726</u>	<u>\$ 13,822,619</u>	<u>\$ 15,191,928</u>	<u>\$ 16,430,069</u>
All Other Governmental Funds				
Nonspendable	\$ 4,051,515	\$ 3,950,809	\$ 3,719,168	\$ 3,557,169
Restricted	7,396,053	7,879,659	8,836,197	9,114,170
Committed	409,897	420,921	429,830	433,995
Unassigned	-	-	-	(57,157)
Total all other governmental funds	<u>\$ 11,857,465</u>	<u>\$ 12,251,389</u>	<u>\$ 12,985,195</u>	<u>\$ 13,048,177</u>
Total Fund Balance All Governmental Funds	<u>\$ 25,259,191</u>	<u>\$ 26,074,008</u>	<u>\$ 28,177,123</u>	<u>\$ 29,478,246</u>

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 357,162	\$ 370,883	\$ 378,222	\$ 346,049	\$ 347,936	\$ 372,891
272,255	235,644	251,147	264,696	254,281	196,191
2,235,030	2,383,557	2,095,903	2,626,978	2,761,515	2,860,248
4,033,690	4,041,932	4,816,784	4,666,200	3,502,247	2,493,910
10,410,510	10,559,574	9,178,148	8,872,797	8,820,443	8,820,443
<u>\$ 17,308,647</u>	<u>\$ 17,591,590</u>	<u>\$ 16,720,204</u>	<u>\$ 16,776,720</u>	<u>\$ 15,686,422</u>	<u>\$ 14,743,683</u>
\$ 3,368,659	\$ 4,203,228	\$ 3,042,589	\$ 2,871,358	\$ 2,694,108	\$ 2,511,158
8,868,090	8,033,543	8,712,030	9,095,312	7,471,368	7,445,756
435,298	428,968	431,557	432,353	434,017	337,974
(40,926)	(37,325)	(29,340)	(22,406)	-	-
<u>\$ 12,631,121</u>	<u>\$ 12,628,414</u>	<u>\$ 12,156,836</u>	<u>\$ 12,376,617</u>	<u>\$ 10,599,493</u>	<u>\$ 10,294,888</u>
<u>\$ 29,939,768</u>	<u>\$ 30,220,004</u>	<u>\$ 28,877,040</u>	<u>\$ 29,153,337</u>	<u>\$ 26,285,915</u>	<u>\$ 25,038,571</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$ 15,604,729	\$ 13,854,676 *	\$ 13,806,061	\$ 13,563,670
Licenses, permits and fees	505,650	1,905,382 *	1,991,985	2,310,578
Intergovernmental	2,941,096	3,511,257	3,057,455	3,561,195
Charges for services	1,834,350	2,205,261	2,068,616	2,018,521
Fines and forfeitures	202,380	193,758	164,884	258,964
Other	2,690,992	1,896,972	2,192,940	1,266,746
Total Revenues	<u>23,779,197</u>	<u>23,567,306</u>	<u>23,281,941</u>	<u>22,979,674</u>
Expenditures				
General government	3,160,898	3,361,843	3,000,035	2,952,196
Public safety	10,255,261	10,744,731	10,337,416	10,561,114
Physical environment	1,108,261	1,125,401	1,016,145	1,053,644
Transportation	1,141,638	1,109,561	1,088,535	1,027,465
Economic environment	190,107	84,407	145,895	323,588
Culture & recreation	3,566,247	3,685,949	3,569,756	3,495,903
Capital outlay	3,397,847	2,736,735	2,255,395	3,430,771
Debt service				
Interest	56,104	58,389	30,326	27,317
Principal	652,793	758,373	662,523	425,467
Total expenditures	<u>23,529,156</u>	<u>23,665,389</u>	<u>22,106,026</u>	<u>23,297,465</u>
Excess of revenues over (under) expenditures	250,041	(98,083)	1,175,915	(317,791)
Other Financing Sources (Uses)				
Land sale	-	-	-	-
Issuance of debt	553,141	-	-	667,000
Transfers in	1,351,900	1,443,189	1,378,625	1,258,587
Transfers out	(512,000)	(530,289)	(451,425)	(306,673)
Total other financing sources (uses)	<u>1,393,041</u>	<u>912,900</u>	<u>927,200</u>	<u>1,618,914</u>
Net change in fund balances	<u>\$ 1,643,082</u>	<u>\$ 814,817</u>	<u>\$ 2,103,115</u>	<u>\$ 1,301,123</u>
Debt service as a percentage of noncapital expenditures	3.5%	3.9%	3.5%	2.3%

