

COMPREHENSIVE
**ANNUAL
FINANCIAL
REPORT**

for the fiscal year ended
September 30, 2019



CITY OF
LARGO

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED 9/30/2019



CITY COMMISSION

Dr. Woody Brown
Mayor

John Carroll
Vice Mayor

Michael Smith

Samantha Fenger

Donna Holck

Curtis Holmes

James Robinson

CITY ADMINISTRATION

Henry P. Schubert
City Manager

Margaret Paluch
Assistant City Manager

Alan S. Zimmet
City Attorney

Diane Bruner, CMC
City Clerk

Kimball R. Adams, CPA
Finance Director

Rebecca Spuhler
Assistant Finance Director



Comprehensive Annual Financial Report

for the Fiscal Year Ended September 30, 2019

TABLE OF CONTENTS



INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	v
Distinguished Budget Presentation Award	vi
List of Principal Officials	vii
Organizational Chart	viii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis Report	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	34
Statement of Activities	35
Fund Financial Statements	
Balance Sheet-Governmental Funds	36
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	38
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	39
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Major Funds	
General Fund	42
Local Option Sales Tax Fund	43
SHIP Fund	44
HOME Fund	45
CDBG Fund	46
Statement of Net Position-Proprietary Funds	47
Statement of Revenues, Expenditures and Changes in Fund Net Position-Proprietary Funds	48
Statement of Cash Flows-Proprietary Funds	49
Statement of Fiduciary Net Position	50
Statement of Changes in Fiduciary Net Position-Fiduciary Funds	51

Comprehensive Annual Financial Report

for the Fiscal Year Ended September 30, 2019

TABLE OF CONTENTS



Notes to Financial Statements Index	52
Notes to Financial Statements	53
Notes to Financial Statements -Police Officers and Firefighters Pension Plan	84
Required Supplementary Information – Post Employment Benefit Plan	101
Community Redevelopment Agency	
Balance Sheet	105
Statement of Revenues, Expenditures and Changes in Fund Balance	106
Combining and Other Supplementary Information Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	107
Combining and Individual Fund Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	111
Combining Balance Sheet – Nonmajor Special Revenue Funds	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Special Revenue Funds	114
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Nonmajor Special Revenue Funds	
County Gas Tax Fund	116
Transportation Impact Fee Fund	117
Multimodal Impact Fee Fund	118
Construction Services Fund	119
Stormwater Fund	120
Downtown Tax Incremental Financing Fund	121
PCH Fund	122
Program Special Revenue Fund	123
Tree Fund	124
Parkland Dedication Fund	125
Neighborhood Stabilization Program 2 Fund	126
Combining Balance Sheet – Nonmajor Capital Project Funds	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Capital Project Funds	127
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Nonmajor Capital Project Funds	128
Transportation Capital Projects	129

Comprehensive Annual Financial Report

for the Fiscal Year Ended September 30, 2019

TABLE OF CONTENTS



Combining Statement of Net Assets–Internal Service Funds	131
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets– Internal Service Funds	132
Combining Statement of Cash Flows – Internal Service Funds	133
Supplemental Information to Financial Statements	
Notes to Schedule of Revenue and Expenditures and Changes in Reserves– Largo, Belleair Bluffs and High Point Fire Districts and Emergency Medical Services	134
Schedule of Revenue and Expenditures and Changes in Reserves– Largo Fire and Emergency Medical Services	135
Belleair Bluffs Fire and Emergency Medical Services	136
High Point Fire and Emergency Medical Services	137
STATISTICAL SECTION	138
Net Assets by Component, Last Ten Fiscal Years	140
Changes in Net Assets, Last Ten Fiscal Years	141
Governmental Activities Tax Revenue by Source, Last Ten Fiscal Years	143
Fund Balances of Governmental Funds, Last Ten Fiscal Years	144
Changes in Fund Balances of Governmental Funds, Last Ten Fiscal Years	145
General Governmental Tax Revenues by Source, Last Ten Fiscal Years	146
Wastewater Charges, Last Ten Fiscal Years	147
Assessed Value, Taxable Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	148
Property Tax Rates Direct and Overlapping Governments, Last Ten Fiscal Years	149
Principal Property Taxpayers, September 30, 2019	150
Property Tax Levies and Collections, Last Ten Fiscal Years	151
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	152
Direct and Overlapping Governmental Activities Debt, as of September 30, 2019	153
Legal Debt Margin Information, Last Ten Fiscal Years	154
Pledged-Revenue Coverage, Last Ten Fiscal Years	155
Demographic and Economic Statistics, Last Ten Fiscal Years	156
Principal Employers, Current Year and Ten Years Ago	157
Full-time Equivalent City Governmental Employees by Function, Last Ten Fiscal Years	158
Operating Indicators by Function, Last Ten Fiscal Years	159
Capital Asset Statistics by Function, Last Ten Fiscal Years	160
Major Revenue Sources	161
General Information	164
Community Profile	165
Financial Management Policies	166

Comprehensive Annual Financial Report

for the Fiscal Year Ended September 30, 2019

TABLE OF CONTENTS



COMPLIANCE SECTION

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	168
Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Awards Program and State Financial Assistance Project on Internal Control over Compliance in Accordance with OMB Circular A - 133	170
Schedule of Expenditures of Federal Awards and State Financial Assistance	172
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	173
Schedule of Findings and Questioned Costs-Federal Awards Programs and State Projects	176
Management Letter	177
Independent Accountant's Report in Accordance with Secion 218.415, Florida Statutes, Local Government Investment Policies	178
Affidavit, F.S. Section 163.31801, Impact Fees	181

INTRODUCTORY SECTION



PO Box 296
Largo, FL 33779
Largo.com

March 31, 2020

Letter of Transmittal

Honorable Mayor and City Commissioners, City Manager and Citizens of the City of Largo, Florida

INTRODUCTION

The Finance Department respectfully transmits the City's FY19 Comprehensive Annual Financial Report (CAFR), which reflects a slightly better financial condition in many funds than at the end of last year.

Preparation of the City's CAFR fulfills the annual financial reporting requirements for several stakeholder groups:

- The Mayor and City Commissioners, who are primarily responsible for maintaining the City's financial integrity
- Federal and State regulatory agencies, grant providers, the financial industry and creditors, who need to verify whether the City was in compliance with grant restrictions, debt covenants, contractual provisions and statutory requirements
- Largo's citizens and businesses, who are the City's most important stakeholders.

Two documents are provided in the CAFR to assist all interested parties with interpreting the City's financial statements and assess the City's financial condition, including:

- **Letter of Transmittal** – This letter introduces the CAFR, presents general information about the City and highlights certain information that is not discussed elsewhere in the CAFR.
- **Management's Discussion and Analysis (MD&A)** – The MD&A is located after the Independent Auditors' Report and provides an overview of financial reporting principles and practices used by the City. The MD&A also provides commentary and analysis of major components of the City's financial condition, financial position at year end and results of operations for the year.

CITY OF LARGO PROFILE

The City of Largo, Florida is an independent reporting entity, as defined by the Governmental Accounting Standards Board (GASB). Please visit **Largo.com** for more information about the City and for links to other sites within the Tampa Bay area.

Largo is located in Pinellas County on Florida's central Gulf Coast, which is the most densely populated county in Florida. Largo provides a full range of municipal services, including police and fire protection, wastewater collection and treatment, solid waste collection, community planning, street repair and maintenance, stormwater repair and maintenance, recreation, parks, arts and library services. Pinellas County provides Largo citizens and businesses potable water, solid waste disposal and jail/court services.

Largo was incorporated in 1905 with 291 residents and an area of 1 square mile and has grown to approximately 83,000 residents and 19 square miles and is the third largest city in Pinellas County. The City also serves over 30,000 unincorporated county residents with services, including: fire protection, EMS, wastewater, library, recreation, parks and arts, the cost of which is partially funded by the County.

In 1913, Largo became the first town in Florida and the second town in the nation to adopt the Commission/Manager form of government. Largo's Mayor and six City Commissioners (the City Commission) are elected at large and serve staggered four-year terms. The City Commission establishes policies, hires the City Manager and approves certain appointments. The City Manager implements the City Commission's policies and manages daily operations through an executive management staff.

INDEPENDENT AUDIT AND AUDIT COMMITTEE

State Statutes and the City Charter require an annual audit to be conducted by independent Certified Public Accountants selected by the City Commission. This requirement was fulfilled and the City's financial statements have received an unmodified opinion from the auditors, Carr Riggs and Ingram, LLC, which is the highest opinion that can be received. The Independent Auditors' Report (opinion) enhances the reliability of the City's financial statements within certain limitations, as outlined in the opinion letter.

The City Commission appoints an Audit Committee that provides a formal mechanism to discuss audit-related matters. The Audit Committee monitors the audit through meetings with the auditors, which enhances the auditors' independence and objectivity. Audit Committee members are, Mayor Woody Brown, Chairperson and City Commissioners Curtis Holmes and James Robinson. The Audit Committee was supported by the Budget Manager, William Payne, and an independent financial expert, John Houser, CPA, of Wells, Houser and Schatzel, PA.

MANAGEMENT'S FINANCIAL REPORTING RESPONSIBILITY

The City Administration (management) is responsible for the accuracy, completeness and fairness of presentation of all information included in this CAFR. Internal accounting and administrative controls have been implemented to capture and record all financial information so that the City's financial statements can be prepared in accordance with generally accepted accounting principles (GAAP).

The cost of a control should not exceed the benefit to be derived; therefore, the City's internal controls have been developed with the objective to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Management believes the information presented in this CAFR is accurate and complete in all material respects and fairly presents the City's financial position and results of operations for FY19 and as of year-end.

FINANCIAL MANAGEMENT POLICIES

The City Commission has adopted policies to guide the City's financial activities, which are included in the Statistical Section of the CAFR. Financial policies cover the following areas:

- Operating Budget
- Fund Balance & Reserves
- Accounting, Auditing & Financial Reporting
- Revenues
- Debt
- Long-term Planning & Capital Improvements
- Purchasing
- Investments
- Capital Improvements Element

BUDGETARY & INTERNAL ACCOUNTING CONTROLS

The City's annual budget is an integral part of the financial accounting system. The City Manager proposes an annual operating budget to the City Commission. The City Commission must adopt an operating budget in accordance with procedures established by the City Charter and the State of Florida.

Primary budget preparation and monitoring responsibility is assigned at the department level. Each department designates program managers who authorize purchases and payments and evaluate budget performance throughout the year. Encumbrances are recorded for all significant purchases at the time a commitment is made. Line item reports are accessible to all managers that include: amounts budgeted, expenditures to date, encumbrances, remaining budget balances and prior year activity for comparison.

The Finance Department monitors financial activity on an ongoing basis. Monthly financial reports are prepared for all departments and periodic reports summarizing a majority of the City's financial activities are prepared for the City Commission. City-wide financial activity is also periodically reviewed at meetings with the City Manager, Assistant City Manager, Office of Performance and Budget Manager, Finance Director, Assistant Finance Director and Treasury Manager.

LONG-TERM FINANCIAL PLANNING

The City prepares a five-year Long-term Financial Plan (LTFP) and Capital Improvements Program (CIP) for all Funds, which projects the City's major revenues, operating expenditures, fund balance and capital projects over a rolling five-year period. The LTFP/CIP provides information to assess the City's long-term financial condition in comparison to the short-term focus of the annual operating budget and CAFR.

The City Manager proposes an LTFP/CIP to the City Commission annually and the City Commission must adopt a CIP in accordance with requirements of the City Charter and the State of Florida. The LTFP/CIP is an integral part of the City's financial management system, but does not appropriate funds. Projections are updated and the first year's projects are incorporated into the next operating budget.

The City of Largo is projected to remain in good financial condition over the next several years, due to the establishment and implementation of responsible fiscal policies. Actual and projected millage rates and unassigned fund balances in the General Fund are:

	Actual		Projected (FY20 millage rate is actual)				
General Fund	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Millage rate (10 mill maximum)	5.7413	5.7413	5.62	TBD	TBD	TBD	TBD
Property Tax Revenue Increase	13%	5%	4%	5%	5%	5%	5%
Ending unassigned fund balance as a % of the following year's expenditure budget	12%	20%	21%	20%	20%	21%	22%

The City's current utility rates are competitive with similar and surrounding communities. A stormwater rate study is ongoing and recommendations are expected to be presented to the City Commission in FY20.

Currently projected utility rate and golf fee increases are:

Projected Increases	FY20	FY21	FY22	FY23	FY24
Stormwater (drainage)	-	25%	-	25%	-
Wastewater (sewage)	25%	-	-	-	-
Reclaimed Water (sewage effluent)	-	-	-	-	-
Solid Waste Collection (garbage)	-	-	15%	-	-
Golf (subject to market constraints)	-	-	-	-	-

Conditions that will enable the City to maintain a positive financial condition, include:

- Adequate reserves in most funds
- No general obligation debt
- All revenue-pledged debt is within conservative guidelines
- Sufficient provisions have been made for infrastructure repairs, maintenance and replacement
- A relatively diversified revenue structure provides stability

Conditions that could challenge the City's future financial condition, include:

- The Covid - 19 Coronavirus's affect on the economy
- Previous expenditure cuts have reduced operating flexibility
- Public safety pension costs
- Health care costs increases
- Low or no growth in several major revenues
- Existing and proposed property tax exemptions and 'Save Our Homes' portability
- The Governor and state legislature have expressed a strong desire for smaller local government and lower local taxes by introducing legislation that erodes the City's Home Rule Authority

AWARDS FOR FINANCIAL REPORTING & BUDGET PRESENTATION

The City participates in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program, which recognizes conformance with the highest standards for preparation of state and local government financial reports. To receive a Certificate of Achievement, a government must publish a CAFR that is easily readable, efficiently organized and conforms to rigorous program standards. The CAFR must also promote consistency, full disclosure and uniformity and must meet all GAAP and legal requirements.

The City received the Certificate for the FY18 CAFR. A Certificate of Achievement is valid for only one year and the FY19 CAFR will be submitted to the Program.

The City also participates in the GFOA's Distinguished Budget Presentation Award Program. In order to receive this award, a government must publish a budget that meets Program criteria as a policy document, as an operations guide, and as a communication medium. The City received the award for the FY 2019 Budget and believes the FY 2020 Budget will meet all Award Program requirements.

ACKNOWLEDGMENTS

The largest contributing factor to Largo's sound financial condition is the steadfast commitment of Largo's elected officials to maintaining the City's financial integrity. The City Commission has established prudent fiscal policies and has worked hard to ensure those policies were implemented. With their continued leadership, the City can look forward to a secure financial future.

Preparation of the CAFR was made possible by the dedicated efforts of everyone in the Finance Department.

Appreciation is expressed to Jared Meyer who prepared all Statistical Schedules and assisted with preparation of the Notes to the Financial Statements. Mr. Meyer also performed numerous quality control reviews, which greatly improved the CAFR's accuracy and completeness. Denise Fournier is commended for coordinating capital assets reconciliations and for providing analytical assistance in several other areas.

Brandon Bevan, Brianne Heaton, Lisa Pasch and Diane DeBiase deserve special recognition for conducting the utility funds closing activities and assisting the auditors with testing. Brandon Bevan and Jolanta Data are commended for their efforts in preparing several of the utility funds' financial statements and assisting in preparation of the Notes to the Financial Statements.

Jolanta Data and Sharon O'Neil are commended for their extensive account analysis and preparation of year-end journal entries. Appreciation is also expressed to Patricia Stopa, Tabitha Vongsackda, Noelle Sansom and Barbara SanSouci who were responsible for coordinating the accurate recording of all cash transactions, year-end accounts payable, encumbrances, payroll accruals and other items.

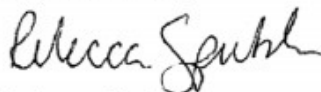
The Director expresses special appreciation to Assistant Finance Director, Rebecca Spuhler, for coordinating all year-end closing activities, managing the audit process and preparing most of the CAFR. Miss Spuhler's efforts resulted in the efficient and timely completion of all audit related activities, in addition to ensuring that all accounting information was accurately recorded during the year.

Appreciation is also expressed to IT Director Harold Schomaker who assisted the auditors with their IT systems evaluation, which was an integral part of the annual audit. Kate Oyer, Communications and Engagement Director, is commended for her professionalism in developing the CAFR's attractive cover design and for contributing the photographs displayed throughout the CAFR.

Other City Departments, although not as extensively involved in year-end audit activities, contributed significantly to the success of the audit process by ensuring the accuracy of accounting information recorded throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Every department's efforts are greatly appreciated.

Last, but not least, appreciation is expressed to the City's auditors, Carr Riggs and Ingram, LLC, for their professionalism in conducting the audit. CRI contributed valuable reporting suggestions that made the CAFR better than it would have been otherwise, in addition to adding credibility to the contents therein.

Respectfully submitted,
CITY OF LARGO



Rebecca Spuhler
Assistant Finance Director



Kimball R. Adams, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Largo
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Largo

Florida

For the Fiscal Year Beginning

October 1, 2018

Christopher P. Morill

Executive Director

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**CITY OF LARGO, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2019**

City Commission

Dr. Woody Brown, Mayor
John Carroll, Vice Mayor
Samantha Fenger
Donna Holck
Curtis Holmes
James Robinson
Michael Smith

City Manager

Henry P. Schubert

Assistant City Manager

Margaret Paluch

City Attorney

Alan S. Zimmet

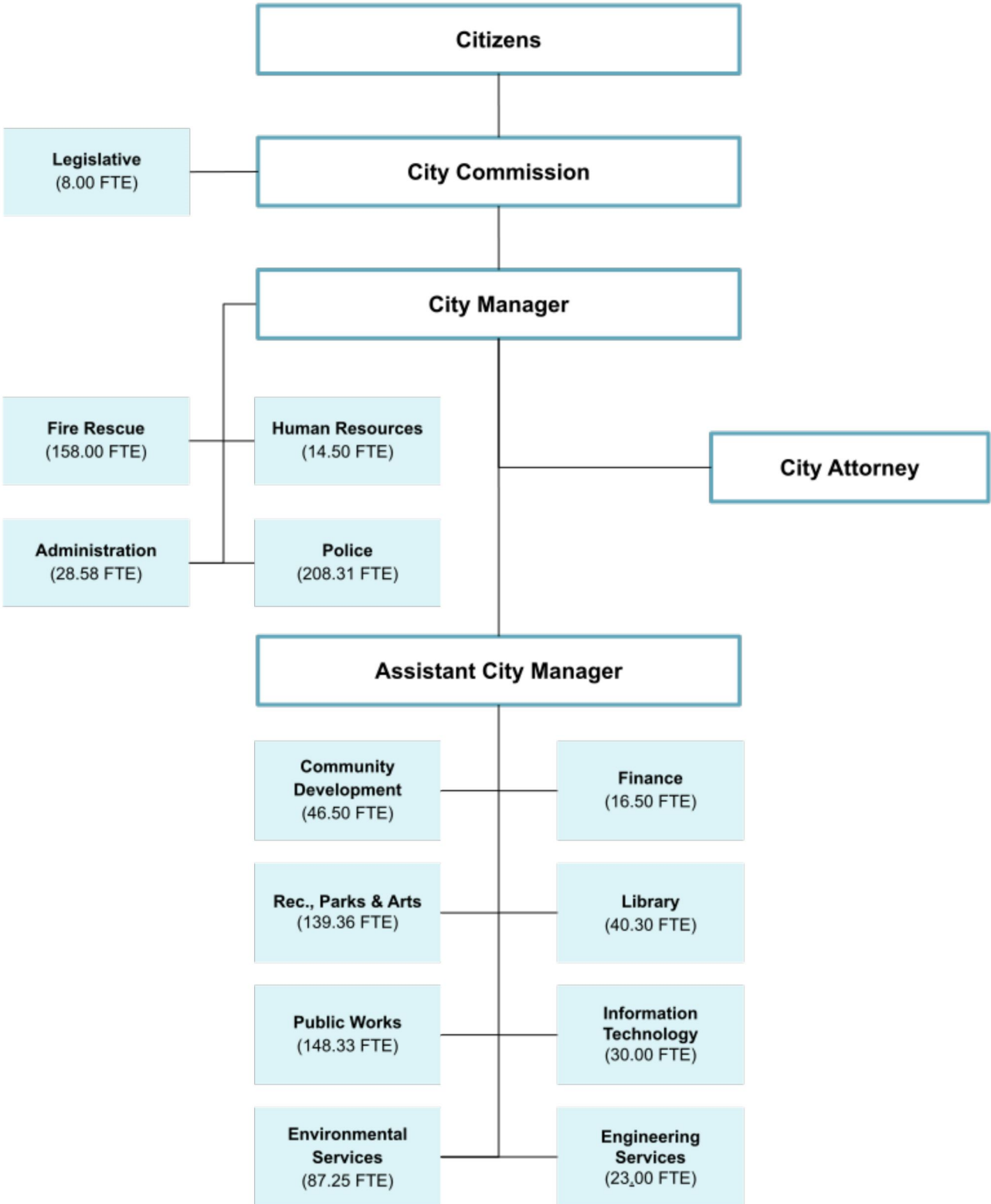
City Clerk

Diane L. Bruner

Executive Leadership Team

Community Development Director, Carol L. Stricklin
Communications & Engagement Director, Kate Oyer
Engineering Services Director, Jerald Woloszynski
Environmental Services Director, Irvin Kety
Finance Director, Kimball Adams
Fire Chief, Chad Pittman
Human Resources Director, Susan K. Sinz
Information Technology Director, Harold A. Schomaker, Jr.
Library Director, Casey B. McPhee
Performance & Budget Director, Meridy M. Semones
Police Chief, Jeffery K. Undestad
Public Works Director, Matthew York
Recreation, Parks & Arts Director, Joan M. Byrne

CITY OF LARGO
(949.13 FTE)



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Commission, and City Management

City of Largo, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Largo, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of the Largo Redevelopment Agency as of and for the year ended September 30, 2019.

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.

Auditors' 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 from 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 entity'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 entity'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 of Largo, Florida, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Local Option Sales Tax Fund, SHIP Fund, HOME Fund and CDBG Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements present fairly, in all material respects, the financial position of the Largo Community Redevelopment Agency as of September 30, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Correction of Prior Period

As described in Note V. E. to the financial statements; business-type activities – net position, beginning of year and wastewater utility fund – net position, beginning of year were restated in the amount of \$1,246,266 due to a correction of the prior period. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Other Information

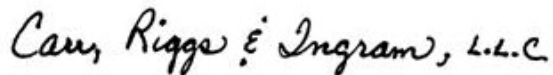
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and Largo's Redevelopment Agency. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance and related notes is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 nonmajor fund financial statements, schedules and schedule of expenditure of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we 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 31, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive, slightly slanted script.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

March 31, 2020

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FINANCIAL SECTION

City of Largo, Florida

Management's Discussion and Analysis

September 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) INTRODUCTION

Thank you for your interest in the City of Largo. This MD&A summarizes key financial information in the City's Comprehensive Annual Financial Report (CAFR).

The MD&A is written for non-technical readers who just want to know, *"How's the City doing financially?"*

Traffic lights are inserted occasionally to indicate more positive items (green), items of concern to watch (yellow) and warnings (red). As discussed throughout the MD&A, the City is doing relatively well, compared to all years since the Great Recession.

While there are no red lights this year, there are a few yellow lights indicating areas where the City's financial condition could be improved.



COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) OVERVIEW

The CAFR was prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as established by the Governmental Accounting Standards Board (GASB).

Graph #1 presents the CAFR's four main sections:

- *Introductory:* Includes the Transmittal Letter and other general information about the City.
- *Financial:* This section contains financial statements, notes and this MD&A (*which is easy to read*).
- *Statistical:* Don't let the title scare you; this section contains interesting and easy to read information.
- *Compliance:* Includes compliance information on grants, loans and legal requirements.

Graph #2 presents the contents of the CAFR's Financial Section, which includes this MD&A report.



City of Largo, Florida

Management's Discussion and Analysis

September 30, 2019

FINANCIAL OVERVIEW *(Items below are discussed in greater detail later in the MD&A.)*



Fund Balances & Net Position – *The accumulation of financial resources for the future.*

Fund balance and net position represent a financial capacity to respond to unexpected events, such as recessions and disasters or to seize opportunities. The General Fund's unassigned fund balance increased to the highest level in nine years, due mostly to economic improvement, spending restraint and a property tax increase. Fund balances and net positions in other funds were up, as well.



Debt – *The impacts of borrowing.*

The City borrows infrequently, repays debt quickly and only borrows for major non-recurring capital items, which is the cornerstone of the City's financial condition. All general government debt is serviced by a local option sales tax and will be retired next year. The Wastewater Fund is the only other fund with long-term debt, which is serviced by wastewater fees. Wastewater debt increased, due to continued construction of three major capital projects, but remains reasonable and affordable.



The Police and Fire Pension Plan's unfunded liability continues to create a negative unrestricted net position in Governmental Activities (deficit) and almost doubles the City's required annual contribution. On a positive note, the unfunded liability decreased to \$37 million from \$41 million, due to positive investment results.



Operating Results – *The degree to which revenue and expenditures/expenses met expectations.*

Several major revenues were over-budget as the result of an improving economy. Some revenues continued to grow slowly or not at all, due partly to shifts in taxpayers' behaviors. All departments expenditures were under-budget by relatively normal amounts.



Trends – *The degree to which financial conditions are changing or are projected to change.*

Several revenues have been growing slightly or not at all over the past several years, which is similar to most other local governments in Florida. This trend will likely continue, due to permanent changes in customer/taxpayer behavior. This trend reduces revenue diversification and places more reliance on property taxes, which is the largest controllable revenue for the City.

FINANCIAL HIGHLIGHTS *(Highlights are discussed in greater detail later in the MD&A.)*

Government-wide financial statements (Statement of Net Position and Statement of Activities)

The Government-wide financial statements present a "big-picture" view of the City's financial condition and operations, which communicates operational efficiency. The Government-wide statements do not present any individual fund information; instead, they present highly-aggregated information divided into two "Activities":

- Governmental Activities (GA) (Government services, such as police, fire, library, recreation, etc.)
- Business-type Activities (BTA) (Fee-based services: wastewater, garbage and the golf course).

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

Governmental and Business-type Activities highlights (details are discussed later):

- GA program revenue, which includes non-tax revenue such as user charges and grants, increased to \$36.2 million from \$32.5 million in the prior year, or 11.4%.
- GA program revenue paid 41% of GA expenses (37% last year), which means 59% of GA expenses were paid with GA general revenue (primarily taxes), which is normal. Most GA expenses are paid with general revenue, because charging for most governmental services is impractical.



Total GA Net Position (similar to "equity") was positive; however, the City's unfunded pension liability created a negative Unrestricted Net Position (deficit), which is discussed later in the pension section. Unfunded pension liabilities have caused financial weakness for most state and local governments throughout the nation for many years.

- BTA program revenue (mostly charges for services) increased \$2.9 million (8.3%), due mostly to a solid waste fee increase and higher grant revenue.
- BTA's total net position increased \$721,000, which was lower than the prior year's increase of \$2 million, due to the normal expense increases, only one rate increase and low customer growth.



Question: Is a "high" Net Position (or fund balance) good and a "low" level bad?

Answer: It depends.

All things equal, having a higher fund balance or net position is a good thing if a government is meeting the community's needs. A higher level means a government owns more of its assets, has a larger financial cushion (cash reserves) for unforeseen events and did a better job of living within its means.

Having a "low" or negative fund balance or net position may mean a government has not lived within its means, as reflected by the City's negative unrestricted net position in Governmental Activities created by the unfunded pension liability. The unfunded pension liability indicates that the City has provided services today, but has deferred the payments to the future taxpayers, which is referred to as inter-generational inequity.

Since fund balance and net position are created by unspent (excess) revenue, a government can also have "too much" net position, depending on whether its stakeholders value having a higher net position for use in emergencies and to seize opportunities instead of receiving additional services or paying lower taxes and fees that would reduce excess revenue. In other words, a higher level can be perceived as good or bad.

In a perfect world, net position would be always zero, because there would never be any emergencies or unforeseen opportunities. Until then, determining a "right size" will be partly objective and partly subjective.



The City reported a positive net position relationship for Governmental Activities and Business-type Activities, except for the unfunded pension liability.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

Government-wide long-term debt is relatively low. Keys to responsible long-term borrowing include:

- Long-term debt should not be used to pay for short-term costs
- Financed assets should last at least as long as related debt
- Some debt capacity should be reserved for unexpected needs, and
- Debt payments should be affordable (serviceable), both currently and in the future.



Question: Is having "low" debt a good thing?

Answer: It depends.

On the upside:

- Debt helps allocate the cost of large, long-lived capital assets among present and future users who will benefit from their use.
- Some capital assets are just too expensive to pay for without borrowing, so not borrowing may jeopardize public health and safety and result in higher future costs and other unintended consequences.

On the downside:

- Creates debt payments for future taxpayers and ratepayers
- Reduces future borrowing capacity for emergencies or to seize opportunities
- Reduces flexibility for future stakeholders to spend resources as they see fit.

Major Fund highlights (details are discussed later)

Local government financial reporting focuses on "major funds", as defined by the GASB, which are typically the largest funds that comprise the majority of financial activity. Local governments may maintain dozens and even hundreds of funds, so focusing on each fund could be confusing to readers, as well as unproductive.

Major Governmental Funds (Five Funds)

- The General Fund's total fund balance increased \$5.7 million (33%) from the prior year, primarily because of additional property tax revenue, intergovernmental revenue and service charges.
- Local Option Sales Tax Fund tax revenue was \$435,000 higher than the prior year (5.7%), due to continued improvement in the economy and higher taxable sales.
- Year-end loans receivable in the City's three major housing funds (SHIP, HOME and CDBG) totaled \$11.2 million, which was approximately the same as at the end of the prior year.

Major Enterprise Funds (Two Funds)

- Wastewater rates remained the same and the fund reported operating revenue of 1.6 million.
- Solid Waste (garbage) rates were increased 20%, which was the first increase since 2007.

FINANCIAL STATEMENTS OVERVIEW (*"Primer" on governmental accounting and reporting.*)

This section is required by the GASB to help readers understand governmental financial statements and is essentially a "primer" on governmental accounting. This section also provides an overview of the City's financial reporting structure, but does not present any financial discussion or analysis.

If you already have a basic understanding of governmental financial reporting and the City's financial reporting structure, feel free to skip this entire section.

Local Government Financial Statements - Local governments present two sets of financial statements:

- **Government-wide financial statements** (*"big picture"*)
 - Similar, but not identical, to consolidated financial reporting in the private sector
 - Reports Governmental Activities and Business-type Activities, not individual fund activity
 - Measures the flow of economic resources (long-term focus) using the full-accrual basis of accounting, similar, but not identical, to the private sector
- **Individual fund financial statements** (*"small picture"*, often of the most interest to readers)
 - Governmental funds – Measures the flow of current financial resources (short-term focus), e.g., cash inflows and outflows, using the modified-accrual basis of accounting
 - Proprietary and Fiduciary funds – Measures the flow of economic resources (long-term focus) using the full-accrual basis of accounting, similar, but not identical to the private sector and identical to the Government-wide statements

Fund Accounting – The City uses fund accounting primarily to enhance accountability over public resources and to more easily demonstrate compliance with legal requirements. A fund also helps maintain greater control and over resources dedicated to specific activities.

Each fund maintains a separate, self-balancing set of accounts, which makes each fund a fiscal entity and an accounting entity. Funds are not considered separate standalone reporting entities.

The City reports all three fund types: Governmental, Proprietary and Fiduciary.

- a. Governmental funds (five).** General, Special Revenue, Capital Projects, Debt Service and Permanent funds. The City always reports the first two types and reports the other three, as needed.

Governmental fund financial statements focus on short-term inflows and outflows of financial resources (mostly cash) and on available (spendable) financial resources at year end. This information is useful in evaluating the City's short-term financial position and results of operations.

- i. Major Funds.* The main reporting focus is on Major Funds, which for the City, include: General, Local Option Sales Tax, SHIP, CDBG and HOME. Major Fund financial information is presented individually, while non-major fund information is aggregated into one column in the financial statements. Detailed information on non-major funds is provided in the Combining Financial Statements after the Notes.
- ii. Budgets.* The City adopts an annual budget for all governmental funds. A budgetary comparison statement for major funds or a budget schedule for non-major funds (located after the Notes) is prepared to demonstrate budget compliance.

- b. Proprietary funds.** The City reports both types of proprietary funds:

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

- i. Enterprise funds.* Enterprise funds report the same information as Business-type Activities in the government-wide financial statements, only in greater detail. The City has three enterprise funds: Wastewater, Solid Waste Collection (both are major funds) and the Golf Course.
- ii. Internal Service funds.* Internal service funds are used to pay the costs of providing certain services to other City departments. The City uses internal service funds for vehicle repair and maintenance (Fleet Fund) and for risk management operations (Risk Fund).
 - Both internal service funds are combined into a single column and presented with enterprise funds in the proprietary fund financial statements. Individual internal service fund data is provided in the Combining Financial Statements located after the Notes.
 - Internal service funds are combined with Governmental Activities in the government-wide financial statements, because they predominately serve Governmental Activities.

C. Fiduciary funds. Fiduciary fund financial statements report resources held for the benefit of others, such as pension plan members. Fiduciary fund information is not reported in the government-wide statements, because these resources are not available to fund City services or programs.

As required by GASB, the City presents two sets of financial statements along with supporting information:

- a. Government-wide statements.** Government-wide financial statements (the City as a whole) include two statements, two Activities and reports information using the accrual basis of accounting.
 - i. Statement of Net Position.* Presents information on all City assets and liabilities with the difference being reported as *net position* ("equity"). Net position can not be considered as good or bad without further evaluation. For example, when capital assets are depreciated, net position decreases. As long as service objectives are being met, the decrease in net position is not "bad", because capital assets are intended to be consumed in providing services.
 - ii. Statement of Activities.* Presents information on the changes in net position related to revenues and expenses. Revenues and expenses are reported as soon as an underlying event occurs, regardless of when cash is received or paid.
 - iii. Governmental Activities.* These activities are primarily supported by taxes. The City's GA include: general government (administration, etc.), public safety (fire-rescue & police), culture & recreation (library, recreation, parks & arts), public works and economic development.
 - iv. Business-type Activities.* These activities are primarily supported by charges for services (user fees). The City's BTA include: wastewater services (collection, treatment and disposal), solid waste collection services and an 18-hole executive golf course (par 62).
- b. Individual fund statements.** Financial information is reported for each individual major fund and aggregate non major funds.
- c. Financial statement comparison.** Comparing government-wide statements with fund statements helps readers understand the long-term impacts (government-wide information) of short-term decisions (individual fund information). Since government-wide statements and governmental-wide fund statements are prepared using two different basis of accounting (full-accrual and modified-accrual, respectively), a reconciliation of the reporting differences is provided after each government-wide statement.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

d. Notes to the financial statements (the “notes”). The Notes provide information that is essential to gaining a full understanding of the government-wide and individual fund financial statements.

e. Other Required Supplementary Information (RSI). Other RSI is located after the notes and includes information on pension funding. “Other” means, other than the MD&A, which is also RSI.

f. Combining and individual fund financial statements or schedules – Information is provided for each non-major fund immediately following Other RSI.

GOVERNMENT-WIDE STATEMENTS (*The City as a whole, “big-picture” focus.*)

This section of the MD&A presents information from the government-wide statements (City as a whole).

This section focuses on Governmental Activities and Business-type Activities, not on individual funds.

- **Governmental Activities** includes all governmental funds combined together and adjusted from the modified accrual basis of accounting at the fund level (short-term, financial-flow focus) to the accrual basis of accounting (long-term, economic-flow focus).
- **Business-type Activities** includes all enterprise funds combined together using the accrual basis of accounting at the fund level and also at the government-wide level.

Comparative Summary – Statement of Net Position. The statement on the next page presents the City's assets, deferred outflows, liabilities, deferred inflows and net position (similar to “equity”).

Note - The statement flows downward to arrive at net position, unlike a balance sheet that combines assets and deferred outflows, which would “balance” with liabilities, deferred inflows and net position.

The largest change in Business-type Activities was in capital assets, due to new construction. Most capital asset additions were paid for internally, which explains the increase in net position invested in capital assets and the decrease in unrestricted net position, which was used to build the capital assets.

A large portion of BTA capital asset additions will be financed retroactively through an approved low-interest state loan. The loan's approval was significantly delayed, due to unexpected changes in the agreement, which required protracted negotiations; therefore, costs were temporarily funded with Wastewater resources. Capital assets and related debt are discussed in more detail later in the MD&A.

The largest change in Governmental Activities was in long-term liabilities, due to regular debt payments being made and no new debt issuance. The large net position increase was due to positive revenue experience and low expense growth.

Total Net Position was relatively the same as last year for both Activities. The majority of both Activities' Net Position is invested in capital assets; therefore, the majority of Net Position cannot be spent.



The GA Unrestricted Net Position reported a negative balance (deficit) in both years, due to recording of the City's unfunded net pension liability.

Some good news: the unfunded net pension liability declined from the prior year, due to positive investment experience, so the Unrestricted Net Position deficit is lower than in the prior year.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

Comparative Summary						
Government-wide Statement of Net Position (\$ in thousands)						
	Governmental Activities		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
Assets						
Current	\$ 81,255	\$ 74,264	\$ 54,714	\$ 58,115	\$ 135,970	\$ 132,379
Capital (net)	141,103	139,617	168,806	154,348	309,909	293,965
Total assets (a)	222,358	213,881	223,521	212,464	445,879	426,345
Deferred Outflows (b)	13,062	17,311	13	-	13,074	17,311
Liabilities:						
Current	16,795	12,616	10,954	6,048	27,749	18,665
Non-current	48,509	60,403	79,217	78,596	127,726	138,999
Total liabilities (c)	65,304	73,019	90,171	84,644	155,475	157,663
Deferred Inflows (d)	7,331	6,404	-	-	7,331	6,404
Net Position:						
Invested in cap. assets	139,175	134,422	88,010	78,869	227,185	213,291
Restricted	39,309	36,719	10,388	9,378	49,697	46,096
Unrestricted	(15,700)	(19,373)	34,964	39,574	19,265	20,201
Total NP (a+b-c-d)	\$ 162,784	\$ 151,768	\$ 133,362	\$ 127,820	\$ 296,146	\$ 279,588

Comparative Summary - Statement of Activities. The statement on the next page presents the City's revenues and expenses, which are responsible for the changes in net position in the above statement.

Total Activities (Governmental and Business-type combined together) - Total Activities Revenue (program and general combined) increased almost 10% from FY18, most of which was related to a solid waste rate and property tax revenue increase (the property tax rate was unchanged, and most growth was due to an increase in values) and part of which was related to an increase in grants and wastewater contributions for connecting to the system.

Grant and connection fee revenue is highly dependent on the number of available grants and the amount of competition for grant funding. Other major increases were experienced in Property Taxes, Other Taxes and Transfers. Total Expenses only increased about 1%, which helped Total Net Position to increase for the year along with the positive revenue experience.

The large revenue increase and small expense increase created a larger Change in Net Position than last year (\$16.5 million compared to \$5.3 million), which means fewer resources were used in providing services in FY19.



Total Program Revenue (mostly user charges) exceeded Total General Revenue (mostly taxes) in both years. Many people may be surprised that taxes are not the City's primary revenue source.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

Comparative Summary						
Government-wide Statement of Activities (\$ in thousands)						
	Governmental Activities (GA)		Business-type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
Program revenue:						
Charges for services	\$ 31,080	\$ 28,400	\$ 36,935	\$ 34,825	\$ 68,015	\$ 63,225
Operating grants/contrib.	3,625	2,531	233	60	3,858	2,591
Capital grants/contrib.	1,493	1,521	798	190	2,291	1,711
Total program revenue	36,198	32,452	37,966	35,075	74,164	67,527
General revenue:						
Property taxes	26,055	24,139	-	-	26,055	24,139
Other taxes	27,668	26,395	-	-	27,668	26,395
Shared revenue	8,997	8,736	-	-	8,997	8,736
Special Items (capital asset loss)	(280)	-	(59)	(1,168)	(339)	(1,168)
Other as restated (net of expenses/transfers)	2,688	1,272	1,787	1,200	4,475	2,472
Total general revenue	65,127	60,541	1,728	32	66,855	60,574
Total revenue	101,325	92,993	39,694	35,107	141,019	128,100
Expenses:						
General government	8,937	9,352	-	-	8,937	9,352
Public safety	45,615	44,690	-	-	45,615	44,690
Public works	10,552	10,388	-	-	10,552	10,388
Economic development	6,400	7,362	-	-	6,400	7,362
Culture and recreation	17,482	16,548	-	-	17,482	16,548
Interest and fees	78	160	-	-	78	160
Wastewater	-	-	21,970	21,094	21,970	21,094
Solid waste collection	-	-	12,358	12,149	12,358	12,149
Golf course	-	-	1,070	1,065	1,070	1,065
Total expenses	89,063	88,501	35,398	34,308	124,461	122,809
Change in net position	12,262	4,492	4,296	800	16,558	5,292
Net position - Oct 1 *	150,522	146,030	129,066	127,099	279,588	273,129
Net position - Sept 30 *	\$ 162,784	\$ 150,522	\$ 133,362	\$ 129,066	\$ 296,146	\$ 278,420

* The 2019 beginning Net Position (Oct. 1) and the 2018 Other Revenue and ending Net Position (Sep. 30) were restated to reflect a correction related to 2018. See Note V. E.

Governmental Activities (GA)

GA Program Revenue - The City charges user fees for GA services wherever practical, which means users of GA services help to pay related costs. Even so, most GA services are paid for with taxes, because user charges are impractical or inefficient to assess and collect for many GA services, such as: police, parks maintenance, road maintenance, library and general administration (HR, IT, finance, etc.).

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

- GA program revenues paid 40% of FY19 GA expenses (37% in FY18) and the remainder of GA expenses were paid by General Revenue (mostly taxes).
- Of the \$36 million of program revenue in 2019, 67% came from the following sources: Fire/EMS fees paid by Pinellas County (\$10.2m), Stormwater fees (\$5.4m), Construction Services fees (\$2.8m), Recreation, Parks and Arts fees/grants (\$5.2m) and Library Cooperative fees paid by Pinellas County (\$633,000). This is similar to the 70% reported in 2018.

GA Charges for Services Revenue - This is the largest Program Revenue. As presented below, Total GA Charges for Services increased \$2.7million (about 9%) compared to a 7% increase in FY18.

- Almost all of the General Government increase is related to the administrative service charge to other city funds to cover the cost of providing services, such as: finance (payroll, accounts payable, accounts receivable), purchasing, human resources, information technology, etc.
- The Public Safety increase was mostly due to increased payments from Pinellas County for Fire and EMS services (\$933,000) that was partly related to normal cost increases and mostly related to a negotiated change in the funding agreement. Police off-duty service charges increased \$159,000, due to several large new contracts.
- Most of the Economic Development increase (\$639,000) was due to building permit and inspection fees as construction continued to reflect the positive economy.

Governmental Activities (GA)
Charges for Services (\$ in thousands)

Major Functions	FY19	FY18	Increase (Decrease)	
			\$	%
General Government	\$ 3,762	\$ 3,570	\$ 192	5.4%
Public Safety	12,293	10,756	1,537	14.3%
Public Works	5,686	5,569	117	2.1%
Economic Development	3,906	3,074	832	27.1%
Culture and Recreation	5,432	5,430	2	0.0%
Total	<u>\$ 31,080</u>	<u>\$ 28,400</u>	<u>\$ 2,680</u>	9.4%

GA General Revenue - GA General Revenue is discussed in more detail in the General Fund section, which is where most of it is recorded.