* 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.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 13,153,081	\$ 12,790,682	\$ 12,867,116	\$ 13,246,078	\$ 13,738,296	\$ 14,397,377
2,447,907	1,961,249	2,346,719	2,769,747	2,368,714	2,433,841
3,381,804	2,650,694	3,408,688	2,880,488	2,872,827	3,469,094
1,881,376	1,967,159	2,179,396	2,174,865	2,624,418	2,662,086
266,300	233,909	211,463	160,649	128,387	249,628
1,214,601	1,772,274	873,106	1,205,617	1,659,084	1,328,446
<u>22,345,069</u>	<u>21,375,967</u>	<u>21,886,488</u>	<u>22,437,444</u>	<u>23,391,726</u>	<u>24,540,472</u>
2,852,948	2,563,972	2,644,069	2,788,106	2,970,399	3,009,776
10,590,580	10,883,704	11,401,751	11,882,838	12,528,332	12,997,966
1,067,678	1,147,784	1,075,278	1,047,300	875,078	972,368
1,002,303	994,527	1,039,533	1,126,516	1,046,882	1,056,737
192,154	199,870	276,719	253,750	245,914	320,472
3,431,376	3,476,283	3,449,764	3,527,733	3,542,855	3,649,825
3,727,826	2,634,800	4,344,599	3,381,973	6,090,198	4,861,649
16,841	12,542	8,114	3,526	-	-
132,000	137,000	141,000	146,000	-	-
<u>23,013,706</u>	<u>22,050,482</u>	<u>24,380,827</u>	<u>24,157,742</u>	<u>27,299,658</u>	<u>26,868,793</u>
(668,637)	(674,515)	(2,494,339)	(1,720,298)	(3,907,932)	(2,328,321)
-	-	-	802,669	-	-
-	-	-	-	-	-
1,419,663	1,450,979	1,568,129	1,554,926	1,402,510	1,644,613
<u>(450,000)</u>	<u>(496,228)</u>	<u>(416,754)</u>	<u>(361,000)</u>	<u>(362,000)</u>	<u>(563,636)</u>
<u>969,663</u>	<u>954,751</u>	<u>1,151,375</u>	<u>1,996,595</u>	<u>1,040,510</u>	<u>1,080,977</u>
<u>\$ 301,026</u>	<u>\$ 280,236</u>	<u>\$ (1,342,964)</u>	<u>\$ 276,297</u>	<u>\$ (2,867,422)</u>	<u>\$ (1,247,344)</u>
0.8%	0.8%	0.7%	0.7%	0.0%	0.0%

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Franchise</u>	<u>Utility</u>	<u>Communication Service</u>	<u>Local Business Tax</u>	<u>Sales & Use Tax</u>	<u>Total</u>
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
2013	6,853,987	1,612,675 A	2,603,245	1,073,489	172,804 A	2,163,591	14,479,791
2014	6,972,982	1,765,945 A	2,796,901	1,024,720	162,355 A	2,289,120	15,012,023
2015	7,378,995	1,777,207 A	2,778,970	967,373	161,021 A	2,451,937	15,515,503
2016	7,828,030	1,666,479 A	2,896,032	940,076	161,569 A	2,571,670	16,063,856
Change 2007 - 2016	-6.2%	-3.7%	30.0%	-24.2%	100.0%	24.6%	2.9%

- 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.