- Total GA General Revenue (mostly taxes) paid approximately 60% of total GA Expense, compared to 63% in FY18.
- Total major GA General Revenue increased 6.1% (7.8% last year), due mostly to property value increases. Continued economic improvement also created higher sales tax revenue.
- Only property taxes can be increased by the City, because other tax rates are set at their maximum or the City does not control the revenue source.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

A summary of Governmental Activities Major General Revenues is below.

GA - Major General Revenue (\$ millions)	FY19	FY18	Increase (Decrease)	
			\$	%
Property Tax	\$ 26.1	\$ 24.1	\$ 1.9	7.9%
Utility and Franchise Tax (mostly electric utility)	15.8	14.8	1.0	7.0%
Local Option Sales Tax ("Penny for Pinellas")	9.2	8.7	0.4	5.1%
Communications Services Tax	2.7	2.9	(0.2)	(7.9)%
State Shared Revenue (mostly sales tax)	9.0	8.7	0.3	3.0%
	<u>\$ 62.7</u>	<u>\$ 59.3</u>	<u>\$ 3.4</u>	5.8%

- The FY19 property tax millage remained the same as FY18 at 5.7413 mills.
- Taxable values increased 7.5%, due mostly to economic improvement and partly to annexations and development. Even with continued improvement, FY19 taxable values remained slightly lower than in FY08, which demonstrates the impact of the Great Recession. A ten-year history of tax assessments, values, millage rates and revenue is in the Statistical Section (Schedule H).
- Local Option Sales Tax and State Shared revenue (mostly state sales tax) increased, because of continued economic improvement (state and local sales tax rates remained the same).
- CST revenue declined, due mostly to industry-wide customer changes, including a shift from cable services toward Internet-based services ("cutting the cord"). Increased competition continued to drive down prices and reducing the tax base. The CST has been declining for years and a continued decline is projected. State data indicate similar declines in most jurisdictions



Of Total 2019 GA revenue, 40% came from property taxes, which is the largest single GA source.

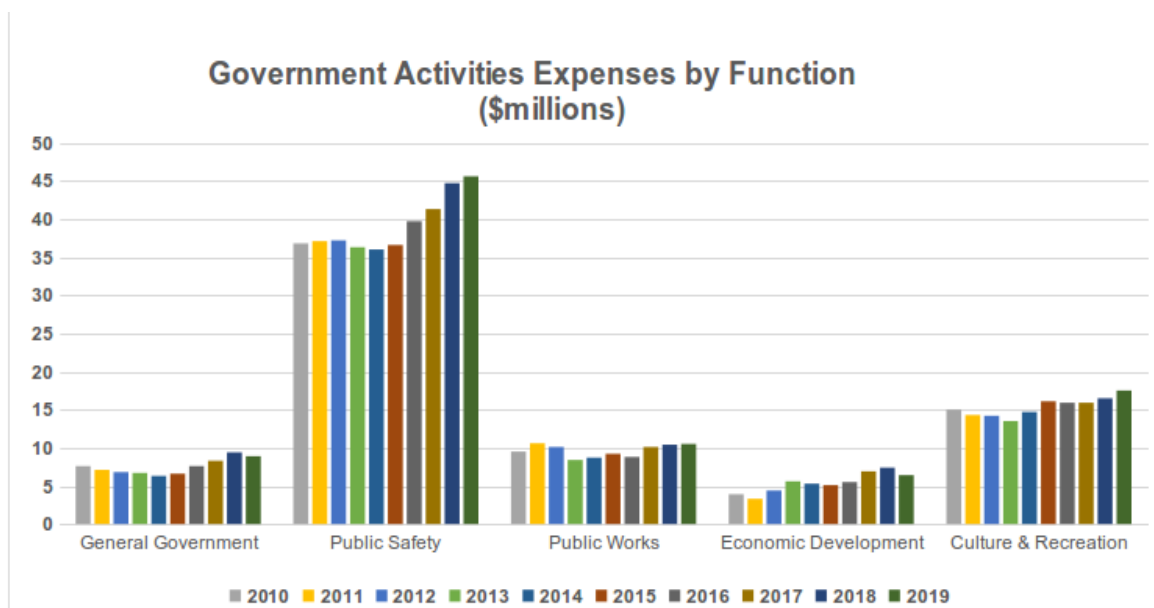
GA Expenses - As presented in the Comparative Summary a few pages above, Total GA Expenses only grew \$513,000 from FY18, which was less than 1%.

The following graph presents GA Expenses by Function for the past ten years, which identifies trends. A "Function" is a grouping of similar activities, i.e., Public Safety includes police and fire rescue activities.

- About half of total GA expenses relate to Public Safety services, which is normal for the City.
- Most of the Public Safety increase is related to pension costs and new personnel added in accordance with the public safety staffing plan.
- All remaining GA Expenses have reflected relatively modest growth over the past ten years.

Most Functions experienced little or no growth over the past ten years, due to budget reductions made during and after the Great Recession. Most increases relate to normal salary and benefit increases, due to inflation, as well as one-time wage compression adjustments necessary to remain competitive in a tight labor market. Part of the recent increases in Public Safety are due to a number of additional police and fire rescue positions added, as identified in the public safety staffing plan and pension cost increases.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019



Governmental Activities (GA) “Net” Expenses - The GASB requires a presentation of Net Expenses in the financial statements. Net Expenses are total expenses minus program revenue, which is mostly charges for services; therefore, Net Expenses must be paid with general revenue, which is mostly taxes.

The table below presents GA Net Expenses, which shows that 60% of GA expenses were paid for with general revenue, which means 40% were paid for with program revenue, mostly charges for services.

Governmental Activities (\$ in millions)				
Function	Total Expense	Program Revenue	Net Expense	
General Government	\$ 8.9	\$ 4.7	\$ 4.3	48%
Public Safety	45.6	14.8	30.8	68%
Public Works	10.6	5.8	4.8	45%
Economic Development	6.4	5.2	1.2	19%
Culture & Recreation	17.5	5.8	11.7	67%
Total	<u>\$ 89.0</u>	<u>\$ 36.2</u>	<u>\$ 52.8</u>	59%

It is normal to pay most GA expenses with General Revenue (mostly taxes), because user charges are impractical to charge and collect, such as police investigations, fire/rescue, and library services. Some GA expenses can be practically recovered through user charges, such as building permitting and inspections.

The Economic Development Function reported the lowest net expense, which is mostly due to program revenue received from construction permits, construction inspections and housing grants.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

The Public Works Function reported the second lowest amount of net expenses, due to collection of stormwater fees, which are established in amounts sufficient to pay all stormwater operating expenses and small capital improvements.

The Public Safety Function (police and fire rescue activities) reported the highest net expenses, which is normal. The vast majority of Public Safety Program Revenue (\$9.2million) is related to Fire/EMS revenues received from Pinellas County for fire services provided to unincorporated areas and for county-wide EMS.

Business-type Activities (BTA) – Enterprise funds comprise all BTA: Wastewater (collection, treatment & reclaimed water), Solid Waste collection (garbage, brush, bulk items & recyclables) and a Golf Course.

Key financial metrics for BTA include (additional information is in the Proprietary Fund statements):

- Charges for services increased 6%, mostly because Solid Waste charges were increased effective Oct. 1 (about \$2 million).
- All other BTA rates were unchanged from the prior year.
- Wastewater and Solid Waste revenues are not growing significantly, because the City is virtually at build-out and re-development growth is insignificant relative to the existing base.
- Wastewater revenue declines 20% if properties are annexed, because the surcharge is removed.
- BTA expenses increased 3%, which reflects normal cost increases, due to inflation.
- All BTA expenses are paid with program revenue (mostly user charges) in most years.
- Wastewater operating income was \$3.5 million higher than the prior year, partly due to additional contributions for wastewater connections and FEMA grant reimbursements totaling \$798,000.
- Golf Course revenue was \$102,000 higher than the prior year (11%), due to mostly to increased play created by additional marketing efforts and closures of other courses in the area.
- The golf industry has experienced an overall decline in play industry-wide for several years for a variety of reasons and future declines are projected, even for "signature" courses.
- Golf Course expenses were \$6,000 lower than the previous year, due to careful management and no unusual expenses.
- Golf Course revenue covered 100% of the course's direct operating expenses and 93% of its depreciation expense, which is a very positive result.
- The Golf Course has not generated sufficient revenue to pay the General Fund administrative charge for many years, which covers indirect expenses, such as: HR, IT, purchasing, finance, etc.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

GOVERNMENTAL FUNDS DISCUSSION & ANALYSIS (*Individual funds, "small-picture" focus*)

Governmental Fund financial reporting (non-enterprise and non-fiduciary funds) provides a "*small-picture*" focus on "*major funds*" (larger funds) by measuring the flow of current financial resources, like cash, using the modified accrual basis of accounting.

The City reported five major funds over the past two fiscal years: General, Local Option Sales Tax, SHIP, HOME, and CDBG. These funds also comprise the majority of total Governmental Activities.

General Fund. The General Fund is the largest fund and also accounts for the majority of Governmental Activities discussed previously. The next several pages highlight the General Fund's financial information.

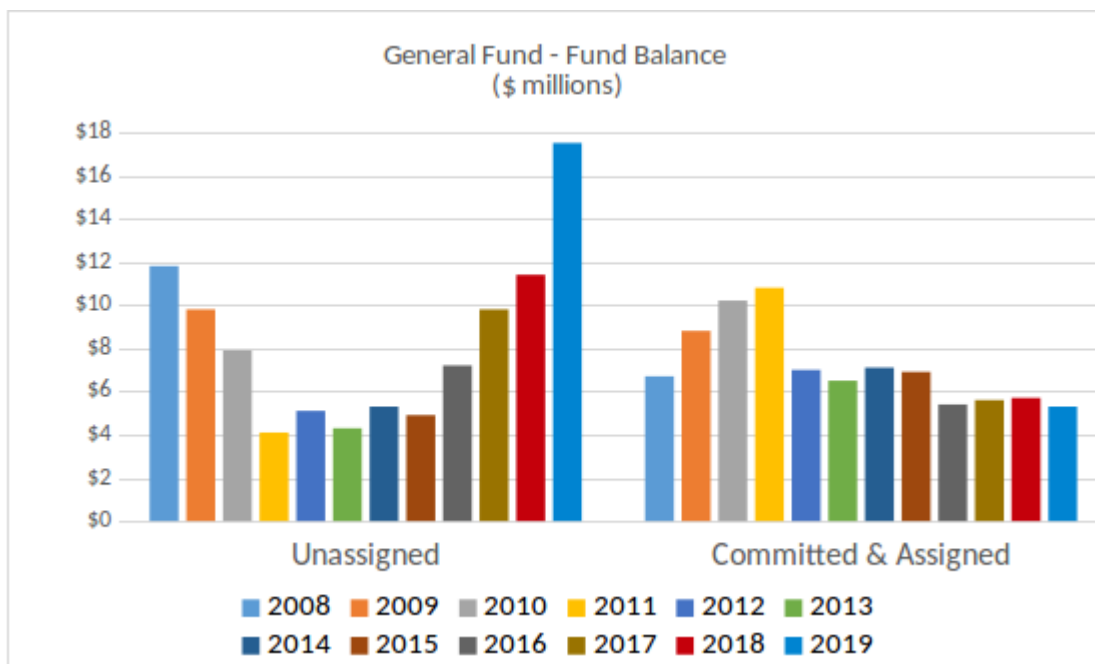
Fund Balance. Fund balance is "left-over" revenue that was not spent in prior years. Fund balance provides fiscal flexibility to deal with unanticipated conditions; therefore, fund balance is an important indicator of a government's financial strength.

The General Fund's fund balance was stronger at year end than it has been in over a decade.

Fund balance is reported in sub-categories prescribed by GASB:

- The unassigned portion is available for appropriation and is often called a "rainy-day" reserve or emergency reserve. This portion can be used to pay unexpected costs or to compensate for unexpected revenue losses, so it provides financial flexibility to address unexpected events.
- Another portion is committed or assigned for certain purposes and is not immediately available to appropriate unless the commitments or assignments are removed, which may not be possible.

The following graph presents the General Fund's major fund balance categories (GASB defined) at year end since FY08, including the Great Recession period for perspective and to reveal trends.



CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

Unassigned Fund Balance. This amount is available for appropriation to compensate for unanticipated revenue shortfalls, expenditure increases or to seize opportunities. The unassigned fund balance declined significantly after FY08, due to the Great Recession and the long recovery, but has increased significantly over the past several years as the economy has gradually improved.

- The FY19 unassigned fund balance increase is an indicator of enhanced financial strength.
- The \$6 million increase was due mostly to property tax growth and electric utility and franchise tax growth related to continued economic improvement, coupled with low expenditure growth, which are discussed in greater detail later.

The FY18 increase was due mostly to property value growth from continued economic improvement, a property tax millage rate increase (5.3705 to 5.7413), electric utility and franchise tax growth related to economic improvement, and low expenditure growth. Much of the FY17 increase was from a \$1 million legal settlement. Most of the FY16 increase was due to slight revenue increases and more budget cuts.



The FY19 unassigned fund balance increase is an extremely positive development, which has increased the City's financial flexibility and financial strength.

Committed & Assigned Fund Balance. A portion of fund balance is always "assigned" (a GASB category) to balance the following year's budget, because estimated revenues are always less than appropriations.

- \$1.3 million was assigned for the FY20 budget and \$1.5 million was assigned for the FY 19 budget, which represented 1.5% and 1.8% of appropriations, respectively. The amount assigned for the next year's budget has decreased since FY11 as budgets were tightened and/or resources grew, which means subsequent budgets have been closer to being balanced with new resources.
- A portion of fund balance is also assigned for outstanding purchase orders (PO's) at year end, which were \$1.6 million in FY19 and \$923,000 in FY18. Outstanding PO's are a claim against the current budget; therefore, part of fund balance must be assigned to liquidate the claims in the following year. If PO's are not fulfilled, unfulfilled amounts are returned to fund balance.
- Approximately \$2 million was also assigned for earned vacation leave in each of the last two years. Earned vacation leave is owed to employees if they were to leave employment and, therefore, is recorded as a liability in proprietary funds and at the government-wide level. Unpaid vacation leave cannot be recorded as a liability in governmental funds; therefore, an assignment reflects the potential impact on fund balance if the unpaid leave was paid-out in the next year.



The most recent amounts assigned for the following years' budgets are lower compared to earlier years and are also below the average under-expenditure of 5%. This means amounts assigned may not be spent, given the typical amount of underexpended amounts (the total underexpended in FY19 was 7%).

Fund Balance Policy. The City Commission adopted a fund balance policy for the General Fund in FY16, which establishes a minimum level and a target (desired) for "Unrestricted" Fund Balance. "Unrestricted" fund balance is defined by the Government Finance Officers Association (GFOA) as a combination of committed, assigned and unassigned fund balances.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

The GFOA's recommended minimum unrestricted fund balance is a generic minimum financial cushion that is equal to roughly two months of budgeted expenditures, or approximately 17% of the budget.

The GFOA does not recommend a maximum level, because each government's characteristics are somewhat unique. Each government is encouraged to establish its own "target" fund balance, based on its own unique characteristics, which include: degree of economic stability, potential exposure to disasters, and desired level of financial flexibility, among other criteria.

Common methods of determining a "target" fund balance are:

- As an absolute dollar amount ("pick a number that feels comfortable", like \$1 million)
- As a percentage of the current year's budgeted revenues or expenditures
- As a percentage of the next year's budgeted revenues or expenditures



Question: How much of an Unrestricted or Unassigned fund balance should the General Fund maintain?

Answer: Determining a "one size fits all" target fund balance is difficult, because each government is different.

Factors that influenced development of the General Fund's fund balance policy, included:

- Revenues are relatively stable, relatively well diversified and some could be raised
- The Property Tax millage rate could be increased, because it is only about half of the legal limit
- Elected officials have demonstrated a willingness to increase revenues when needed
- Many expenditures are variable or semi-variable and could be reduced
- Elected officials have demonstrated a willingness to reduce expenditures when needed
- The General Fund pays no debt service costs and debt could be issued
- The local economy is relatively stable
- The City maintains an average level of risk aversion and maintains adequate insurance

A Theory of Relativity - The following graph presents the General Fund's fund balance since the start of the Great Recession as a percentage of the following year's budget.

A higher percentage indicates more "cushion" to make additional appropriations, if needed. However, most department budgets became "tighter" in later years, due to many years of budget cuts, which reduces the relative flexibility to cut expenditures compared to earlier years.

FY19's total ending fund balance represents an adequate cushion to compensate for normal economic downturns or minor disasters. Any "normal" amounts of fund balance would be unable to compensate for significant economic downturns or major disasters. Florida Statutes set no minimum fund balance level, except that total fund balance cannot be negative.

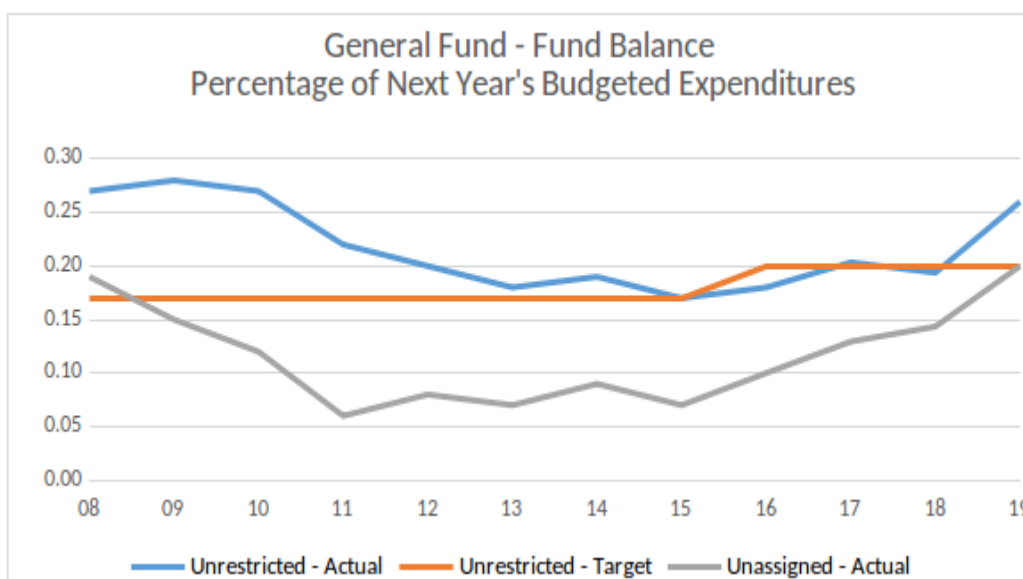
CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019



The unassigned fund balance is at its highest level in 12 years and the unrestricted fund balance is above the Target, which has greatly improved the City's financial flexibility. This is an extremely positive development that has greatly strengthened the City's financial flexibility.



The unrestricted fund balance is not all available to appropriate, because much of it is committed or assigned for other purposes; therefore, the unassigned fund balance is a better measure of an emergency reserve, because it is all available to appropriate.

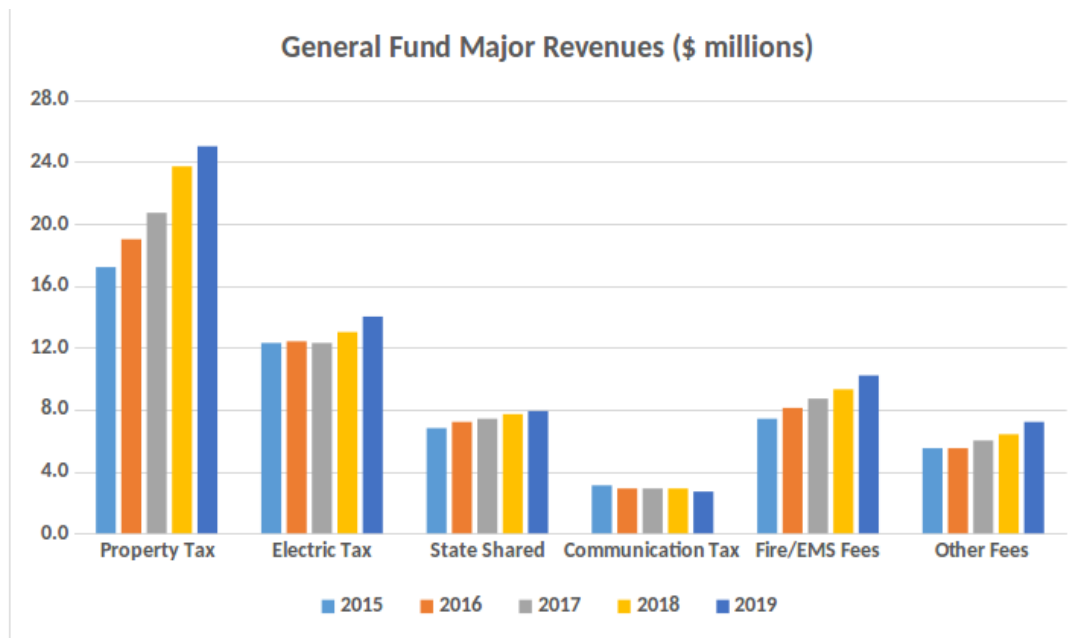
General Fund Revenue. The following graph presents the General Fund's Major Revenues for the past five years. Major revenues typically comprise 80%-85% of total General Fund revenue.

The graph shows increased growth in several major revenue over the past three years, the most of which has been in property taxes.

Major revenue grew \$4.2 million to \$67.2 million, or 7%, mostly due to property tax growth, which is discussed below. All significant General Fund revenue growth was produced by major revenues.

Non-major revenues increased \$1.9 million (18%) half of which was related to a non-recurring FEMA reimbursement for Hurricane Irma damage from 2017.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
 September 30, 2019



Only Property Tax and Other Service Charges can be increased, subject to certain legal restrictions and market conditions. Most other revenues are uncontrollable by the City, because rates are set at the maximum amounts allowed by agreement or law.

Property tax revenue increased \$1.3 million (5.4%), due mostly to property value increases created by the improving economy and partly due to annexations. The property tax rate was unchanged. Even with the recent property value increases, FY19 taxable values remained slightly lower than in FY08, which demonstrates the long-term impact of the Great Recession.



It can be argued that FY08 taxable values were inflated; however, when compared to FY06, taxable values have increased less than 2% a year, which includes a significant number of annexations, redevelopment and new construction.

State Shared revenues grew \$200,000 (2.6%), due to continued economic improvement; however, the increase was lower than last year's 4% growth. This could be indicative of a slow down in the economy, which was also reflected in the State's most recent revenue projections.

Fire and EMS Service Charges from Pinellas County increased \$900,000 to \$10.2 million (9%), due mostly to renegotiation of the contract and also to normal budget increases. This revenue paid 53% of the General Fund's Fire Rescue costs in FY19 (50% in FY18) and has been the third largest General Fund revenue for many years.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

Electric utility taxes and franchise fees have been essentially flat over the past five years on average, including the last two years of growth. The last two years of growth is mainly related to increased development activities related to the stronger economy and some annexations.

The tax base had been declining, due to a decline in fuel prices and greater conservation, including solar usage and normal replacements of less efficient equipment, especially HVAC systems. Other factors that can significantly affect the tax base include weather variations (milder or harsher winters and summers).

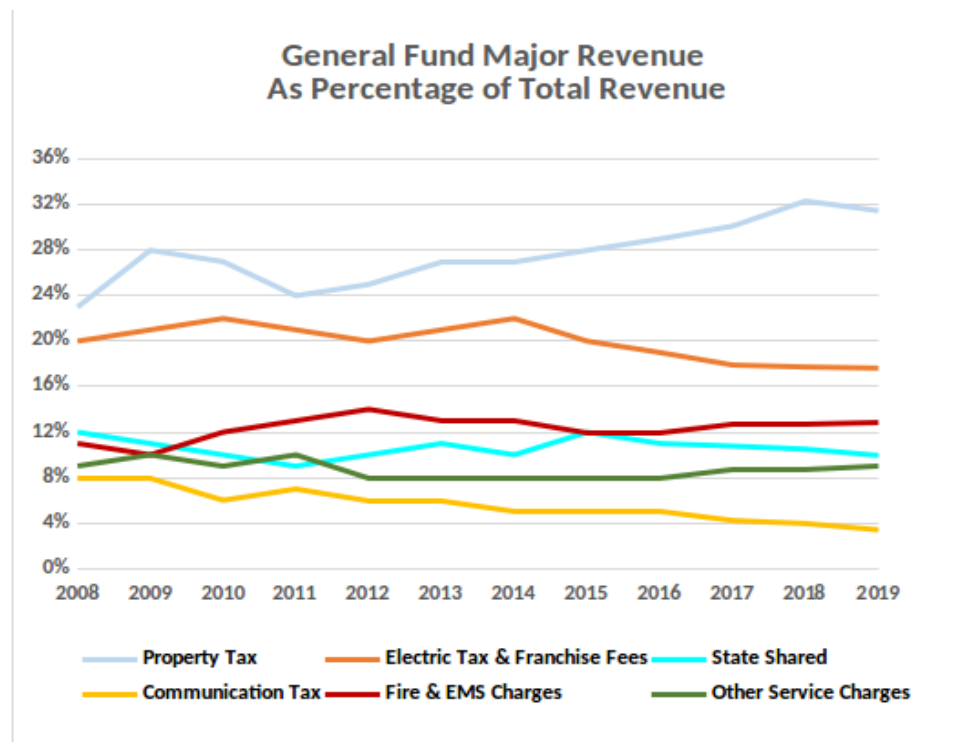
Communications Services Tax (CST) had been flat over the past three years, but declined \$200,000 (6.8%) in FY19, due partly to intensified competition, lower charges for bundled services, and more customers moving to Internet-based services (aka, "cutting the cord"), all of which reduce the tax base.

Most Florida governments have experienced similar CST declines. Current projections include no growth; therefore, this revenue will continue to decline relative to the budget.



When a revenue declines or has low growth, such as the CST, more reliance on other revenues to keep pace with expenditure growth. The state legislature has targeted the CST for reduction in the last two legislative sessions as part of so called, "tax reform".

Revenue Diversification. The following graph presents the General Fund's Major Revenue as a percentage of total General Fund revenue, which helps to identify trends in reliance. There have been several changes in reliance; however, the General Fund's major revenues remain fairly well diversified.



CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

Property tax revenue reliance has increased the most, from 23% in FY08 to 31% in FY19.

- The millage rate was gradually increased from 3.65 in FY08 to 5.7413 in FY18 (no change in FY19), due to a decline in taxable values, slow or no revenue growth in other major revenues, moderately rising costs and because property tax is the City's largest controllable revenue.
- With a ten mill cap and new state restrictions, the City has less flexibility to increase the millage rate than in FY08, both legally and practically. Since most major revenues are not controllable, greater reliance will likely be placed on property taxes, to the extent possible and practical.

Electric Utility and Franchise Tax reliance declined by about two percentage points since FY08 and State Shared Revenue reliance has declined about the same. These revenues are not controllable by the City, because of statutory caps, and are highly dependent on consumer behavior and weather conditions.

Reliance on CST declined the most; a 50% decrease. Projections indicate no or low growth in CST over the next five years; therefore, CST revenue is likely to continue to decline as a percentage of the budget.

Reliance on Fire/EMS fees (service charges paid by the County) has grown by 2 percentage points, due to growth in the Fire/EMS budget and contractual changes. Reliance on Other Fees has remained near 9%, even though fees have been increased due to cost increases, competition and market conditions.



The main concern with low revenue diversification is that any decline in one revenue is amplified, just as with a lack of diversification in an investment portfolio.

General Fund Expenditures and Encumbrances. The following table compares the General Fund's total expenditures plus year-end encumbrances to the final budget. All departments reported under-budget amounts. A few of the larger under-budget amounts are discussed on the next page.

Year-end encumbrances are a claim against the current budget; therefore encumbrances are combined with expenditures to determine each departments' total budget variance. Amounts re-budgeted to the following year are also listed for informational purposes, because they will eventually be expended in the following year; however, no amounts were re-budgeted at the end of FY19.

Most departments typically under-spend their budget by 5%, due to normal personnel vacancies. The total under-budget variance of 7.3% was mostly due to personnel turn-over and is slightly larger than the prior year's under-budget variance of 6.3%.

Under-budget variances of greater than 10% are discussed below.

- Recreation, Parks & Arts (under-budget 11.8%, \$1,602,000): Teen program costs were under budget by \$96,000, due to fewer programs and participants. The Bayhead Complex reconstruction work was not started, so the \$70,000 budgeted was not spent. All fencing replacements were not completed, so \$45,000 was not spent. Personnel costs were under-budget by \$610,000, due to vacancies.
- General Operating (under-budget 33.8%, \$193,000): The repairs and maintenance budget was under-spent by \$96,000, due to fewer required repairs and personnel costs were \$112,000 under-budget, due to vacancies.

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

General Fund - FY 2019
Actual to Budget Comparison

Department	Exp.	Enc.	Total Expended & Encumbered	Final Budget	Under (Over)	Under (Over)	Re-budgeted in FY 2020
Police	\$ 23,734	\$ 80	\$ 23,814	\$ 25,654	\$ 1,840	7.2%	\$ -
Fire Rescue	19,174	227	19,401	20,217	816	4.0%	-
Rec., Parks & Arts	11,393	558	11,951	13,553	1,602	11.8%	-
Public Works	4,445	290	4,735	5,209	474	9.1%	-
Library	3,811	50	3,861	4,089	228	5.6%	-
Information Technology	3,319	150	3,469	3,728	259	6.9%	-
Administration	2,754	52	2,806	2,898	93	3.2%	-
Community Development	2,091	145	2,236	2,465	230	9.3%	-
Finance	842	-	842	894	52	5.8%	-
Human Resources	713	-	713	770	57	7.4%	-
Engineering	695	33	728	763	37	4.8%	-
Legislative	379	4	383	411	28	6.8%	-
General Operating	346	32	378	571	193	33.8%	-
Total	\$ 73,696	\$ 1,621	\$ 75,317	\$ 81,222	\$ 5,909	7.3%	\$ 0

Local Option Sales Tax Fund. A one-cent Local Option Sales Tax (LOST) was approved through voter referendum for a ten year period beginning February 1990 and has been extended for three additional ten-year periods. FY19 was the last full year of "Penny Three". Revenue must be used to: finance, design and construct/improve infrastructure (roads, bridges, etc.); acquire land; and purchase public safety vehicles with a life of at least five years. Major Sales Tax Fund expenditures are listed below.

LOST Fund - FY19 Expenditure Summary

Debt Service - Community Center & Highland Recreation	\$ 3,540,000
Public safety vehicles	2,340,000
Rosery Road reconstruction	1,990,000
Trotter Road reconstruction	1,100,000
Other roadway and stormwater improvements	685,000
Municipal Complex generators & rewiring	180,000
Playground equipment	35,000
Total expenditures	\$ 9,870,000

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

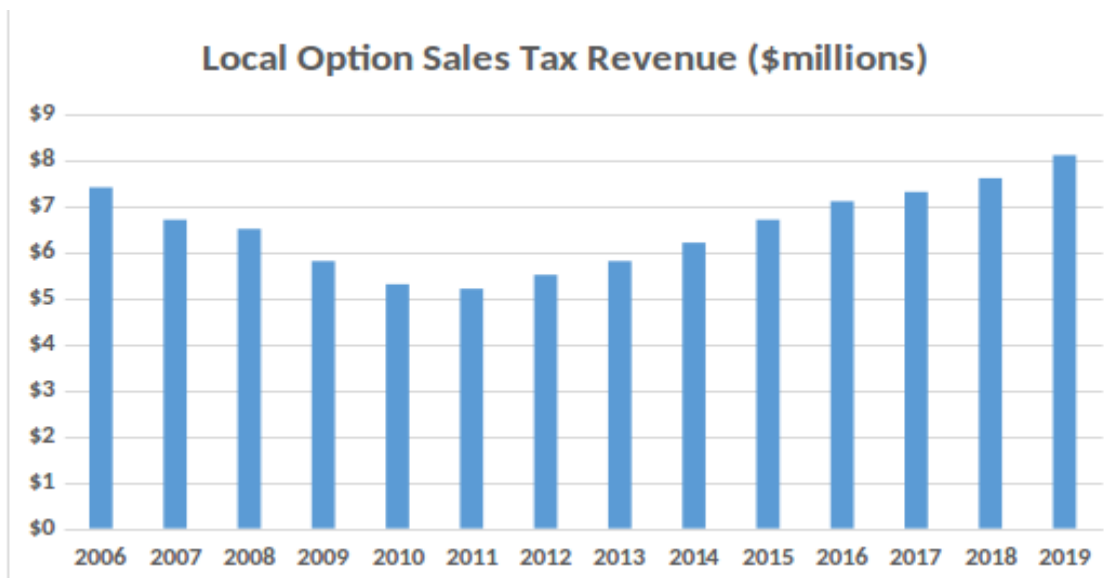
September 30, 2019

The following graph presents LOST revenue for the past thirteen years, including the highest year ever recorded in FY06. Revenue declined significantly from FY06 to FY 11, due to the Great Recession and slow recovery, but has been gradually increasing as the economy has improved.

FY19 sales tax revenue was \$229,000 above budget (3%) and above prior year revenue by \$435,000 (5.7%), due to continued economic improvement. FY18 sales tax revenue of \$7.6 million was just above the highest amount ever received of \$7.4 million in FY06, which shows the lack of growth.

The initial projection of the City's share of "Penny Three" was \$90 million, but the recent estimate is closer to \$65 million, due to mostly to the effects of the Great Recession and increased Internet sales, many of which have not been taxed until more recently.

Fund balance declined by \$426,00 to \$5.8 million, due to normal expenditure variability. The LOST Fund is a good example of a fund where fund balance could be zero without causing any financial concern, because the fund pays no recurring operating costs and expenditures are relatively easy to project, including debt service. So, a declining fund balance in this fund is not an indication of financial weakness.



Housing Assistance Funds. The City administers five housing Funds, three of which are Major Funds (SHIP, HOME and CDBG). The City prides itself on leveraging housing resources by partnering with Pinellas County, non-profits and developers. Housing assistance is primarily provided in the Target Area.

Housing assistance, includes: Eviction Protection, Rental Deposits, Rehabilitation, Down Payment Assistance, Housing Counseling, Legal Assistance, Homeless Services, Chore Services for Seniors, Public Facilities Improvements, AHD for First-Time Homeowners and other assistance programs.

Information is summarized below to highlight the City's total efforts. Additional information is available at:

https://www.largo.com/services/residents/housing_assistance/subrecipient_applications.php#outer-520

The SHIP Fund's major revenue was originally from the state documentary stamp tax until the State Legislature redirected all revenues during the recession and most of the lengthy recovery. The Legislature has recently restored some of the funding, so about 20% of FY19 SHIP revenue was from documentary stamps and 75% was from loan repayments (FY18 revenue was about 50%/50%).

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019

The CDBG Fund receives revenue from the Federal Government (HUD) and from loan repayments.

The HOME Fund receives revenue from Pinellas County and loan repayments.

NSP2 and PCH funds have no revenues projected, except principal and interest from loan repayments.

Fund balance is usually not reported in HOME, CDBG, PCH or NSP2, because revenue is received on a reimbursement basis. Loan repayments can create fund balance if they are not subsequently expended before year end.

Combined Housing Assistance Funds (\$ in thousands)

	SHIP	HOME	CDBG	NSP2	PCH	Total 2019	Total 2018
Revenue & transfers	\$ 576	\$ 312	\$ 630	\$ -	\$ 45	\$ 1,563	\$ 1,852
Expenditures & transfers	366	312	630	-	1	1,309	2,006
Net revenue (expenditures)	210	-	-	-	45	255	(153)
Beginning fund balance	582	-	-	-	11	593	746
Ending fund balance	<u>\$ 792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 848</u>	<u>\$ 593</u>
Loans outstanding @ 9/30	<u>\$ 5,631</u>	<u>\$ 3,431</u>	<u>\$ 2,164</u>	<u>\$ 108</u>	<u>\$ 679</u>	<u>\$ 12,013</u>	<u>\$ 11,910</u>

ENTERPRISE FUNDS (*Individual funds, "small-picture" focus*)

The City operates three Enterprise Funds, which use the same basis of accounting as Business-type Activities at the Government-wide level (full accrual).

These three funds comprise all Business-type Activities reported at the Government-wide level.

The following table summarizes key Enterprise Fund activity.

	Enterprise Funds (\$ millions)					
	Wastewater		Solid Waste		Golf Course	
	2019	2018	2019	2018	2019	2018
Operating Revenue	\$ 22.9	\$ 22.9	\$ 13.0	\$ 11.0	\$ 1.0	\$ 0.9
Operating Expenses	21.3	20.9	12.4	12.3	1.1	1.1
Operating Income (Loss)	1.6	2.0	0.6	(1.3)	-	(0.1)
Change in Net Position	3.3	1.7	0.9	(1.1)	-	(0.1)
Ending Net Position	117.6	113.0	13.0	12.1	2.1	2.1
Ending Unrestricted Net Position	<u>\$ 27.1</u>	<u>\$ 32.7</u>	<u>\$ 6.9</u>	<u>\$ 6.1</u>	<u>\$ 0.3</u>	<u>\$ 0.3</u>

CITY OF LARGO, FLORIDA
Management's Discussion and Analysis
September 30, 2019



User charges in all three enterprise funds remain competitive with other providers in the area and throughout the state and service levels remain high. For example, many residents who request to be annexed into the City cite the City's exceptional solid waste services as a reason for annexing.

Wastewater Fund. The rate structure and rates remained the same in FY 19. A 25% rate increase is planned in FY20, which will be the first increase since FY07. Rates have remained steady, due to: three years of salary freezes; a delay in constructing several large projects, which resulted debt service savings; and collection system improvements, which have reduced flows and treatment costs.

The decrease in unrestricted net position is mostly related to capital projects constructed with internal funds, which will be reimbursed from a State of Florida (DEP) low interest loan. The State Loan is reimbursement-based and reimbursement had not been received before year end.

Solid Waste Fund. A 20% rate increase was implemented in FY19, which was the first increase since FY07. Rates have remained low, due to: three years of salary freezes; an increase in recycling rate related to a shift to single-stream collection, which reduced costs; improved route management; and no tipping fee increases, which comprise about 30% of operating costs.



All other things considered equal, the significant tipping fee increases, new recycled materials disposal charges and lower recycled material sale revenue will accelerate the next rate increase. World-wide changes in the recycled materials markets have resulted in having to pay for recycled material disposal instead of receiving payments. Annual recycled materials disposal costs will be \$500-\$750,000, or 5% of total operating expenses.

Golf Course. The \$10,000 negative change in net position (net loss) was much lower than prior year (\$121,000), due to a revenue increase (\$102,000) related to increased play and a low expense increase (\$6,000), due to cost monitoring. Rates, promotions and other marketing efforts are continuously adjusted. The administrative charge for HR, IT and finance is still being waived.



The Golf Course has consistently reported a positive cash flow, which has paid all direct expenses; however, the positive cash flow only provides enough funding for minor capital additions and improvements. When major improvements are required in a few years, alternative funding will have to be identified, as was the case with the last major course improvement.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

CAPITAL ASSETS LONG-TERM DEBT

Capital Assets. The City's capital assets are summarized in the table below for the past two years.

Governmental Activities include all governmental fund and internal service fund capital assets and Business-type Activities include all enterprise fund capital assets. The only significant change is in construction in progress, because of on-going wastewater projects. Continued investment in the wastewater system is outlined in the City's Capital Improvements Program and Long-term Financial Plan, which are available on the City's web site.

	Government-wide Activities (\$ millions)					
	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Capital Assets						
Land	\$ 25	\$ 26	\$ 3	\$ 3	\$ 28	\$ 29
Construction in progress	15	17	125	107	141	124
Buildings and improvements	82	77	7	7	89	84
Improvements other than buildings	66	64	137	142	203	206
Machinery and equipment	43	40	23	20	66	60
Intangibles	1	1	-	-	1	1
Total capital assets	233	225	295	279	527	504
Less accumulated depreciation	(92)	(87)	(126)	(125)	(218)	(212)
Net capital assets	\$ 141	\$ 138	\$ 169	\$ 154	\$ 310	\$ 292

Capital assets are depreciated using the straight-line method over their estimated useful lives. Total assets were less than 50% depreciated at the end of FY19 (40% GA and 43% BTA) and provisions have been made to replace major capital assets in the City's Capital Improvements Program and Long-term Financial Plan, which are available on the City's web site. Additional information is in Note IV.C.

Long-term Debt. The cornerstone of the City's financial condition is its conservative debt policy. Details on long-term debt are in Note IV.F. The following table presents all long-term debt for the past two years.

	Activities (\$ millions)					
	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Long-term Debt						
Community Center	\$ 0.7	\$ 1.8	\$ -	\$ -	\$ 0.7	\$ 1.8
Highland Recreation Complex	1.1	3.4	-	-	1.1	3.4
Wastewater improvements	-	-	80.8	76.0	80.8	76.0
Net pension liability	36.5	41.4	-	-	36.5	41.4
Compensated absences (vacation)	2.5	2.5	0.5	0.5	3.0	3.0
Other post-employment benefits (health)	10.3	9.4	2.3	2.1	12.6	11.5
Other	-	1.9	-	-	-	1.9
Total Long-term Debt	\$ 51.0	\$ 60.4	\$ 83.6	\$ 78.6	\$ 134.7	\$ 139.0

The City has adopted a "pay-as-you-go" policy for most capital purchases. Borrowing is only used for large, non-recurring capital items after considering the City's ability to repay and public needs.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

- The City has no general obligation debt outstanding and all governmental debt is secured by Local Option Sales Tax revenue. Governmental debt was issued in FY11 for construction of the Community Center and in FY12 for construction of the Highland Recreation Center.
- Business-type Activities debt was issued for construction of three major wastewater projects required by a state consent order. Wastewater is the only enterprise fund with long-term debt.



Fun Fact - The final payment on the Community Center and Highland Recreation Center loans will be made in FY20. Both loans will be repaid in less than ten years.

The City has received wastewater loans from the Florida Department of Environmental Protection (DEP) to of up to \$84 million for construction of three "Consent Order" projects that will expand and improve the wastewater collection system, disinfection system and plant head-works. Additional authorization has also been received of approximately \$55 million for the "middle plant" project. Loan draws are taken after construction payments are made, which reduces borrowing costs compared to issuing traditional bonds.



Fun Fact - The average interest rate on DEP loans is less than 1%, which will produce at least \$20 million in net savings over conventional borrowing.

Another indicator of the City's conservative debt policy debt is the amount of debt outstanding compared to the net depreciated value of the related capital assets.

Business-type Activities (wastewater) debt increased, because of construction of the three Consent Order projects. These three projects' final cost of approximately \$80 million will effectively double the wastewater system's net capital assets.

The table below shows the percentage of City's capital assets that are financed.

Capital Assets (\$ millions)						
	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Net capital assets (NCA)	\$ 141.1	\$ 139.6	\$ 168.8	\$ 154.3	\$ 309.9	\$ 294.0
Less related debt	(2)	(5)	(81)	(76)	(83)	(81)
Investment in net capital assets	\$ 139.1	\$ 134.6	\$ 87.8	\$ 78.3	\$ 226.9	\$ 213.0
Portion of NCA financed	1%	4%	48%	49%	27%	28%

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019



Only 1% of governmental capital assets are financed, which will drop to zero in FY20. The portion of capital assets financed in Business-type Activities (wastewater) is higher than for Governmental Activities, but the portion financed is still relatively low.