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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						
	Residential Property	Commercial Property	Industrial Property	Other Property (A)	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value
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
2013	1,260,764,191	B 261,785,756	50,657,910	203,728,378	1,776,936,235	545,146,481	1,231,789,754
2014	1,268,130,129	268,766,883	52,755,583	211,147,924	1,800,800,519	547,856,726	1,252,943,793
2015	1,334,111,444	284,024,094	53,657,954	220,000,659	1,891,794,151	559,583,542	1,332,210,609
2016	1,409,731,510	293,863,605	56,052,196	224,926,078	1,984,573,389	569,565,707	1,415,007,682
Change 2007 - 2016	-32%	4%	-15%	-10%	-26%	-41%	-18%

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		
\$ 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%
80,263,674	13,708,093	66,555,581	1,857,199,909	558,854,574	1,298,345,335	5.4500	30.09%
76,678,205	13,635,441	63,042,764	1,877,478,724	561,492,167	1,315,986,557	5.4500	29.91%
81,290,925	13,587,262	67,703,663	1,973,085,076	573,170,804	1,399,914,272	5.4500	29.05%
80,383,933	13,191,947	67,191,986	2,064,957,322	582,757,654	1,482,199,668	5.4500	28.22%
-6%	75%	-14%	-25%	-40%	-17%	14%	

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
2007	\$ 177,087,500	\$ 48,848,269	\$ 168,958,774	\$ -	\$ 2,422,786	\$ 560,835,866	\$ 10,664,302	\$ 968,817,497
2008	197,416,400	51,881,511	170,290,943	-	8,797,690	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
2013	186,759,207	46,040,744	162,222,590	127,760,264	C 10,759,291	B -	11,604,385	545,146,481
2014	189,015,469	48,492,779	160,787,995	127,159,944	C 9,794,976	B -	12,605,563	547,856,726
2015	198,182,189	51,512,295	158,339,314	127,280,588	C 9,585,445	B -	14,683,711	559,583,542
2016	202,633,169	54,045,257	159,306,093	129,832,648	C 9,588,094	B -	14,160,446	569,565,707

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	
Governmental	Institutional	Tangible Personal Property	Other Exemptions (A)	Total Exemptions		Exemptions
\$ 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
158,320	4,969,664	8,558,900	D 21,209	13,708,093		558,854,574
143,560	4,760,580	8,710,802	D 20,499	13,635,441		561,492,167
383,168	4,372,801	8,811,471	D 19,822	13,587,262		573,170,804
352,697	4,049,784	8,770,317	D 19,149	13,191,947		582,757,654

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)	
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
2013	5.4500	8.3020	5.0727	.7305	.9158	1.3034	21.7744
2014	5.4500	8.0600	5.3377	.7305	.9158	1.2959	21.7899
2015	5.4500	7.8410	5.3377	.7305	.9158	1.2799	21.5549
2016	5.4500	7.7700	5.3377	.7305	.9158	1.2629	21.4669

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

B) County includes:

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

C) Other includes:

Pinellas County Planning Council	0.0160
Juvenile Welfare Board	0.8981
SW Florida Water Mgt. District	0.3488
	<u>1.2629</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	2016			2007		
	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	\$ 18,000,000	1	1.21%	\$ -	-	-
Shamrock Millco - Sun Valley LLC	13,350,000	2	0.90%	7,800,000	4	0.43%
Riverside Partners LTD	12,665,400	3	0.85%	10,700,000	2	0.60%
DDR Tarpon Square LLC	9,595,000	4	0.65%	-	-	-
CRP/CRE Meadows Owner LLC	8,950,000	5	0.60%	-	-	-
Turtle Cove Group LLC	7,014,791	6	0.47%	-	-	-
Wal-Mart Stores East LP	6,730,000	7	0.45%	7,141,300	6	0.40%
River Site LLC -St Lukes Clinic	6,445,826	8	0.43%	8,610,800	3	0.48%
Storage Trust Properties	5,763,230	9	0.39%	-	-	-
Lime Street Properties	5,500,000	10	0.37%	5,750,000	9	0.32%
H K New Plan Exchange Prop Own	-	-	-	14,020,000	1	0.78%
W & Z Properties LTD	-	-	-	7,450,000	5	0.42%
Storage Trust Properties	-	-	-	5,810,000	7	0.32%
Manatee Village Investments	-	-	-	5,800,000	8	0.32%
Peterson, Marilyn H TRE	-	-	-	5,600,000	10	0.31%
TOTAL	\$ 94,014,247		6.32%	\$ 78,682,100		4.38%

A) Percentages are based on the total assessed value of \$ 1,482,199,668.

B) Percentages are based on the total assessed value of \$ 1,793,354,693.

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	2016			2007		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (A)	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (B)
Duke Energy (Florida Power Corp)	\$ 18,700,133	1	1.26%	\$ 12,462,540	1	0.69%
Verizon Florida LLC "C"	5,995,243	2	0.40%	9,589,050	2	0.53%
Barnett Outdoors LLC	3,416,998	3	0.23%	-	-	-
Bright House Networks LLC	3,035,700	4	0.20%	2,227,190	5	0.12%
Hertz Equip Rental Corp	2,836,047	5	0.19%	6,030,640	3	0.34%
St Lukes Cataract & Laser Inst. Inc	2,322,902	6	0.16%	3,459,080	4	0.19%
Wal-Mart Stores East LP	2,319,285	7	0.16%	-	-	-
Winn-Dixie	1,545,264	8	0.10%	-	-	-
Magnegas Corporation	1,400,929	9	0.09%	-	-	-
Seminole Equipment Inc	1,390,364	10	0.09%	-	-	-
General Electric Credit	-	-	-	1,984,460	6	0.11%
Publix Supermarket #144	-	-	-	1,871,430	7	0.10%
Knology Broadband of Florida	-	-	-	975,650	8	0.05%
Stamas Yacht Inc	-	-	-	749,840	9	0.04%
Bar G Enterprises	-	-	-	735,770	10	0.04%
TOTAL	\$ 42,962,865		2.88%	\$ 40,085,650		2.21%

A) Percentages are based on the total assessed value of \$ 1,482,199,668.
B) Percentages are based on the total assessed value of \$ 1,793,354,693.

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
2007	\$ 8,600,391	\$ 8,326,486	96.82%	\$ 22,317	\$ 8,348,803	97.07%
2008	8,354,513	8,049,598	96.35%	32,457	8,082,055	96.74%
2009	8,253,433	7,953,461	96.37%	45,941	7,999,402	96.92%
2010	7,837,632	7,591,358	96.86%	64,817	7,656,175	97.68%
2011	7,601,697	7,355,168	96.76%	42,618	7,397,786	97.32%
2012	7,241,470	6,992,075	96.56%	32,105	7,024,180	97.00%
2013	7,075,982	6,823,866	96.44%	34,525	6,858,391	96.92%
2014	7,172,129	6,921,677	96.51%	13,596	6,935,273	96.70%
2015	7,629,535	7,365,640	96.54%	24,536	7,390,176	96.86%
2016	8,077,989	7,798,312	96.54%	6,108	7,804,420	96.61%

A) These amounts are net of discounts taken.

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

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

Note 1:

Discounts are allowed for early payment: 4% for November, 3% for December, 2% for January, and 1% for February. No discount is allowed for payment in March. Penalties are assessed beginning in April.

Source: Pinellas County Property Appraiser.