Other Long-term Liabilities. Long-term liabilities or assignments of fund balance are also recorded for unused compensated absences (vacation leave) at year end, because these amounts represent obligations to the City. Payment is required for any unused vacation remaining at an employee's separation from service, unlike sick leave, which has no cash value upon an employee's separation.

The City does not pay retiree health insurance costs; however, under state law, retirees may choose to remain on the City's health plan by paying the same premiums charged to employees, which results in an "implicit" health care premium subsidy under GASB standards. The actuarial-calculated implicit subsidy must be recorded as a long-term liability, which is called an Other Post-employment Benefit (OPEB).

Pension liabilities. Almost twelve years after the start of the Great Recession, most local government pension plans are still worse-off than they were before the recession, including Largo's plan.

Most of the cause is due to relatively low investment earnings, especially from fixed income investments, which have experienced historically low returns for most of the past decade. Part of the continued financial weakness is also attributable to actuarial assumption changes, including decreasing the investment return assumption and increasing the retiree longevity assumption.

Largo's Pension Board has proactively adopted assumption changes based on actuarial recommendations; therefore, the plan's net pension liability is reflecting a more realistic representation of the pension liability compared to plan's that have been slower to adopt industry-wide recommendations.

The following table presents information for the City's Police and Fire Pension Plan.

Actuarial Report Date October 1	Funded Ratio	Surplus (Deficit)	City's Annual Required Contribution	
		\$ millions	\$ millions	% of pay
1999 ¹	123%	\$ 10	\$ 0	0%
2011 ²	59%	\$(53)	\$ 5.1	37%
Last Six Years				
2013	74%	\$(35)	\$ 3.7	29%
2014	78%	\$(32)	\$ 3.5	27%
2015	74%	\$(39)	\$ 4.2	30%
2016	71%	\$(48)	\$ 5.1	32%
2017	75%	\$(41)	\$ 4.8	29%
2018	79%	\$(37)	\$ 5.0	28%

(1) Highest Funded Ratio and Lowest Required Contribution since 1992

(2) Lowest Funded Ratio and Highest Required Contribution since 1992

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

A year before the Great Recession, the median pension plan funded ratio was 92% for state plans and 97% for local government plans, according to Wilshire Funding Studies. Average ratios fell to 68% for states and 72% for local governments by 2016.

The farther a ratio is below 100% (100% is fully funded) the weaker a pension plan is. It also means that more money will be required to be contributed in the future. The City's pension costs were approximately 6% of the total General Fund Budget in FY19 and FY18.

The funded ratio trend has been mostly downward for many years, primarily because of lower actual and projected investment earnings. Over the past ten years, the actuarial assumption for investment returns was reduced from 8.33% to 7.5%, and then reduced again to 6.75%. Life expectancy has also been increased in accordance with generally accepted actuarial table changes for mortality.



Pension benefit reductions made in FY13 were reinstated retroactively for fire rescue employees in FY19, due to competitive pressures that were affecting recruitment and retention. This benefit increase will increase the City's total pension liability and annual contributions, all other items remaining equal.

The long-term goal of any pension plan is to reach a 100% funded ratio, which is when plan assets equal plan liabilities. An important factor about a funded ratio is also the trend, because it shows whether progress is being made toward fully funding the Plan.

GASB standards require that any unfunded pension liability (called a net liability) or surplus (over-funding) be recorded in the City's government-wide financial statements. Recording the Pension Plan's net pension liability in the City's government-wide financial statements has created a negative Governmental Activities unrestricted net position since FY15 (a deficit).

A summary of the City's pension liability follows. Please note that while the net pension liability may increase or decrease depending on experience, the total pension liability moves consistently upward.

Governmental Activities Pension Plan Liability Information			
Prior Three Years and the Most Recent Year Available			
Actuarial Valuation Date	Total Pension Assets	Total Pension Liability	Unfunded Pension Liability
10/01/18	\$138 million	\$176 million	\$37 million
10/01/17	\$127 million	\$168 million	\$41 million
10/01/16	\$114 million	\$162 million	\$48 million
10/01/15	\$107 million	\$146 million	\$39 million

Since the annual Actuarial Valuation Report is normally issued after the CAFR is issued, the City has elected to use the immediately prior Actuarial Valuation Report to record the net pension liability. The net pension liability was created mostly by relatively lower investment earnings over the past decade and lower projected earnings, which have been experienced by most pension plans throughout the country.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019



Fun Fact - Police officers and firefighters are the only City employees who participate in a defined benefit pension plan.



As of the last actuarial valuation, the City's required pension contribution decreased 1.6% of pay, due mostly to positive investment returns. The funded ratio also increased to 79% (21% under-funded) from 75%, which means the pension plan had accumulated about 79 cents in assets for every \$1 of liabilities.

The net pension liability changes mostly because of investment performance and actuarial experience rather than by payments made into and coming out of the plan. The net pension liability's liquidation may not require the use of future assets, based on investment returns, which is different than a normal liability.



Fun Fact - If the plan was fully funded, the City's pension contribution would decline by about half, which would save about \$2 million a year over the next 30 years.

Actuarial Myth Busting. An actuarial myth began circulating around 2006 that a pension plan funded ratio of at least 80% was considered good. The myth has persisted for so long and had become so generally accepted by lay people, pension boards and even investment professionals, that the American Academy of Actuaries (AAA) has issued a formal statement denouncing it.

According to the AAA:

- No funding level should be used as a line between financially healthy and unhealthy plan
- A funded ratio's long-term trend is as important as the actual ratio (i.e., being at 100% and trending upward is better than being at 100% and trending down)
- Most actuarial funding methods have a 100% long-term target
- The financial health of pension plans depends on many factors, including how any pension under-funding compares to a plan sponsor's resources
- An 80% ratio should not be used to identify a plan as being in good or poor financial health



The City plan's funded ratio has been below 100% since 2002 and has been below 80% since 2008, with mostly a downward trend since 2002. The \$37 million unfunded pension liability is equal to almost half of the FY19 General Fund budget.

Additional pension plan information is in Note V.C and in the Required Supplementary Information located after the Notes. Actuarial reports are at: https://www.largo.com/document_center/#outer-202sub-325

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2019

ECONOMIC CONDITIONS, NEXT YEAR'S BUDGET AND NEXT YEAR'S RATES (FEES)

Economic Conditions. The City is cautiously optimistic about future conditions, excluding the impact from the Covid-19 pandemic, which is projected to be significant, but hopefully shorter-term. Personal income growth and auto sales have cooled and the negative effects of looser credit is emerging.

The City's capital assets are in good condition and replacement provisions have been made in the City's long-term financial plan. The housing market remains strong and unemployment is at an historical low.

Next Year's Budget and Rates. Most factors above were considered in preparing the FY20 budget.

Holding the FY19 property tax rate constant helped increase the General Fund's fund balance.

The FY20 property tax rate was reduced from 5.7413 mills to 5.62, which was above the "rolled-back" rate; therefore, it generated a 3.67% "tax increase", according to state law. The new rate, plus growth in taxable values of 8.11%, are projected to generate an additional \$1.3 million above FY19. The FY20 millage rate was reduced and remains beneath the statutory cap of 10 mills, as well as being competitive.

Most major revenues are not projected to exhibit significant growth for the foreseeable future. Stormwater and Wastewater fees are budgeted to increase in FY20.

Long-term Projections. Most of the City's tax rates are at maximum levels, except property taxes, so revenue growth is entirely dependent on tax base growth. The Local Option Sales tax was renewed through referendum for ten-years beginning January 1, 2020 ("Penny Four"), which will significantly shape future capital spending. The City is projected to receive \$100 million over the Penny's next ten-years.

The Legislature, Governor and many voters continue to express a strong desire for lower taxes and more local government revenue restrictions, even though Florida has one of the lowest tax burdens of all 50 states. Additional tax exemptions were passed in 2012, which will affect future revenues, including:

- Doubling of the homestead exemption to \$50,000 (except for public schools)
- Imposing a valuation increase cap of 10% on non-homestead properties
- Making the Save Our Homes exemption portable (which will create huge taxpayer inequity), and
- Providing a new \$25,000 exemption for tangible personal property.
- A proposal for an additional \$25,000 homestead exemption (except for public schools) failed by less than 2% in November 2018 and could be reintroduced, given the small margin of defeat.

The significant budget reductions made during and after the Great Recession means it is unlikely that additional budget reductions can be made, if needed, without reducing services. Services are continually reviewed to determine if programs can be provided more efficiently or should be eliminated. The City will also be challenged to control salary and benefit increases in an ever-tightening labor market.

Fund balances have grown and are projected to remain adequate for the next few years. The City has adequately maintained or replaced its facilities and infrastructure and the City's workforce is well trained and productive, albeit smaller. The City will work diligently toward achieving its vision of becoming, *The Community of Choice in Tampa Bay, Naturally.*

ADDITIONAL INFORMATION

Additional information is available on the City's website, at: www.largo.com, including Annual Budget, Long- term Financial Plan & Capital Improvements Program and prior CAFR's. Telephone inquiries may be directed to the Finance Director at (727) 587-6747. Written requests for information may be addressed to the Finance Director, PO Box 296, Largo, FL 33779-0296 or may be emailed to: fidirector@largo.com.

BASIC FINANCIAL STATEMENTS

CITY OF LARGO, FLORIDA
Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 61,450,039	\$ 39,121,430	\$ 100,571,469
Receivables:			
Taxes	1,882,698	-	1,882,698
Interest	559,304	560,002	1,119,306
Accounts, net	1,287,477	5,919,860	7,207,337
Intergovernmental	2,309,563	59,796	2,369,359
Prepaid items and inventories	724,113	912,105	1,636,218
Restricted cash and investments	-	8,141,229	8,141,229
Other assets	1,029,060	-	1,029,060
Notes and loans receivable	12,013,087	-	12,013,087
Capital assets, net:			
Land	25,257,552	2,824,038	28,081,590
Building and improvements	85,898,828	31,665,429	117,564,257
Machinery and equipment	14,184,589	8,811,760	22,996,349
Intangible assets	576,476	25,557	602,033
Construction in progress	15,185,155	125,479,459	140,664,614
Total assets	222,357,941	223,520,665	445,878,606
Deferred outflows of resources			
Pension contributions paid subsequent to the measurement date	6,046,723	-	6,046,723
Deferred outflows - pension plan	6,957,222	-	6,957,222
Deferred outflows - OPEB	56,596	12,743	69,339
Total deferred outflows of resources	13,060,541	12,743	13,073,284
Liabilities			
Accounts and accrued interest payable	3,719,786	5,948,868	9,668,654
Accrued payroll and vacation	3,870,231	624,321	4,494,552
Due to other governments	252,973	-	252,973
Unearned revenue and deposits	6,877,706	119,295	6,997,001
Noncurrent liabilities:			
Due within one year	2,074,446	4,261,481	6,335,927
Due in more than one year	1,684,548	76,896,666	78,581,214
Net pension liability	36,518,502	-	36,518,502
Total OPEB liability	10,305,815	2,320,385	12,626,200
Total liabilities	65,304,007	90,171,016	155,475,023
Deferred inflows of resources			
Business tax collected in advance	309,723	-	309,723
Deferred inflows - pension plan	7,021,061	-	7,021,061
Total deferred inflows of resources	7,330,784	-	7,330,784
Net position			
Net investment in capital assets	139,174,956	88,009,879	227,184,835
Restricted for:			
Wastewater purposes	-	10,388,093	10,388,093
Capital funded by local sales tax	5,773,695	-	5,773,695
Economic development	22,810,448	-	22,810,448
Public Works	6,185,792	-	6,185,792
Recreation, parks, arts, public safety	4,538,621	-	4,538,621
Unrestricted	(15,699,821)	34,964,420	19,264,599
Total net position	\$ 162,783,691	\$ 133,362,392	\$ 296,146,083

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

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CITY OF LARGO, FLORIDA
Statement of Activities
Fiscal Year Ended September 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,936,678	\$ 3,761,958	\$ 904,474	\$ -	\$ (4,270,246)	\$ -	\$ (4,270,246)
Public safety	45,614,861	12,293,200	1,636,012	853,680	(30,831,969)	-	(30,831,969)
Public works	10,551,586	5,686,235	84,851	-	(4,780,500)	-	(4,780,500)
Economic development	6,399,640	3,906,474	776,192	506,834	(1,210,140)	-	(1,210,140)
Culture and recreation	17,482,344	5,432,228	223,810	132,104	(11,694,202)	-	(11,694,202)
Interest and fees	78,083	-	-	-	(78,083)	-	(78,083)
Total governmental activities	89,063,192	31,080,095	3,625,339	1,492,618	(52,865,140)	-	(52,865,140)
Business-Type Activities							
Wastewater	21,969,824	22,892,310	86,434	797,912	-	1,806,832	1,806,832
Solid Waste	12,358,181	13,007,012	141,671	-	-	790,502	790,502
Golf Course	1,070,202	1,035,986	4,995	-	-	(29,221)	(29,221)
Total Business-Type Activities	35,398,207	36,935,308	233,100	797,912	-	2,568,113	2,568,113
Total primary government	\$ 124,461,399	\$ 68,015,403	\$ 3,858,439	\$ 2,290,530	(52,865,140)	2,568,113	(50,297,027)
General revenues:							
Property tax					26,054,554	-	26,054,554
Utility tax					9,301,062	-	9,301,062
Sales tax					9,184,045	-	9,184,045
Communication services tax					2,658,628	-	2,658,628
Franchise taxes					6,523,867	-	6,523,867
State shared revenue					8,996,931	-	8,996,931
Investment earnings					1,638,016	1,736,910	3,374,926
Miscellaneous					1,049,669	50,036	1,099,705
Special Item: loss on disposal of property					(279,775)	(58,734)	(338,509)
Total general revenues					65,126,997	1,728,212	66,855,209
Change in net position					12,261,857	4,296,325	16,558,182
Net position - beginning as restated					150,521,834	129,066,067	279,587,901
Net position - ending					\$ 162,783,691	\$ 133,362,392	\$ 296,146,083

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

CITY OF LARGO, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2019

	<u>General</u>	<u>Local Option Sales Tax</u>	<u>SHIP</u>
Assets			
Cash and investments	\$ 22,921,718	\$ 5,281,944	\$ 793,331
Accrued interest	194,678	45,135	7,279
Receivables:			
Taxes	1,882,698	-	-
Accounts, billed	60,332	138	25,927
Accounts, unbilled	-	-	-
Special assessments	-	-	-
Due from other governments	677,645	1,160,630	-
Grants	1,028	-	-
Other	106,098	-	-
Due from other funds	128,597	343,000	-
Property held for resale	-	-	-
Other assets	106,088	-	-
Notes and loans receivable	-	-	5,630,773
Total assets	<u>\$ 26,078,882</u>	<u>\$ 6,830,847</u>	<u>\$ 6,457,310</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,017,945	\$ 1,024,437	\$ 31,945
Accrued payroll	1,624,738	-	1,839
Due to other governments	4,746	-	512
Due to other funds	1,388	-	-
Deposits	24,578	-	-
Unearned revenue	295,471	32,715	-
Total liabilities	<u>2,968,866</u>	<u>1,057,152</u>	<u>34,296</u>
Deferred inflows			
Business tax collected in advance	309,723	-	-
Unavailable revenue	-	-	5,630,773
Total deferred inflows	<u>309,723</u>	<u>-</u>	<u>5,630,773</u>
Fund balances:			
Nonspendable	116,462	-	-
Restricted	-	5,773,695	792,241
Assigned	5,158,354	-	-
Unassigned	17,525,477	-	-
Total fund balances	<u>22,800,293</u>	<u>5,773,695</u>	<u>792,241</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 26,078,882</u>	<u>\$ 6,830,847</u>	<u>\$ 6,457,310</u>

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

HOME	CDBG	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 67,618	\$ 25,760,881	\$ 54,825,492
-	-	248,329	495,421
-	-	-	1,882,698
-	-	552,037	638,434
-	-	445,079	445,079
-	-	14,604	14,604
-	-	276,185	2,114,460
162,470	-	-	163,498
-	-	6,587	112,685
-	-	190,388	661,985
-	-	829,060	829,060
-	-	-	106,088
3,430,993	2,164,482	786,839	12,013,087
<u>\$ 3,593,463</u>	<u>\$ 2,232,100</u>	<u>\$ 29,109,989</u>	<u>\$ 74,302,591</u>
\$ 26,896	\$ 25,616	\$ 1,064,589	\$ 3,191,428
1,094	5,151	88,129	1,720,951
5,883	36,851	204,981	252,973
128,597	-	532,000	661,985
-	-	668	25,246
3,430,993	2,164,482	330,293	6,253,954
<u>3,593,463</u>	<u>2,232,100</u>	<u>2,220,660</u>	<u>12,106,537</u>
-	-	-	309,723
-	-	487,414	6,118,187
-	-	487,414	6,427,910
-	-	-	116,462
-	-	26,303,099	32,869,035
-	-	98,816	5,257,170
-	-	-	17,525,477
-	-	26,401,915	55,768,144
<u>\$ 3,593,463</u>	<u>\$ 2,232,100</u>	<u>\$ 29,109,989</u>	<u>\$ 74,302,591</u>

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CITY OF LARGO, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2019

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

Ending fund balance - governmental funds	\$ 55,768,144
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	140,925,402
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds.	31,605
Internal service funds are used by management to charge the costs of fleet activity and risk costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	4,610,418
Deferred outflows of resources from pension expenses subsequent to measurement date of net pension liability.	6,046,723
Net deferred outflows of resources resulting from net pension liability	(63,839)
Net deferred outflows of resources resulting from net OPEB liability	55,063
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,763,195)
Long-term liabilities, including compensated absences, other post employment benefits (OPEB) and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.	(48,975,685)
Special assessment liens receivable are not financial resources in the current period and therefore are reported as deferred revenues in the funds.	30,868
Unavailable revenue is not a financial resource in the current period and therefore is not reported as such in the funds.	6,118,187
Net position of governmental activities	<u><u>\$ 162,783,691</u></u>

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

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended September 30, 2019

	<u>General</u>	<u>Local Option Sales Tax</u>	<u>SHIP</u>
Revenues			
Taxes	\$ 38,265,375	\$ 8,069,451	\$ -
Licenses and permits	6,536,152	-	-
Intergovernmental	11,647,469	1,077,505	113,012
Charges for services	17,413,556	-	-
Fines	337,931	-	-
Interfund charges	3,859,312	-	-
Contributions and donations	89,104	-	-
Investment earnings	662,144	131,441	28,140
Other	455,484	31,394	434,946
Total revenues	<u>79,266,527</u>	<u>9,309,791</u>	<u>576,098</u>
Expenditures			
Current:			
General government	7,841,711	-	-
Public safety	42,823,649	-	-
Public works	4,277,410	-	-
Economic development	2,780,506	-	366,115
Culture and recreation	14,178,774	-	-
Capital outlay	1,702,521	4,337,417	-
Debt service:			
Principal	-	3,443,696	-
Interest	-	100,181	-
Total expenditures	<u>73,604,571</u>	<u>7,881,294</u>	<u>366,115</u>
Excess (deficiency) of revenues over (under) expenditures	5,661,956	1,428,497	209,983
Other Financing Sources/(Uses)			
Transfers in	11,400	-	-
Transfers out	(90,000)	(1,990,000)	-
Sale of capital assets	116,351	135,342	-
Net other financing sources (uses)	<u>37,751</u>	<u>(1,854,658)</u>	<u>-</u>
Net change in fund balances	5,699,707	(426,161)	209,983
Fund balance - beginning	<u>17,100,586</u>	<u>6,199,856</u>	<u>582,258</u>
Fund balance - ending	<u>\$ 22,800,293</u>	<u>\$ 5,773,695</u>	<u>\$ 792,241</u>

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

<u>HOME</u>	<u>CDBG</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 866,109	\$ 47,200,935
-	-	2,784,853	9,321,005
312,344	417,052	1,733,862	15,301,244
-	-	5,700,483	23,114,039
-	-	-	337,931
-	-	-	3,859,312
-	-	266,593	355,697
-	8,899	665,377	1,496,001
-	203,678	98,258	1,223,760
<u>312,344</u>	<u>629,629</u>	<u>12,115,535</u>	<u>102,209,924</u>
-	-	-	7,841,711
-	-	108,293	42,931,942
-	-	4,131,559	8,408,969
312,344	575,860	2,043,134	6,077,959
-	-	230,928	14,409,702
-	53,769	5,256,618	11,350,325
-	-	-	3,443,696
-	-	-	100,181
<u>312,344</u>	<u>629,629</u>	<u>11,770,532</u>	<u>94,564,485</u>
-	-	345,003	7,645,439
-	-	6,132,000	6,143,400
-	-	(4,063,400)	(6,143,400)
-	-	151,046	402,739
<u>-</u>	<u>-</u>	<u>2,219,646</u>	<u>402,739</u>
-	-	2,564,649	8,048,178
-	-	23,837,266	47,719,966
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,401,915</u>	<u>\$ 55,768,144</u>

CITY OF LARGO, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Fiscal Year Ended September 30, 2019

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

Net change in fund balances - total governmental funds	\$ 8,048,178
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeds depreciation expense.	2,212,999
In the statement of Activities, only the loss/gain on the sale/disposal of capital assets is reported. The change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed or adjusted in value.	(699,286)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The net effect of revenue accruals may increase or decrease net position.	41,122
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction is reported on the government-wide financial statements.	3,443,695
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, such as changes in accrued interest, changes in accrued vacation, other post-employment benefits and changes in net pension liability and any related deferred inflows/outflows.	(1,146,093)
Internal service funds are used by management to charge the costs of fleet management and risk activities to individual funds. The net revenues or loss of certain activities of the internal service funds are reported with governmental activities.	<u>361,242</u>
Change in net position of governmental activities (statement of activities)	<u><u>\$ 12,261,857</u></u>

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

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
Fiscal Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 38,135,000	\$ 38,135,000	\$ 38,265,375	\$ 130,375
Licenses and permits	6,315,000	6,315,000	6,536,152	221,152
Intergovernmental	12,508,900	12,558,900	11,647,469	(911,431)
Charges for services	16,105,500	16,605,500	17,413,556	808,056
Fines	385,000	385,000	337,931	(47,069)
Interfund charges	3,881,600	3,881,600	3,859,312	(22,288)
Contributions and donations	102,000	102,000	89,104	(12,896)
Investment earnings	160,000	160,000	662,144	502,144
Other	429,100	429,100	455,484	26,384
Total revenues	<u>78,022,100</u>	<u>78,572,100</u>	<u>79,266,527</u>	<u>694,427</u>
EXPENDITURES				
General government	8,393,500	8,545,684	7,841,711	703,973
Public safety	44,903,300	45,576,115	42,823,649	2,752,466
Public works	4,708,000	4,781,109	4,277,410	503,699
Economic development	3,088,700	3,191,124	2,780,506	410,618
Culture and recreation	16,218,200	16,601,818	14,178,774	2,423,044
Capital outlay	2,077,600	2,438,679	1,702,521	736,158
Total expenditures	<u>79,389,300</u>	<u>81,134,529</u>	<u>73,604,571</u>	<u>7,529,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,367,200)</u>	<u>(2,562,429)</u>	<u>5,661,956</u>	<u>8,224,385</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,400	11,400	11,400	-
Transfers out	(90,000)	(90,000)	(90,000)	-
Sale of capital assets	-	-	116,351	116,351
Total other financing uses	<u>(78,600)</u>	<u>(78,600)</u>	<u>37,751</u>	<u>116,351</u>
Net change in fund balance	<u>\$ (1,445,800)</u>	<u>\$ (2,641,029)</u>	<u>5,699,707</u>	<u>\$ 8,340,736</u>
Fund Balance - beginning			<u>17,100,586</u>	
Fund Balance - ending			<u>\$ 22,800,293</u>	

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

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Local Option Sales Tax Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 7,840,000	\$ 7,840,000	\$ 8,069,451	\$ 229,451
Intergovernmental	415,500	415,500	1,077,505	662,005
Investment earnings	40,000	40,000	131,441	91,441
Other	100,000	100,000	31,394	(68,606)
Total revenues	<u>8,395,500</u>	<u>8,395,500</u>	<u>9,309,791</u>	<u>914,291</u>
EXPENDITURES				
Public works	-	1,990,000	-	1,990,000
Capital outlay	5,614,500	6,911,789	4,337,417	2,574,372
Debt service:				
Principal	3,443,700	3,443,700	3,443,696	4
Interest	108,000	108,000	100,181	7,819
Total expenditures	<u>9,166,200</u>	<u>12,453,489</u>	<u>7,881,294</u>	<u>4,572,195</u>
Excess (deficiency) of revenues over (under) expenditures	(770,700)	(4,057,989)	1,428,497	5,486,486
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,990,000)	(1,990,000)
Sale of capital assets	-	-	135,342	135,342
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,854,658)</u>	<u>(1,854,658)</u>
Net change in fund balance	<u>\$ (770,700)</u>	<u>\$ (4,057,989)</u>	(426,161)	<u>\$ 3,631,828</u>
Fund Balance - beginning			<u>6,199,856</u>	
Fund Balance - ending			<u>\$ 5,773,695</u>	

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

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
SHIP Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 233,000	\$ 233,000	\$ 113,012	\$ (119,988)
Investment earnings	10,000	10,000	28,140	18,140
Other	190,000	190,000	434,946	244,946
Total revenues	<u>433,000</u>	<u>433,000</u>	<u>576,098</u>	<u>143,098</u>
EXPENDITURES				
Current:				
Economic development	433,000	508,058	366,115	141,943
Total expenditures	<u>433,000</u>	<u>508,058</u>	<u>366,115</u>	<u>141,943</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (75,058)</u>	209,983	<u>\$ 285,041</u>
Fund Balance - beginning			<u>582,258</u>	
Fund Balance - ending			<u>\$ 792,241</u>	

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

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
HOME Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 690,400	\$ 690,400	\$ 312,344	\$ (378,056)
Total revenues	<u>690,400</u>	<u>690,400</u>	<u>312,344</u>	<u>(378,056)</u>
EXPENDITURES				
Current:				
Economic development	690,400	716,671	312,344	404,327
Total expenditures	<u>690,400</u>	<u>716,671</u>	<u>312,344</u>	<u>404,327</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (26,271)</u>	-	<u>\$ 26,271</u>
Fund Balance - beginning			-	
Fund Balance - ending			<u>\$ -</u>	

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

CITY OF LARGO, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
CDBG Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 867,400	\$ 867,400	\$ 417,052	\$ (450,348)
Investment earnings	5,000	5,000	8,899	3,899
Other	245,000	245,000	203,678	(41,322)
Total revenues	<u>1,117,400</u>	<u>1,117,400</u>	<u>629,629</u>	<u>(487,771)</u>
EXPENDITURES				
Current:				
Economic development	1,117,400	1,178,933	575,860	603,073
Capital outlay	-	59,487	53,769	5,718
Total expenditures	<u>1,117,400</u>	<u>1,238,420</u>	<u>629,629</u>	<u>608,791</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (121,020)</u>	-	<u>\$ 121,020</u>
Fund Balance - beginning			-	
Fund Balance - ending			<u>\$ -</u>	

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

CITY OF LARGO, FLORIDA
Statement Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities-Enterprise Funds				Internal Service Funds
	Wastewater Utility	Solid Waste Utility	Nonmajor Golf Course	Total	
Assets					
Current assets					
Cash and investments	\$ 31,731,011	\$ 6,126,410	\$ 633,270	\$ 38,490,691	\$ 7,255,285
Restricted-Cash and investments	8,141,229	-	-	8,141,229	-
Accrued interest receivable	476,158	55,340	6,224	537,722	63,883
Restricted-Accrued interest receivable	22,280	-	-	22,280	-
Accounts receivable, billed, net	1,747,852	1,298,919	-	3,046,771	-
Accounts receivable, unbilled, net	2,031,178	768,931	-	2,800,109	-
Other receivables	68,918	62,029	1,829	132,776	76,663
Inventories, at cost	904,768	-	5,337	910,105	98,385
Other assets	-	-	2,000	2,000	719,640
Total current assets	45,123,394	8,311,629	648,660	54,083,683	8,213,856
Noncurrent assets					
Capital assets:					
Land and improvements	1,573,206	375,000	875,832	2,824,038	-
Buildings and improvements	5,669,428	402,726	1,198,534	7,270,688	-
Improvements other than buildings	134,448,328	60,057	2,019,839	136,528,224	78,291
Machinery and equipment	9,072,378	13,122,720	495,263	22,690,361	470,278
Intangible assets	23,260	11,199	-	34,459	13,784
Less accumulated depreciation	(115,361,455)	(7,832,657)	(2,826,874)	(126,020,986)	(385,153)
Construction in progress	125,474,138	5,321	-	125,479,459	-
Capital assets, net	160,899,283	6,144,366	1,762,594	168,806,243	177,200
Total noncurrent assets	160,899,283	6,144,366	1,762,594	168,806,243	177,200
Total assets	206,022,677	14,455,995	2,411,254	222,889,926	8,391,056
Deferred outflows					
Deferred outflow-OPEB	7,626	4,441	676	12,743	1,533
Total deferred outflows	7,626	4,441	676	12,743	1,533
Liabilities					
Current liabilities					
Accounts payable	5,441,164	350,339	36,112	5,827,615	545,157
Accrued payroll and vacation	388,318	213,927	22,076	624,321	70,289
Accrued interest payable	121,253	-	-	121,253	-
Estimated claims payable, current portion	-	-	-	-	324,000
Long-term debt, current portion	4,261,481	-	-	4,261,481	-
Other	32,986	-	86,309	119,295	-
Total current liabilities	10,245,202	564,266	144,497	10,953,965	939,446
Noncurrent liabilities					
Unearned revenue	-	-	-	-	629,368
Estimated claims payable	-	-	-	-	1,296,000
Total OPEB Liability	1,388,712	808,657	123,016	2,320,385	279,100
Long-term debt	76,796,570	64,211	35,885	76,896,666	7,518
Total noncurrent liabilities	78,185,282	872,868	158,901	79,217,051	2,211,986
Total liabilities	88,430,484	1,437,134	303,398	90,171,016	3,151,432
Deferred inflows					
Total deferred inflows	-	-	-	-	-
Net Position					
Net investment in capital assets	80,102,918	6,144,367	1,762,594	88,009,879	177,200
Restricted for wastewater connection purposes	10,388,093	-	-	10,388,093	-
Unrestricted	27,108,808	6,878,935	345,938	34,333,681	5,063,957
Total net position	\$ 117,599,819	\$ 13,023,302	\$ 2,108,532	132,731,653	\$ 5,241,157
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.				630,739	
NET POSITION BUSINESS-TYPE ACTIVITIES				<u>\$ 133,362,392</u>	

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

CITY OF LARGO, FLORIDA
Statement Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Wastewater Utility	Solid Waste Utility	Nonmajor Golf Course	Total	
Operating revenues					
Charges for services	\$ 21,292,174	\$ 12,957,029	\$ 1,006,312	\$ 35,255,515	\$ 16,198,238
Charges for effluent water	1,499,005	-	-	1,499,005	-
Sales of reclaimed materials	101,131	49,983	-	151,114	-
Pro shop sales	-	-	29,674	29,674	-
Total operating revenues	22,892,310	13,007,012	1,035,986	36,935,308	16,198,238
Operating expenses					
Personnel services	6,905,529	3,794,444	469,827	11,169,800	1,388,842
Cost of goods sold	-	-	53,349	53,349	928,473
Contractual services	679,779	3,541,006	18,899	4,239,684	478,543
Supplies	1,908,933	355,526	177,718	2,442,177	69,508
Repairs and maintenance	1,885,525	70,763	46,875	2,003,163	27,452
Utilities	2,133,930	65,194	65,836	2,264,960	11,250
Professional services	287,694	37,424	1,525	326,643	464,763
Fuel	76,243	472,564	5,520	554,327	6,366
Charges by the Fleet Services Fund	176,996	1,061,783	200	1,238,979	18,960
Charges by the General Fund	2,060,204	1,174,508	-	3,234,712	156,200
Charges by the Risk Management Fund	345,200	134,600	18,900	498,700	24,900
Depreciation and amortization	4,605,289	1,612,247	143,375	6,360,911	28,167
Claims	-	-	-	-	1,739,044
Insurance	-	-	-	-	10,462,623
Other	258,693	128,304	69,410	456,407	123,970
Total operating expenses	21,324,015	12,448,363	1,071,434	34,843,812	15,929,061
Operating income or (loss)	1,568,295	558,649	(35,448)	2,091,496	269,177
Nonoperating revenues (expenses)					
Investment earnings	1,557,658	160,368	18,884	1,736,910	200,613
Interest expense	(530,078)	-	-	(530,078)	-
Gain or loss on disposal of capital assets	(58,734)	-	-	(58,734)	7,871
Grants	86,434	141,671	4,995	233,100	8,105
Debt service costs	(148,715)	-	-	(148,715)	-
Other	33,658	15,187	1,191	50,036	(126)
Net non-operating revenues (expenses)	940,223	317,226	25,070	1,282,519	216,463
Income or (loss) before transfers and contributions	2,508,518	875,875	(10,378)	3,374,015	485,640
Transfers and contributions					
Capital contributions - impact fees	797,912	-	-	797,912	-
Total transfers and contributions	797,912	-	-	797,912	-
Change in net position	3,306,430	875,875	(10,378)	4,171,927	485,640
Total net position - beginning as restated	114,293,389	12,147,427	2,118,910	128,559,726	4,755,517
Total net position - ending	<u>\$ 117,599,819</u>	<u>\$ 13,023,302</u>	<u>\$ 2,108,532</u>	<u>\$ 132,731,653</u>	<u>\$ 5,241,157</u>
Change in Net Position of Proprietary Funds				\$ 4,171,927	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				124,398	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES				<u>\$ 4,296,325</u>	

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

CITY OF LARGO, FLORIDA
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended September 30, 2019

	Business-type Activities-Enterprise Funds				Internal Service Funds
	Wastewater Utility	Solid Waste Utility	Nonmajor Golf Course	Total	
Operating activities					
Cash received from customers	\$ 25,218,402	\$ 12,683,842	\$ 1,086,887	\$ 38,989,131	\$ 16,316,356
Cash received from internal departments	-	-	-	-	1,462,300
Cash paid to employees	(6,817,214)	(3,711,719)	(450,560)	(10,979,493)	(1,371,227)
Cash paid to vendors	(8,427,535)	(5,811,906)	(507,658)	(14,747,099)	(15,953,312)
Cash paid for internal services	(2,405,404)	(1,309,108)	(18,900)	(3,733,412)	(204,600)
Net cash provided by (used in) operating activities	7,568,249	1,851,109	109,769	9,529,127	249,517
Non-capital financing activities					
Cash received from granting agencies	86,434	141,671	4,995	-	8,105
Net cash provided by (used in) non-capital financing activities	86,434	141,671	4,995	-	8,105
Capital and related financing activities					
Contributed capital and grants	797,912	-	-	797,912	-
Loan proceeds	7,435,740	-	-	7,435,740	-
Sale of capital assets	20,648	-	-	20,648	7,570
Acquisition of capital assets	(19,124,540)	(1,723,161)	(50,467)	(20,898,168)	-
Debt issuance costs	(148,715)	-	-	(148,715)	-
Principal repayment on long-term debt	(2,355,858)	-	-	(2,355,858)	-
Interest payments on long-term debt	(408,825)	-	-	(408,825)	-
Net cash provided by (used in) capital and related financing activities	(13,783,638)	(1,723,161)	(50,467)	(15,557,266)	7,570
Investing activities					
Investment earnings	1,756,511	154,349	17,577	1,928,437	191,957
Net cash provided by investing activities	1,756,511	154,349	17,577	1,928,437	191,957
Net increase (decrease) in cash and investments	(4,372,444)	423,968	81,874	(4,099,702)	457,149
Cash and investments					
Beginning of year	44,244,684	5,702,442	551,396	50,498,522	6,798,136
End of year	\$ 39,872,240	\$ 6,126,410	\$ 633,270	\$ 46,631,920	\$ 7,255,285
Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities					
Operating income (loss)	\$ 1,568,295	\$ 558,649	\$ (35,448)	\$ 2,091,496	\$ 269,177
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Other revenue/(expenses)	1,037,202	15,187	1,191	1,053,580	175
Depreciation and amortization	4,605,289	1,612,247	143,374	6,360,910	28,167
(Increase) decrease in assets and increase (decrease) in liabilities:					
Accounts receivable	9,266	(283,563)	(1,829)	(276,126)	85,303
Inventories	(9,412)	-	(2,476)	(11,888)	(37,842)
Prepaid expenses and other assets	-	-	(2,000)	(2,000)	(83,484)
Accounts payable	279,248	(129,695)	7,800	157,353	178,781
Accrued payroll and vacation	80,689	78,284	18,591	177,564	18,499
Deposits	(2,328)	-	-	(2,328)	-
Unearned revenue	-	-	(19,434)	(19,434)	20,741
Estimated claims payable	-	-	-	-	(230,000)
Total adjustments	5,999,954	1,292,460	145,217	7,437,631	(19,660)
Net cash provided by (used in) operating activities	\$ 7,568,249	\$ 1,851,109	\$ 109,769	\$ 9,529,127	\$ 249,517

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

CITY OF LARGO, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2019

	Pension Trust Funds
Assets	
Cash and investments	\$ 20,898,457
Accrued interest receivable	5,020
Due from other funds	24,432
Investments, at fair value:	
Loans receivable	1,029,183
U.S. Treasury & U.S. Agency securities	18,339,569
Corporate bonds	12,210,888
Mutual funds	75,644,194
Common stock	<u>70,455,443</u>
Total assets	<u>198,607,186</u>
Liabilities	
Due to employee investment accounts	9,690,003
Due to other funds	24,432
Unearned revenue	<u>3,733</u>
Total liabilities	<u>9,718,168</u>
Net position	
Restricted for:	
Pension benefits	<u>188,889,018</u>
Total net position	<u><u>\$ 188,889,018</u></u>

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

CITY OF LARGO, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended September 30, 2019

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 6,205,660
Plan members	2,570,538
State	1,317,529
Forfeitures added	50,581
Service buy back	24,170
Interest on loan paybacks	57,095
Total contributions	<u>10,225,573</u>
Investment earnings:	
Net increase (decrease) in investment value	3,854,014
Interest and dividends	3,342,346
	<u>7,196,360</u>
Less investment costs	<u>(674,605)</u>
Net investment earnings	<u>6,521,755</u>
Net additions	<u>16,747,328</u>
Deductions:	
Benefits	13,209,265
Refund of contributions	183,392
Loans transferred out	593,311
Administrative	194,470
Forfeitures	48,863
Insurance	67,151
Total deductions	<u>14,296,452</u>
Change in net position	2,450,876
Total net position - beginning	<u>186,438,142</u>
Total net position - ending	<u><u>\$ 188,889,018</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

September 30, 2019



NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting entity	52
B. Generally Accepted Accounting Principles	53
C. Government-wide and individual fund financial statements	53
D. Measurement focus, basis of accounting and financial statement presentation	54
E. Assets, liabilities, and net position (fund equity)	56

II. Reconciliation of Government-wide Financial Statements and Fund Financial Statements

A. Explanation of certain differences between the governmental funds balance sheets and the government-wide statement of net position (governmental activities column)	62
B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities	62

III. Stewardship, Compliance, and Accountability 63

IV. Detailed Notes on All Funds

A. Deposits and Investments	66
B. Receivables	73
C. Capital Assets	74
D. Interfund receivables, payables, and transfers	76
E. Leases	77
F. Non-current liabilities	77
G. Fund equity	80
H. Encumbrances	80

V. Other Disclosures

A. Risk Management	81
B. Employee retirement systems and pension plans	83
C. Contingent liabilities	99
D. Tax abatements	99
E. Restatement of Prior Period Net Position	99
F. Subsequent events	100

REQUIRED SUPPLEMENTARY INFORMATION

Police Officers and Firefighters Pension Plan

Schedule of changes in the net pension liability	101
Schedule of contributions	102
Schedule of investment returns	103

Post-employment health benefit plan

Schedule of changes in City's total OPEB liability and related ratios	104
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City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Largo (the "City") is a political subdivision of the State of Florida, located in Pinellas County on Florida's Suncoast, within the Tampa Bay metropolitan area. The City was incorporated in 1905 and is approximately 18.6 square miles in area. The City is a full-service municipality that offers a variety of high-quality services to City residents and certain unincorporated county residents. Services offered include: general government, public safety, recreation, parks, library, cultural arts and public works. The City also operates a wastewater utility, solid waste utility and golf course and maintains various trust funds in a fiduciary capacity.

The reporting entity is considered the primary government and any component units for which the primary government is financially accountable. In defining the City's reporting entity, management considered all potential component units and determined that one component unit should be included in the reporting entity for FY 2019.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit may be another organization for which the nature, and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles (GAAP) applicable to governmental entities. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In conformity with applicable Governmental Accounting Standards Board (GASB) requirements, the financial statements of the Largo Community Redevelopment Agency (CRA) are included as a blended component unit. This component unit has the same governing body as the City. A blended component unit, although a legally separate entity is, in substance, part of the primary government's operations; therefore, financial information from this component unit is combined with information of the primary government. The component unit is included in the reporting entity, because of the significance of operational and financial relationships with the City.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

The CRA was established by Ordinance 1997-34, pursuant to Chapter 163, Part III, Florida Statutes. The purpose of this agency is to organize and direct redevelopment activities of the West Bay Drive downtown area and Clearwater/Largo area of the City of Largo. The seven member City of Largo City Commission acts as the CRA governing board, and as such, establishes the CRA operating plan, operating budget, operating policies and conducts all official business of the CRA. The financial activities of the CRA are reported in a special revenue fund, titled the Downtown Tax Increment Financing Fund, which is included in this CAFR.

B. Generally Accepted Accounting Principles

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

The City uses fund accounting to report its financial position and results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate compliance with financially related legal requirements and to aid in financial management by segregating transactions related to certain activities.

Proprietary funds (enterprise and internal service) distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The wastewater fund also recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not classified as operating are reported as non-operating.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. Unrestricted amounts include committed, assigned and unassigned amounts which are available and can be used for the intended purpose.

C. Government-wide and individual fund financial statements

1. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the City. Most 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 principally on user fees for support.

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 City function, 2) operating grants and contributions that pay for operating activities and 3) capital grants and contributions that pay for the acquisition, construction or refurbishment of capital assets. Internally dedicated revenues, taxes and other revenues which are not classified as program revenues are reported as general revenues.

2. Fund financial statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds; however, fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements, while all nonmajor funds are combined into one aggregate column.

3. Reconciliation of Government-wide and governmental fund statements

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

D. Measurement focus, basis of accounting and financial statement presentation

1. Government-wide, proprietary fund and fiduciary fund financial statements

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the separate 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 are met.

The effects of interfund activity have generally been eliminated from the government-wide financial statements except for interfund charges. Elimination of interfund charges would distort the direct costs and program revenues reported for the various functions.

2. Governmental fund financial statements

Separate 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 (within 60 days of the end of the fiscal period). Grant revenues and donations are recognized in the fiscal year in which all eligibility criteria have been satisfied. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures are recorded when payment is due.

Franchise taxes (fees), licenses, most intergovernmental revenues and interest income are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received, including property taxes (see note I. E. 14).

3. Major funds and fund types

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund and accounts for all general government resources, except those required to be accounted for in another fund.