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

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
	Revenue Note	Capital Leases	Revenue Bonds	Grant Anticipation Note	Capital Leases			
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
2013	146,000	-	36,255,249	6,741,900	-	43,143,149	3.79%	1,802.51
2014	-	-	36,238,777	11,197,727	-	47,436,504	4.30%	1,958.57
2015	-	-	35,432,306	-	-	35,432,306	3.16%	1,450.89
2016	-	-	34,595,836	-	-	34,595,836	2.97%	1,404.22

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

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>		<u>Revenue Note</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Real Property (A)</u>	<u>Per Capita (B)</u>
	<u>General Obligation Bonds</u>					
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
2013	-	-	146,000	146,000	0.01%	6.10
2014	-	-	-	-	0.00%	-
2015	-	-	-	-	0.00%	-
2016	-	-	-	-	0.00%	-

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

A) See Schedule 6 for property value data.

B) See Schedule 15 for population data.

City of Tarpon Springs, Florida
Schedule 12
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (A)</u>	<u>Estimated Share of Overlapping Debt</u>
Pinellas County Bonds/Notes	\$ 11,208,241	2.33%	\$ 261,152
Pinellas County Capital Leases	21,863	2.33%	509
Pinellas County School District State Bonds	10,634,000	2.33%	247,772
Pinellas County School District Capital Leases	7,319,097	2.33%	170,535
Subtotal, overlapping debt			<u>679,969</u>
City direct debt	-	100.00%	<u>-</u>
Total direct and overlapping debt			<u>\$ 679,969</u>

A) Applicable net debt percentage is based on ratio of City to County taxable values (\$1,482,199,668/\$63,599,221,882).

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.

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

	Fiscal Year			
	2007	2008	2009	2010
Debt Limit (B)	\$ 1,793,354,693	\$ 1,938,896,972	\$ 1,804,502,437	\$ 1,583,360,048
Total net debt applicable to limit (C)	<u>1,735,363</u>	<u>976,990</u>	<u>314,467</u>	<u>556,000</u>
Legal debt margin (B)	\$ 1,791,619,330	\$ 1,937,919,982	\$ 1,804,187,970	\$ 1,582,804,048
Total net debt applicable to the limit as a percentage of debt limit	0.10%	0.05%	0.02%	0.04%

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 2016

Assessed value (A)	1,482,199,668
Debt limit (100% of total assessed value) (B)	<u>1,482,199,668</u>
Debt applicable to limit (C):	
General obligation bonds	-
Revenue notes	-
Capital leases	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>1,482,199,668</u></u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,394,806,436	\$ 1,328,709,893	\$ 1,298,345,335	\$ 1,315,986,557	\$ 1,399,914,272	\$ 1,482,199,668
<u>424,000</u>	<u>287,000</u>	<u>146,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 1,394,382,436	\$ 1,328,422,893	\$ 1,298,199,335	\$ 1,315,986,557	\$ 1,399,914,272	\$ 1,482,199,668
0.03%	0.02%	0.01%	0.00%	0.00%	0.00%

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

Water and Sewer Revenue Bonds									
Fiscal Year	Gross Revenues		Less: Operating Expenses (B)	Net Available Revenue	Debt Service			Coverage	
					Principal	Interest	Total		
2007	\$ 10,717,737	A	\$ 8,203,232	\$ 2,514,505	\$ 395,000	\$ 76,449	\$ 471,449	5.33	
2008	10,607,925	A	8,196,868	2,411,057	420,000	116,878	536,878	4.49	
2009	10,715,997	A	8,134,938	2,581,059	435,000	78,894	513,894	5.02	
2010	10,512,915	A	8,149,009	2,363,906	60,000	53,594	113,594	20.81	
2011	11,187,120	A	7,807,205	3,379,915	-	51,182	51,182	66.04	
2012	11,941,116	A	7,762,107	4,179,009	-	52,075	52,075	80.25	
2013	12,947,503	C	8,763,536	4,183,967	-	202,800	202,800	20.63	
2014	13,327,366	C	8,823,343	4,504,023	-	873,784	873,784	5.15	
2015	13,858,647	C	9,403,297	4,455,350	790,000	1,306,356	2,096,356	2.13	
2016	14,803,807	C	8,073,401	6,730,406	820,000	1,223,312	2,043,312	3.29	
A)	Includes interest earnings and gross revenues of the Water and Sewer Fund and 45.5% of sewer impact revenues and interest thereon.								
B)	Excludes depreciation and contributions to the General Fund for administrative expenses.								
C)	Includes interest earnings (net of unrealized gain or loss) and gross revenues of the Water and Sewer Fund and 100% of water impact fees.								