The *Local Option Sales Tax fund* is a special revenue fund used to account for a county-wide tax, also known as "The Penny for Pinellas" which is legally restricted for major capital improvements and public safety vehicles.

The *State Housing Initiative Partnership (SHIP) fund* is a special revenue fund used to account for tax revenue received from real estate sales, which is expended on low income housing.

The *Home Investment Partnership (HOME) fund* is a special revenue fund used to account for revenue allocated to the City under the Home Investment Partnership Act program, which is expended on low income housing.

The *Community Development Block Grant Program (CDBG) fund* is a special revenue fund used to account for revenue allocated to the City under the Community Development Block Grant program which is expended on low income housing and redevelopment capital improvements.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

The City reports the following major enterprise funds:

The *Wastewater Utility fund* accounts for the operations of the wastewater treatment plant, wastewater collection system and the reclaimed water distribution system.

The *Solid Waste Collection Utility fund* accounts for the solid waste collections operation, including residential, commercial, roll-off and recycling collections. The City does not operate a solid waste disposal facility.

The City also reports the following fund types:

Two *internal service funds* account for risk management and fleet repair services provided to other City departments on a cost reimbursement basis.

Four *pension trust funds* account for retirement income and disability income systems for public safety employees, general employees, and executive management employees. These funds accumulate resources to pay for pension benefit payments and disability benefit payments to qualified employees.

E. Assets, liabilities, and net position (fund equity)

1. Deposits and investments

The City utilizes a consolidated bank account (pooled cash and investments), wherein cash and investments of most funds are commingled, excluding certain investments held in a fiduciary capacity or those investments belonging to a specific fund, due to legal or other restrictions. Formal accounting records detail the daily equity of all funds. Interest earned on pooled investments is allocated to funds based on the average equity in pooled balances. All investments are reported at fair value. Each fund's individual equity in the City's investment pool is considered to be a cash equivalent, since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. This methodology is also used in the statement of cash flows for the proprietary funds.

Florida Statute 218.261 authorizes the City to invest in negotiable direct obligations of, or guaranteed by, the US Government; interest-bearing time or savings deposits in federal or state chartered banks or savings and loan associations provided that any such deposits are secured by collateral as may be prescribed by law; obligations of certain federal agencies and instrumentalities; and repurchase agreements.

The City maintains a buy and hold investment strategy, the objectives of which are safety of principal, liquidity and investment earnings, in that order of priority. The City utilizes a laddered maturity policy, whereby investment purchases are made throughout the year to avoid any form of

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

market timing, and to provide a relatively consistent maturity of investments throughout the year. This policy is intended to enhance liquidity and mitigate volatility in valuation fluctuations. The policy limits interest rate risk by limiting the final maturity for any individual investment to no more than 60 months and by limiting the weighted average maturity for the portfolio to 24 months or less.

The general employees' pension trust fund and the executive employees' pension trust fund investments are divided among mutual funds, money market funds, and fixed income investments. All investments are directed solely by plan members.

The police officers' and firefighters' pension trust fund Board of Trustees has broad investment authority, but is prohibited from investing in private placements, fixed income or interest rate futures, and arbitrage or any other specialized investments. Investment managers have been retained to invest fund assets according to the fund's investment guidelines. A trustee has been retained to purchase, hold and sell all investments, at the direction of the investment managers. A performance manager has been retained to review, analyze and report on each investment manager's performance.

2. Accounts receivable

All receivables are shown net of an allowance for uncollectibles, which is generally insignificant. Un-billed charges for services are accrued in the Wastewater, Solid Waste, and Stormwater Funds by prorating subsequent bills.

3. Due to/due from other funds

During the course of operations, transactions occur between individual funds for services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statement of net position or balance sheet.

4. Inventories and prepaid items

Inventories are stated at cost, which approximates market, using the first-in/first-out (FIFO) method. As inventory items are consumed, expenditures are reported in governmental funds and expenses are reported in proprietary funds.

Certain advance payments to vendors (e.g., insurance premiums) reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and individual fund financial statements.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

5. Restricted assets

The Wastewater Utility Fund is required by certain ordinances and resolutions to maintain restricted reserves for debt service, maintenance and repairs, and capital outlays of the system. These reserves can only be used for the purposes specified in the ordinances City of Largo, Chapter 22, Section 22 and resolutions. Amounts equal to the restricted assets, less the liabilities payable from such assets, are reflected in the equity section of the fund's statement of net position as restricted for these purposes.

6. Capital assets

Capital assets, which include land, property, plant, equipment, intangible and infrastructure assets (e.g., roads, sidewalks, and similar immovable items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$10,000, except for land. All capital assets must have an estimated useful life greater than one year.

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art or similar items and capital assets received in a service concession arrangement are reported at acquisition value at the date of donation. Costs that add to the value of an asset or materially extend an asset's originally estimated useful life are capitalized as improvement (betterments). Normal maintenance and repair costs that do not add to the value of an asset or materially extend an asset's originally estimated useful life are expended or expensed in the current period.

Major outlays for constructed capital assets and improvements are capitalized as incurred. Interest incurred during the construction phase of capital assets related to business-type activities is no longer included as part of the capitalized value of the assets constructed as the City has early implemented GASB Statement 89. Construction period interest of \$530,077 was recorded during the current fiscal year.

Capital assets (except land) are depreciated or amortized using the straight-line method over the following estimated useful lives:

Capital Asset Class	Estimated Useful Lives (years)
Infrastructure	20 - 50
Buildings and building improvements	10 - 40
Improvements other than buildings	15 - 30
Machinery and heavy equipment	10 - 30
Vehicles	5 - 9
Intangible assets	5 - 10
Office and computer equipment	3 - 5

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

7. Unearned revenue

Unearned revenue is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as business taxes collected in advance, are recorded as unearned revenue in the government-wide and the fund statements.

8. Compensated absences liability

City employees may accumulate earned, but unpaid, vacation and sick leave benefits. No liability is reported for accumulated sick leave, because the City does not pay any amounts when employees separate from service, except in cases of an employees' death. All accumulated vacation leave is accrued when earned in government-wide, proprietary, and fiduciary fund financial statements. An assignment of fund balance is recorded in governmental fund financial statements for the long-term portion of compensated absences.

9. Long-term obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are reported as deferred charges and amortized over the life of the related debt using the effective interest method. Bonds payable are reported net of bond premiums or discounts.

In the separate fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund equity

Fund equity at the governmental fund reporting level is referred to as "fund balance" and is referred to as "net position" for all other reporting levels. Generally, fund balance represents the difference between current assets and current liabilities, while net position represents the difference between all assets and all liabilities.

In governmental funds, the City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of fund balance when expenditures are made.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Restrictions of net position in proprietary funds mostly reflect legal segregations for debt service, debt reserves, or to satisfy debt covenants. Other proprietary fund restrictions segregate revenues that were collected for specific purposes, such as impact fees.

The government-wide statement of net position reports \$49,696,649 of restricted net position, of which \$10,388,093 is restricted by enabling legislation.

11. Nature and purpose of classifications of fund balance

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation are classified as Restricted fund balances. Committed fund balances can only be used for specific purposes as a result of constraints imposed by formal action of the City's highest level of decision-making authority (City Commission), which is by Resolution or by an Ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of formal action. Amounts that are constrained by the City's intent to be used for specific purposes but are neither Restricted nor Committed are classified as Assigned fund balances. Assignments are made by the City Manager based on City Commission direction. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form such as inventory or (b) legally or contractually required to be maintained intact, such as an endowment. Unassigned fund balance represents the spendable fund balance that has not been Restricted, Committed, or Assigned to specific purposes within the General Fund only.

12. Fund balance reserve policy

The City will maintain in each fund an adequate balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, and cash flow needs.

The City has a formal Legislative Policy adopted for fund balance in the General Fund. The guidelines within this policy address the General Fund's balance in order to mitigate material risks, which could negatively affect the City's ability to provide public services. The guidelines are intended to comply with state statutes regarding adopting a balanced budget, the requirements of the Governmental Accounting Standards Board (GASB), and will strive to achieve the Governmental Finance Officer's Association (GFOA) best practices.

The annual budget will be prepared including the General Fund's minimum ending fund balance as follows:

(1) Minimum unrestricted fund balance of no less than 10% of budgeted expenditures (GFOA best practice target is 17%);

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

(2) Target unrestricted fund balance of 20% of budgeted expenditures.

The Policy requires the Proposed Budget to be drafted within the established fund balance levels. The Policy also establishes guidelines for the use and restoration of fund balance (1% per year until balances are restored).

13. Interfund transactions

Exchange transactions between funds are accounted for as revenue, expenditures or expenses. Transactions that constitute reimbursements to a fund for payments initially made, but which are applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

The General Fund assesses charges to certain governmental funds and proprietary funds for the proportionate share of the costs of general government operations. The amounts charged to these funds are based on a percentage of operating revenues.

14. Property taxes

Property taxes are levied on November 1 on property values assessed as of January 1 of the same year. Property taxes are payable in arrears beginning in November through the following March 31, a 1% discount for each month paid prior to March (4% maximum discount), after which time the taxes become delinquent. A lien is placed against properties by the County Tax Collector's office if taxes are not paid prior to June 1 and tax certificates are eventually sold if the lien is not paid.

15. Property held for resale

In the governmental funds, property held for resale was reported reflecting land intended to be sold for redevelopment purposes in the future. The land is held by the Community Redevelopment Agency.

16. Deferred inflows of resources

A deferred inflow of resources represents an source of net position that applies to a future time period; therefore, the amount will not be recognized as an inflow of resources (revenue) until that future time.

17. Deferred outflows of resources

A deferred outflow of resources represents a use of net position that applies to a future period; therefore, the amount will not be recognized as an outflow of resources (expense) until a future time.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

II. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheets and the government-wide statement of net position (governmental activities column)

The governmental funds balance sheet requires a reconciliation between 1) *fund balance – total governmental funds* and 2) *net position – governmental activities* as reported in the government-wide statement of net position.

One element of this reconciliation recognizes that; long-term liabilities, (including bonds payable), are not due and payable in the current period and therefore are not reported in the fund financial statements. The details of this difference between these two financial statements are, as follows:

Notes and Loans payable	\$ 1,750,446
Add: Accrued interest payable	<u>12,749</u>
Net adjustment to decrease Fund Balance - total governmental funds to arrive at Net Position - governmental activities	<u><u>\$ 1,763,195</u></u>

Another element of this reconciliation recognizes that certain liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of this difference between these two financial statements are as follows:

Net pension liability	\$ 36,518,502
Add: Compensated absences of governmental funds	2,430,469
Add: OPEB liability of governmental funds	<u>10,026,715</u>
Net adjustment to decrease Fund Balance - total governmental funds to arrive at Net Position - governmental activities	<u><u>\$ 48,975,686</u></u>

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (governmental activities column)

The governmental funds statement of revenues, expenditures, and changes in fund balances requires a reconciliation between 1) *net changes in fund balances – total governmental funds* and 2) *changes in net position of governmental activities* as reported in the government-wide statement of activities.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

One element of this reconciliation recognizes that governmental funds report capital outlays as expenditures; however, in the government-wide statement of activities, the cost of those assets is allocated over the assets' estimated useful lives and is reported as depreciation expense. The details of this difference between the two financial statements are, as follows:

Capital outlay per funds	\$ 11,350,325
Add: Capital outlay of internal service funds	28,167
Less: Amount of capital outlay related to expenditures under threshold	<u>(362,714)</u>
Capital Outlay related to capital expenditures	11,015,778
Less: Depreciation expense	<u>(8,802,779)</u>
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u><u>\$ 2,212,999</u></u>

Another element of this reconciliation recognizes that the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. In the statement of activities, only the gain or loss on the sale of capital assets is reported; however, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. The details of this difference are, as follows:

Cost of capital assets sold/retired	<u>\$ 699,286</u>
Net adjustment to decrease Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u><u>\$ 699,286</u></u>

Another element of this reconciliation recognizes that certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. The details of these differences are, as follows:

Adjustment for deferred revenues	\$ 48,751
Add: Change in utility grants receivable:	(8,505)
Add: Change in special assessments receivable	<u>876</u>
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u><u>\$ 41,122</u></u>

Another element of this reconciliation recognizes that the issuance of long-term debt (e.g., bonds, leases, etc.), provides current financial resources to governmental funds and the repayment of principal consumes current financial resources of governmental funds; however, neither transaction affects net position at the government-wide reporting level. Also, governmental funds report issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are, as follows:

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Debt principal repayment	\$ 3,443,695
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ 3,443,695</u>

Another element of this reconciliation states that certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of these differences are, as follows:

Adjustment for net pension liability and related deferrals	\$ (369,660)
Add: Adjustment to long-term compensated absences	2,359
Add: Change in accrued interest	22,098
Less: Adjustment for OPEB liability	<u>(800,890)</u>
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ (1,146,093)</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

An annual budget is prepared for all governmental funds, with the exception of the Neighborhood Stabilization Program 2 fund in FY 2019. Budgets are prepared on a basis consistent with GAAP. The City Manager is authorized to transfer budgeted amounts between line items within departments, but not between departments or funds. Any transfer that alters the total expenditures/expenses of any department or fund must be approved by the City Commission through a budget amendment. All budget amounts presented in the accompanying financial statements have been adjusted for amendments approved by the City Commission or transfers approved by the City Manager.

Supplemental appropriations were enacted during the year, as follows:

General Fund	\$ 819,000
Community Redevelopment Agency	1,160,000
Trees	15,000
Stormwater	28,000
Program Special Revenue	70,000
Transportation Capital Projects	6,042,000

Amounts appropriated in the Transportation Capital Projects fund were originally budgeted to be spent out of the contributing funds directly. After establishment of the fund, the appropriations were moved into this fund. Every appropriation, except a capital expenditure appropriation, lapses at the close of the fiscal year to the extent that the appropriation has not been expended or encumbered. The City Charter stipulates that appropriations for capital expenditure continue in force until the purpose has been accomplished or abandoned, or if three years pass without any disbursement or encumbrance of the appropriation, whichever occurs first; however, it is Management's policy to request the City Commission to re-appropriate unexpended or unencumbered appropriations in the succeeding year's budget.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Deficit Balances. Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. The City does not have any funds with deficit balances at September 30, 2019.

New Accounting Pronouncements. For fiscal year 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, Certain asset retirement obligations, No. 88 Certain disclosures related to debt, including direct borrowings and direct placements and No. 89, Accounting for interest cost incurred before the end of a construction period.

GASB 83 improves financial reporting for future legally required asset retirement activities related to tangible capital assets. The changes were incorporated into the City's financial statements; however, there was no effect on beginning net position.

GASB 88 improves the information that is disclosed in notes to governmental financial statements related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. The changes were incorporated into the City's financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position.

Future Accounting Pronouncements. The Governmental Accounting Board has issued statements that will become effective in FY 2020 and FY2021. The statements address:

- Fiduciary Activities
- Leases
- Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61.

The City of Largo is currently evaluating the effects that these statements will have in its future financial statements.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

City of Largo

As of September 30, 2019 the City of Largo held the following investments measured at fair value:

Investment Type	Fair Value (\$000) & Maturities				% Total	Fair Value Level
	Less Than 1 year	1-2 Years	2 -5 Years	Total (2)		
US Treasuries	\$ 13,974	\$ 13,115	\$ 8,072	\$ 35,161	32.3%	1
US GSE (1)						
FHLB	1,998	4,996	5,494	12,488	11.5%	2
FFCB	2,000	7,495	5,996	15,491	14.2%	2
FAMCA	-	-	2,006	2,006	1.8%	2
Certificates of Deposit	18,000	4,000	2,000	24,000	22.1%	N/A
Demand Deposits (3)	9,598	-	-	9,598	8.7%	N/A
LGIT	10,298	-	-	10,298	9.4%	2
	<u>\$ 55,868</u>	<u>\$ 29,606</u>	<u>\$ 23,568</u>	<u>\$ 109,042</u>	<u>100.0%</u>	
% of Total	<u>51.1%</u>	<u>27.2%</u>	<u>21.7%</u>	<u>100.0%</u>		

(1) Governmental Sponsored Enterprises are privately held corporations created by the U.S. Congress

(2) Balance does not include deposits required by debt agreements (\$275,483)

(3) Total balance reflects actual bank balances at September 30, 2019

Fair Value Measurement. GASB Statement No. 72, Fair Value Measurement and Application, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using consistent definition and accepted valuation techniques. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) for identical assets in active markets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Level 3 inputs are unobservable inputs for an asset or liability which are typically based on the City's own assumptions. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The categorization of the investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Certificates of deposit and money market funds are valued using the quoted market prices. U.S. Treasury securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30 (or the most recent market close date if the market are closed on September 30) in active markets from the custodian bank's primary external pricing vendors. U.S. agencies and instrumentalities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendors. The pricing methodology often involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. The risk that changes in interest rates will adversely affect fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest-rate risk. The City investment policy addresses interest rate risk by limiting the final maturity for any individual investment to no more than 60 months. Generally, the City manages exposure to declines in fair value caused by rising interest rates by maintaining an investment portfolio with an average weighted maturity of two years or less and by maintaining a minimum of two months of anticipated recurring disbursements in liquid investments. Investment maturities are also ladder (staggered) throughout the year so that a portion of investments mature monthly, which further reduces exposure to declines in fair value. In addition, it is the City's practice to hold all investments until maturity; therefore, declines in fair value, if any, caused by rising interest rates are recognized for accounting purposes, but are never realized.

Credit Risk. The risk that a debt issuer will not fulfill its obligations. The City's investment objectives are weighted in the following order: safety of principal, liquidity and return on investments; therefore, and in accordance with Florida Statute 218.415 and the City's investment policy, the City only invests in the highest quality securities, such as US Government Treasury Securities and US Government Instrumentality Securities. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member's default. The City invests in US Government agencies that are only implicitly guaranteed by the US Government. The Federal Home Loan Banks (FHLB), the Federal Farm Credit Bank (FFCB) and the Federal Agricultural Mortgage Corporation (FAMC) were rated at Aaa/AA+ by Moody's and Standard & Poor's, respectively.

Custodial Credit Risk – Deposits and Investments. The risk that cash and investments held by another party may not be recovered in the event of financial failure. All investments are held in the name of the City of Largo and all time deposits are maintained with Qualified Public Depositories as required in the investment policy. The investment policy states:

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

1. All securities purchased by the City under this section except public depository investments shall be properly designated as an asset of the City and held in safekeeping by a third party custodial institution, chartered by the United States Government or the State of Florida.
2. Certificates of deposit purchased under the authority of this policy shall be purchased only from Qualified Public Depositories of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the State Statutes.

As of September 30, 2019, the carrying amount of the City's deposits with financial institutions was \$43,685,330 and the total of the bank balances was \$43,852,309. A portion of the bank balance is covered by the FDIC. These funds were deposited with banks that are members of the Qualified Public Depository Program under which collateral is pledged with the State Chief Financial Officer pursuant to Chapter 280, Florida Statutes. Under this chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the government entity for the loss.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. Appropriate diversification is maintained between security types and issuers to reduce concentration of credit risk. The City updated the investment policy in FY 2009, which addresses the allocation of investments. The allocation of investments follow the guidelines of the updated investment policy. Broad categories of allowable and actual security concentrations are, as follows:

Security Type	Maximum Concentration Allowed	Actual Concentration at September 30, 2019
U.S. Treasury Obligations	50%	32.3%
U.S. Agencies and Instrumentalities	40%	27.5%
Time Deposits and Savings Accounts (Public Depositories)	40%	22.1%
Checking Accounts (Public Depositories)	20%	8.7%
Government Investment Pools	20%	9.4%
Money Market Funds	20%	0.0%
% of Total		100%

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

General 401(a) and Executive Management 401(a) Plans

At September 30, 2019, the General and Executive Management 401(a) Plans invested in the following cash and investments:

	Balance at 09/30/19	Credit Rating	General	Executive	Concentration Total	Fair Value Level
Investments Measured at Net Asset Value (NAV)						
Mutual Funds						
Domestic Common Stock Funds	\$ 17,329,538	Not Reported	37.0%	45.4%	37.6%	N/A
International Common Stock Funds	2,617,927		5.8%	4.5%	5.7%	N/A
Fixed Income Fund (Bonds)	2,527,452	Not Reported	5.4%	6.3%	5.5%	N/A
Asset Allocation (Stocks & Fixed Inc.)	14,021,410		30.9%	25.6%	30.4%	N/A
Other	438,471		1.0%	0.0%	1.0%	N/A
Total Investments Measured at NAV	36,934,798					
Investments at Amortized Cost						
Cash and Cash Equivalents	9,117,942	Not Reported	19.9%	18.1%	19.8%	N/A
Total Investments Measured at Amortized Cost	9,117,942					
Total Cash & Investments	\$ 46,052,740		100%	100%	100%	
Per Fiduciary Statement of Net Position:						
Executive Employees' Retirement	\$ 3,669,084					
General Employees' Retirement	42,383,656					
Total Cash & Investments	\$ 46,052,740					

The City sponsors separate defined contribution retirement plans for general employees and executive-management employees, which requires mandatory participation by all eligible employees. The City and the City's Retirement Board (the Board), which is responsible for administering the Plans, intend for the Plans to comply with ERISA Section 404(c) and the regulations thereunder.

The Plans' participants are expected to have different investment objectives, time horizons and risk tolerances; therefore, to meet these varying investment needs, participants are able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. The Board selects the Plans' investment options based on relevant criteria, including: maximization of return within reasonable and prudent levels of risk, provision of returns comparable to returns for similar investment options, provision of exposure to a wide range of investment opportunities in various asset classes and vehicles, control of administrative and management costs, provision of appropriate diversification and each investment manager's adherence to stated investment objectives.