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

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

<u>Fiscal Year</u>	<u>Population (A)</u>	<u>Personal Income (per thousand) (B)</u>	<u>Per Capita Income (B)</u>	<u>Median Age (C)</u>	<u>School Enrollment (D)</u>	<u>Unemployment Rate (E)</u>
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%
2013	23,935	1,137,463	47,523	47.4	5,756	8.5%
2014	24,220	1,103,802	45,574	47.7	6,596	6.7%
2015	24,421	1,121,534	45,925	47.5	6,597	6.3%
2016	24,637	1,175,949	47,731	47.8	6,328	5.4%

Source:

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

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

Employer	2016		2007	
	Employees Full-Time	Rank	Employees Full-Time	Rank
Raymond James Financial	3,500	1	2,850	3
Home Shopping Club	2,800	2	1,600	10
Bright House Networks	2,000	3	-	-
Fidelity Information Svc.	1,800	4	-	-
Nielson Media Research	1,800	5	3,650	1
Jabil Circuit, Inc.	1,600	6	-	-
Tech Data Corp.	1,500	7	1,800	9
Honeywell Aerospace	1,500	8	-	-
ThinkDirect Marketing Group	1,000	9	-	-
Ceridian Benefit Services	1,000	10	-	-
Times Publishing Corp.	-	-	3,187	2
Morton Plant Hospital	-	-	2,448	4
Raytheon	-	-	2,200	5
All Childrens Health Systems	-	-	2,000	6
Bayfront Medical Center, Inc.	-	-	2,000	7
Progress Energy, Florida	-	-	1,950	8
TOTAL	18,500		23,685	

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

Source: Pinellas County Economic Development Department.

City of Tarpon Springs, Florida

Schedule 17

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
General government	34.10	33.10	29.40	30.40	29.80	28.80	29.80	29.80	29.80	31.10
Public safety	112.00	114.00	109.00	109.00	107.00	105.00	106.00	106.00	106.00	111.00
Physical environment	16.00	16.00	16.00	15.00	15.20	15.20	14.20	13.20	12.45	11.65
Transportation	12.10	12.10	11.10	11.10	10.30	10.30	9.30	9.30	8.40	8.40
Economic Environment	1.00	1.00	2.20	2.20	2.20	2.20	2.20	2.85	2.85	2.85
Culture/recreation	47.00	46.00	42.00	38.00	38.00	37.00	37.00	36.45	38.40	36.65
Water/Sewer	61.00	61.00	61.50	61.50	58.55	58.55	59.55	59.55	60.27	73.07
Sanitation	4.30	4.30	4.30	6.30	7.60	7.60	7.60	7.60	8.40	7.40
Stormwater	7.45	7.45	7.45	7.45	7.25	8.25	8.25	8.25	8.43	7.93
Golf Course	6.00	6.00	6.00	5.00	4.00	4.00	4.00	4.00	5.00	5.00
Marina	0.05	0.05	0.05	0.05	0.10	0.10	0.10	1.00	1.00	1.20
Total	301.00	301.00	289.00	286.00	280.00	277.00	278.00	278.00	281.00	296.25

Source: City Budget documents.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
Public safety										
Police										
Arrests	1,317	1,341	1,100	1,424	990	942	1,007	1,008	1,008	1,048
Parking violations	629	340	286	424	553	227	623	341	217	125
Citations	3,865	3,243	2,366	4,919	3,635	3,004	3,184	2,570	1,981	1,852
Fire/EMS										
Fire calls	76	69	60	64	65	71	55	45	68	77
EMS calls	3,029	2,708	2,031	1,965	2,766	2,672	3,291	3,377	3,518	3,852
False alarms	209	169	127	148	185	151	141	195	199	223
Culture/recreation										
Community center attendance	16,210	13,625	15,246	14,395	14,316	12,767	13,607	13,211	13,695	25,881
Leagues	8	8	8	10	10	11	13	12	9	7
Library-circulation	235,570	254,854	288,481	286,672	290,703	303,567	287,679	287,558	287,797	264,140
Library-materials	109,561	122,064	130,230	119,160	106,762	110,582	101,285	100,734	92,341	99,715
Water/Sewer										
Water										
Average daily consumption (thousands of gallons)	3,067	2,913	2,830	2,609	2,644	2,679	2,707	2,602	2,513	2,525
Sewer										
Annual average daily flow (thousands of gallons)	1,991	2,083	1,950	1,932	1,874	2,115	2,030	1,870	1,950	2,140
Golf Course										
Rounds of golf played	66,563	62,011	60,004	55,136	55,104	56,984	58,535 *	40,320	48,091	47,194

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

Source: City Departments

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	92.4	92.8	92.8	92.8	92.8	93.0	93.0	95.5	95.5	96.6
Streets unpaved	1.2	1.2	1.2	1.2	1.2	1.0	1.0	1.0	1.0	1.0
Culture/recreation										
Parks acreage	430.39	430.39	430.39	430.39	430.39	430.39	431.39	435.56	435.56	435.56
Playgrounds	15	15	16	16	18	18	18	18	18	19
Baseball/softball fields	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Recreation centers	3	3	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water/Sewer										
Water mains/miles	160	160	160	160	160	160	160	160	146	157
Sanitary sewer mains/miles	72.0	72.0	72.0	72.0	72.0	84.0	84.0	84.0	88.8	93.7
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

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REPORTS OF INDEPENDENT AUDITORS



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tarpon Springs, Florida (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statement, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2017.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Pursuant to the provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the City in a separate management letter and Independent Accountant's Report dated March 13, 2017.

Purpose of this Report

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

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
March 13, 2017



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on Financial Statements

We have audited the financial statements of the City of Tarpon Springs, Florida (the "City") as of and for the year ended September 30, 2016, and have issued our report thereon dated March 13, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Other Reporting Requirements

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 13, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address findings and recommendations in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific 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.

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

Financial Condition (Continued)

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same. The assessment was prepared as of fiscal year end.

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we noted certain matters, as reported in Appendix A attached hereto. Included in our observations are management's responses, which we did not audit and, accordingly, we express no opinion on them.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In conjunction with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the City Commission members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
March 13, 2017



**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Tarpon Springs, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
March 13, 2017

APPENDIX A
CITY OF TARPON SPRINGS, FLORIDA
Current Year Observations, Recommendations and Management Responses
For the Year Ended September 30, 2016

MLO 2016-001 – 457 Deferred Compensation Plan

Observation:

During our testing of payroll-related expenses, it was noted that the City was excluding firefighter elective contributions to a 457 deferred compensation plan from FICA taxes.

Criteria:

The Internal Revenue Code states that contributions to a 457 deferred compensation plan are subject to FICA taxes.

Recommendation:

We recommend that the City consult with an attorney and review plan documents to determine when employee contributions to a 457 deferred compensation plan are subject to FICA taxes and also to make the necessary adjustments in the payroll system.

Management Response:

We concur with the recommendation, we adjusted the payroll system on February 21, 2017 so that firefighter contributions to the 457 deferred compensation plan are subject to FICA taxes.