Service providers and investment options are monitored by the Board on a quarterly basis to ensure that total costs and services are competitive and reasonable. A service provider may be removed if the Board determines that their service quality and/or value has become uncompetitive. An investment option may be removed if the Board has lost confidence in the related manager's ability to: achieve competitive performance results, remain true to the fund's stated investment style, maintain an appropriate asset

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

allocation, meet risk/return objectives and/or maintain acceptable qualitative standards (e.g., stable organization, compliance guidelines, relative returns, etc.). A "score card" is prepared on each investment option every quarter and options that do not meet acceptable criteria are placed on a watch list for monitoring. One or two investment options are usually replaced every year by the Board based on sub-par performance of other factors.

Interest Rate Risk. The risk that changes in interest rates will adversely affect fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest-rate risk. The Plans have provided investment options with varying investment maturities to match participants' anticipated risk tolerances and cash-flow requirements.

Credit Risk. The risk that a debt issuer will not fulfill its obligations. The Plans provide adequate portfolio diversification so participants can limit investments to the highest rated securities as rated by nationally recognized rating agencies. The Plans do provide a high yield fixed income securities investment option.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The Plans provide a wide variety of mutual fund options, each of which holds securities and/or investments from many different issuers, which helps to manage this risk.

Custodial Credit Risk. The risk that the plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited, because investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk. The risk that changes in exchange rates will adversely affect the fair value of an investment. The Plans provide a wide variety of mutual fund options, each of which holds securities and/or investments from many different countries, which helps to manage this risk.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Police Officers' and Firefighters' Retirement

At September 30, 2019, the Police Officers' and Firefighter's Retirement System invested in the following cash and investments:

	Balance at 09/30/19	Credit Rating (Moody's)	Weighted Average Maturity (Years)	Concentration	Fair Value Level
Investments at Fair Value Level					
U.S. Treasury Securities			12.28		
U.S. Treasury Bonds	\$ 2,349,380	Aaa		1.56%	1
U.S. Treasury Notes	6,190,096	Aaa		4.10%	1
U.S. Government Sponsored Agencies			34.70		
Federal Home Loan Mortgage Corp.	3,058,610	Aaa		2.03%	2
Federal National Mortgage Assoc.	6,317,469	Aaa		4.19%	2
Government National Mortgage Assoc.	424,014	Aaa		0.28%	2
Corporate Obligations			14.22		
Bonds	2,880,252	Aaa		1.91%	1
Bonds	202,346	Aa2		0.13%	1
Bonds	456,638	Aa3		0.30%	1
Bonds	660,326	A1		0.44%	1
Bonds	2,928,999	A2		1.94%	1
Bonds	2,946,438	A3		1.95%	1
Bonds	56,848	AA1		0.04%	1
Bonds	807,245	Baa2		0.53%	1
Bonds	1,080,951	Baa3		0.72%	1
Bonds	158,445	Ba1		0.10%	1
Bonds	32,400	Ba2		0.02%	1
Domestic Common Stock	70,294,598			50.06%	1
Foreign Common Stock	160,845			0.11%	1
Real Estate Investment Trusts	12,727,228			8.43%	3
Total Investments at Fair Value Level	113,733,128				
Investments at Net Asset Value (NAV)					
Real Estate Investment Trusts	65,753			0.04%	N/A
Mutual Funds					
Domestic Common Stock Funds	1,275,260			1.07%	N/A
Foreign Common Stock Funds	18,608,857			12.33%	N/A
Fixed Income Funds	5,442,486			0.14%	N/A
Balanced Funds (Stocks & Fixed)	589,812			0.15%	N/A
Total Investments at NAV	25,982,168				
Investments at Amortized Cost					
Stable Value Fund	7,146,312			4.73%	N/A
Government Money Market	4,074,744			2.70%	N/A
Total Investments at Amortized Cost	11,221,056				
Total Cash & Investments	\$ 150,936,352			100.00%	

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Interest Rate Risk. The risk that changes in interest rates will adversely affect the fair value of a debt security. Generally, the longer the time to maturity, the greater the exposure there is to interest-rate risk.

The Plan manages investment maturities to anticipated cash-flow requirements so that all obligations are paid when due. The duration of the fixed income portfolio must also be less than 135% of the duration of the related market index, which is defined as the Barclay's Aggregate Bond Index. At September 30, 2019, the weighted average maturity in years for each investment type is included in the preceding table.

Credit Risk. The risk that a debt issuer will not fulfill its obligations. To reduce credit risk, all fixed income securities must be issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.

The policy further limits credit risk by limiting investments to the highest rated securities as rated by nationally recognized rating agencies, in accordance with the Plan's fixed income investment objectives. Fixed income securities must maintain a weighted average credit quality rating of "A" or higher. Investments in all corporate fixed income securities are further limited to those securities considered investment grade or higher by Moody's, Standard & Poor's and Fitch rating services. At September 30, 2019, for those where ratings are available, the portfolio met the credit rating limitations of the policy.

Concentration of Credit Risk. The risk of loss attributed to the magnitude of an investment in a single issuer. The Plan utilizes limitations on securities of a single issuer to manage this risk.

The policy uses portfolio diversification to reduce concentration of credit risk and states that no more than 10% of corporate securities (at market value) of an investment manager's total fixed income portfolio may be invested in the securities of any single corporate issuer. Fixed income securities are also limited to no more than 30% of the portfolio. At September 30, 2019, the portfolio met the corporate single issuer limitation and overall asset allocation requirements of the policy.

Custodial Credit Risk. The risk that the plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited, since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk. The risk that changes in exchange rates will adversely affect the fair value of an investment. To reduce this risk, investments in stocks of foreign companies are limited to 25% of the value of the total investment portfolio.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

General Employees' Disability Fund

The General Employees' Disability Fund cash and investments were apart of the City's pooled cash as defined in Note I.E.1. At September 30, 2019, the cash balance in the fund was \$559,459.

B. Receivables

Uncollected accounts receivable at year-end are recorded, with an appropriate allowance for estimated uncollectible accounts in the Stormwater Fund, Wastewater Fund, and Solid Waste Fund.

Taxes receivable. By fiscal year end, virtually all property taxes were collected either directly or through tax certificate sales. The Pinellas County Tax Collector advertises sales of tax certificates at public auctions for unpaid taxes on all real property. All sales proceeds are remitted to taxing authorities. Certificates not purchased are issued to Pinellas County.

Notes receivable are collateralized by first or second mortgages on rehabilitated low income properties. As payments are received, revenue is recognized and the deferred revenue account is reduced, which reflects available resources for future rehabilitation projects. There are three types of Notes Receivable, as follows:

1. State Housing Initiative Partnership (SHIP) notes receivable represent loans to first-time homeowners to assist with down payments and closing costs. Notes bear interest at up to 4% and are collateralized by second mortgages on the property.
2. Home Investment Partnership (HOME) notes receivable represent loans to first-time homeowners to assist with down payments and closing costs and also the rehabilitation of properties. Notes bear interest at up to 3% and are collateralized by second mortgages on the property.
3. Community Development Block Grant (CDBG) notes receivables represent loans to property owners for rehabilitation of properties and bear interest from 5% to prime less 5%. Loans are made for up to 95% (49% prior to 1993) of the property value after rehabilitation for periods up to 20 years. Notes receivable are offset by a deferred revenue account in the individual fund financial statements, due to the length of time until collection. Federal requirements stipulate that loan proceeds must be returned to the federal government unless they are used for rehabilitation purposes; therefore, the loan amounts represent a perpetual loan pool that can fund future rehabilitation.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

C. Capital Assets

1. Capital asset activity

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 25,534,910	\$ 3,100	\$ 280,458	\$ 25,257,552
Construction in progress	16,720,675	7,390,708	8,926,228	15,185,155
Total non-depreciable capital assets	<u>42,255,585</u>	<u>7,393,808</u>	<u>9,206,686</u>	<u>40,442,707</u>
Depreciable/Amortizable capital assets:				
Building	76,742,206	5,207,777	-	81,949,983
Improvements other than buildings	64,334,970	2,579,486	895,444	66,019,012
Machinery and equipment	40,352,917	4,646,068	1,743,605	43,255,380
Intangible	894,970	86,700	-	981,670
Total depreciable/amortizable capital assets	<u>182,325,063</u>	<u>12,520,031</u>	<u>2,639,049</u>	<u>192,206,045</u>
Less accumulated depreciation/amortization for:				
Building	25,521,318	2,075,336	-	27,596,654
Improvements other than buildings	32,496,410	2,584,369	607,266	34,473,513
Machinery and equipment	26,718,194	3,965,552	1,612,955	29,070,791
Intangible	227,672	177,522	-	405,194
Total accumulated depreciation/amortization	<u>84,963,594</u>	<u>8,802,779</u>	<u>2,220,221</u>	<u>91,546,152</u>
Net depreciable/amortizable capital assets	<u>97,361,469</u>	<u>3,717,252</u>	<u>418,828</u>	<u>100,659,893</u>
Net governmental activities capital assets	<u>\$ 139,617,054</u>	<u>\$ 11,111,060</u>	<u>\$ 9,625,514</u>	<u>\$ 141,102,600</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Non-depreciable capital assets:				
Land	\$ 2,824,038	\$ -	\$ -	\$ 2,824,038
Construction in progress	107,279,255	18,256,523	56,319	125,479,459
Total non depreciable capital assets	110,103,293	18,256,523	56,319	128,303,497
Depreciable/amortizable capital assets				
Building and improvements	7,281,646	-	10,958	7,270,688
Improvements other than buildings	141,641,187	-	5,112,962	136,528,225
Machinery and equipment	20,031,866	2,734,522	76,031	22,690,357
Intangible	34,459	-	-	34,459
Total depreciable/amortizable capital assets	168,989,158	2,734,522	5,199,951	166,523,729
Less accumulated depreciation/amortization for:				
Building and improvements	2,318,110	161,799	10,958	2,468,951
Improvements other than building	110,857,690	3,803,601	4,996,758	109,664,533
Machinery and equipment	11,562,828	2,392,065	76,296	13,878,597
Intangible	5,456	3,446	-	8,902
Total accumulated depreciation/amortization	124,744,084	6,360,911	5,084,012	126,020,983
Net depreciable/amortizable capital assets	44,245,074	(3,626,389)	115,939	40,502,746
Net business type activities capital assets	154,348,367	14,630,134	172,258	168,806,243

2. Depreciation and amortization expense

Depreciation and amortization expense was charged to functions and programs, as follows:

Governmental activities		Business-type activities	
General government	\$ 1,029,468	Wastewater	\$ 4,605,290
Economic development	244,479	Solid waste	1,612,246
Public safety	2,387,474	Golf course	143,375
Public works	2,574,336		-
Culture and recreation	2,538,854		-
Internal service funds charged to various functions	28,168		-
Total depreciation/amortization expense	<u>\$ 8,802,779</u>		<u>\$ 6,360,911</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

3. Construction commitments

The City has active construction projects as of September 30, 2019. The projects include various street, wastewater and drainage projects. In addition, the City has outstanding purchase commitments for engineering and design services. At year end, the City's significant commitments with contractors are as follows:

	Incurred	Remaining Commitment
Trotter Rd reconstruction design	\$ 6,040,048	\$ 1,142,922
WWRF Biological treatment improvements	10,348,168	45,629,128
Sanitary sewer overflow prevention – Lift station basin 12	992,283	2,570,681
Sanitary sewer overflow prevention – Lift station basin 20	694,323	2,018,971
WWRF Biosolids process improvements and building hardening	220,731	1,620,606
Rosery Rd phase 1 – Missouri Ave to Eagle Lake Park	1,130,162	6,872,640
WWRF New Operations building wastewater treatment facility plant	1,102,500	8,032,697
Sanitary sewer – Lift station sub basin 1	1,072,240	1,801,639
Sanitary sewer overflow prevention – Lift station basin 28	602,116	1,356,694
Wet weather monitoring & pumping system	44,932,019	1,653,135
Sanitary sewer overflow prevention – Lift station basin 16	219,804	1,634,211
Downtown multimodal improv. and rehab Clw/Lgo Rd to Missouri Ave	382,481	3,546,963
Total	\$ 67,736,875	\$ 77,880,287

The commitments shown above are financed from existing City resources and future proceeds of the State Revolving Fund Loan through the Florida Department of Environmental Protection.

D. Interfund receivables, payables and transfers

1. Interfund receivables and payables

Receivable Fund	Payable Fund	Total Amount	Purpose
General (major)	HOME (major)	\$ 128,597	Awaiting receipt of housing-related receivable
LOST (major)	Non-Major (CRA)	343,000	Financing for redevelopment property to be sold
Non-Major (Parkland Dedication)	Non-Major (CRA)	189,000	Financing for redevelopment property to be sold
Non-Major (Program Special Revenue)	General (Major)	1,388	Building permit training fee
		\$ 661,985	

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

2. Interfund transfers

Transfer from	Transfer to	Total Amount	Purpose
General	Construction Services	\$ 90,000	For permitting software
Program Special Revenue	General	11,400	For cost of school resource officers
County Gas Tax	Transportation Capital Projects	948,000	For Rosery Road improvement project
Transportation Impact Fee	Transportation Capital Projects	11,000	For Rosery Road improvement project
Stormwater	Transportation Capital Projects	3,027,000	For Rosery Road improvement project
LOST	Transportation Capital Projects	1,990,000	For Rosery Road improvement project
Tree Impact Fee	Transportation Capital Projects	66,000	For Rosery Road improvement project
	Total	<u>\$ 6,143,400</u>	

E. Leases

The City leases office and other equipment under non-cancelable operating leases. Total costs for such leases were \$140,243 for the year ended September 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30	Amount
2020	\$ 136,618
2021	136,618
2022	126,287
Total	<u>\$ 399,523</u>

F. Non-current liabilities

Interest cost is expensed in the proprietary funds on construction projects financed with long-term debt. Interest cost is not capitalized on projects financed by government grants or third-party donations.

Pledged Revenues Disclosures. The City has pledged the net revenues of the wastewater utility system to repay the State Revolving Loan Fund #3 (SRL#3) loan issued in May, 2016. The bonds are paid solely from the net revenues of the wastewater utility system and are payable through June 2036, respectively. Net revenues for the current year were \$9,201,424. The SRL#3 loan agreement is for drawdowns totaling \$78,218,210 and is for wet weather improvements. The total amount borrowed as of September 30, 2019 is \$80,795,431 including capitalized interest and a 2% loan service cost. Repayments on the loan began in December 2018. Proceeds of the SRL #3 loan were used to provide financing for system expansion and upgrades.

The City has pledged a portion of future local sales tax revenues, also known as Penny for Pinellas, to repay the \$10,000,000 TD Bank loan issued in March 2010 and the \$10,000,000 JPMorgan Chase loan issued in December 2011. Proceeds of the TD Bank loan were used in construction of a new community center, while the proceeds from the JPMorgan Chase loans were used to construct a new recreation facility

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

and assist with the payoff of an outstanding wastewater loan. The loans are payable through January 2020. The total remaining to be paid on the loans as of September 30, 2019 is \$1,286,405. For the current year, principal and interest paid were \$2,596,192 and total Penny for Pinellas sales tax revenues were \$8,069,451.

The City has pledged a portion of half-cent sales tax revenues to repay the \$10,000,000 JPMorgan Chase loan issued in January 2012. Proceeds were used to construct a new recreation facility and the loan is payable through January 2020. The total remaining to be paid on the loan is \$663,871. For the current year, principal and interest paid were \$1,344,911 and total half-cent sales tax revenues were \$5,433,134.

For governmental activities, compensated absences are paid by the fund where related salaries are incurred, including General, Building, Stormwater and SHIP funds. The Risk Fund (an internal service fund) pays estimated claims payable and City Commission and Police Chief annuity payable related to retirement payments not covered by pension plans.

The following summarizes changes in non-current liabilities during the fiscal year (\$ in thousands):

	Balance Oct. 1	Additions/ Adjustment	Reductions/ Adjustment	Balance Sept. 30	Amounts due within one year
Governmental Activities:					
Chase Bank (Loan Option Sales Tax Fund) Interest rate 2.090462%. Balance Due January 1, 2020.	\$ 1,977	\$ -	\$ 1,314	\$ 663	\$ 663
Chase Bank (Local Option Sales Tax Fund) Interest rate 2.078308%. Balance Due January 1, 2020.	1,387	-	920	467	467
TD Bank (Loan Option Sales Tax Fund) Interest rate 3.443%. Balance Due January 1, 2020	1,830	-	1,210	620	620
Net pension liability	41,421	15,649	20,551	36,519	-
Compensated absences	2,482	2,104	2,113	2,473	2,113
Total OPEB liability	9,427	879	-	10,306	-
Property/Liability and Workers Compensation	1,790	645	875	1,560	312
City Commissioner/ Police Chief annuity payable	88	-	-	88	12
Total Governmental activities debt	<u>\$ 60,402</u>	<u>\$ 19,277</u>	<u>\$ 26,983</u>	<u>\$ 52,696</u>	<u>\$ 4,187</u>
Business-type Activities:					
Chase Bank (Local Option Sales Tax Fund) Interest rate 1.71%. Balance Due January 1, 2020	\$ 595	\$ -	\$ 395	\$ 200	\$ 200
State revolving loan #3; Interest rates 1.07%, 0.46% and 0.43% Collateralized by sewer net revenue (Includes debt issuance cost) Balance due June 15, 2036	75,384	7,704	2,293	80,795	4,514
Compensated absences	495	366	347	514	347
Total OPEB liability	2,122	198	-	2,320	-
Net business-type activities debt	<u>\$ 78,596</u>	<u>\$ 8,268</u>	<u>\$ 3,035</u>	<u>\$ 83,829</u>	<u>\$ 5,061</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Other long-term liabilities, such as net pension liability and other post employment benefits payable, are typically liquidated by the individual fund to which the liability is directly associated based on the employees fund and department of employment, primarily the General Fund.

The following tables indicate future debt service requirements for both Governmental and Business-Type activities.

Governmental Activities Debt Service Requirements

Year Ending September 30	Total Principal	Total Interest	Total Debt Service
2020	1,750,446	16,877	1,767,323
Total	<u>\$ 1,750,446</u>	<u>\$ 16,877</u>	<u>\$ 1,767,323</u>

Business-type Activities Debt Service Requirements

	SRL #3		Chase 2011		Totals		
FY	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2020	4,484,065	579,468	198,722	1,544	4,682,787	581,012	5,263,799
2021	4,513,625	549,908	-	-	4,513,625	549,908	5,063,533
2022	4,546,398	517,135	-	-	4,546,398	517,135	5,063,533
2023	4,579,449	484,084	-	-	4,579,449	484,084	5,063,533
2024	4,612,780	450,753	-	-	4,612,780	450,753	5,063,533
2025-2029	23,573,889	1,743,776	-	-	23,573,889	1,743,776	25,317,665
2030-2034	24,450,843	866,821	-	-	24,450,843	866,821	25,317,664
2035-2036	10,034,382	92,684	-	-	10,034,382	92,684	10,127,066
Total	<u>\$ 80,795,431</u>	<u>\$ 5,284,629</u>	<u>\$ 198,722</u>	<u>\$ 1,544</u>	<u>\$ 80,994,153</u>	<u>\$ 5,286,173</u>	<u>\$ 86,280,326</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

G. Fund equity

Governmental fund balances reported on the fund financial statements at September 30, 2019 include the following:

	General	LOST	SHIP	HOME	CDBG	Nonmajor Funds	Total
Nonspendable:							
Deposits	\$ 39,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,510
Prepaid	4,733	-	-	-	-	-	4,733
Receivables	72,219	-	-	-	-	-	72,219
Property held for resale						-	-
Restricted:							
Capital improvements and public works	-	5,773,695	-	-	-	17,443,973	23,217,668
Economic development	-	-	792,241	-	-	4,462,423	5,254,664
Public safety programs	-	-	-	-	-	338,541	338,541
Youth and adult library/recreation programs	-	-	-	-	-	454,453	454,453
Parkland dedication	-	-	-	-	-	3,603,709	3,603,709
Assigned:							
Subsequent year's operations	2,872,549	-	-	-	-	-	2,872,549
Accrued employee benefits	2,285,805	-	-	-	-	-	2,285,805
Other purposes	-	-	-	-	-	98,816	98,816
Unassigned	17,525,477	-	-	-	-	-	17,525,477
	<u>\$ 22,800,293</u>	<u>\$ 5,773,695</u>	<u>\$ 792,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,401,915</u>	<u>\$ 55,768,144</u>

H. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the funds. Significant encumbrances in governmental funds as of September 30, 2019 are as follows:

Major governmental funds:	
General	\$ 1,583,349
Local Option Sales Tax	1,417,825
SHIP	78,289
Total Major Funds	<u>3,079,463</u>
Non-major governmental funds	12,288,463
Total Encumbrances	<u>\$ 15,367,926</u>

V. OTHER DISCLOSURES

A. Risk management

The City's Risk Management Fund (Internal Service Fund) is involved with two main elements of risk management: risk control and risk financing. Risk control techniques are used to prevent/avoid potential losses, minimize the consequences of incurred losses, and segregate certain types of exposures. Risk financing techniques are used to obtain funds to restore the economic damages of losses including risk retention, risk transfer to insurers, and risk transfer to non-insurers (e.g., through indemnity clauses in contracts that transfer financial responsibility to the other contractual party).

Main activities of the Fund consist of: (1) initiating and monitoring risk control policies and procedures; (2) disbursing premium payments for insurance coverage; (3) processing and paying claims under the Workers' Compensation Act; and (4) processing and paying claims arising from property, vehicle and general liability cases.

Fund revenue primarily includes contributions from other City funds and is planned to match expenses of insurance premiums, anticipated "self-insured" losses and operating expenses. Premiums are paid into the risk management fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the various risk programs. As of September 30, 2019, such interfund premiums did not exceed reimbursable expenditures.

The City recognizes insurance claim expenses based upon claims paid, claims reported, and estimates of claims incurred but not reported (IBNR). Claims liabilities are recorded based upon the City's best estimates of potential losses after considering all available facts. The claims estimation process involves substantial uncertainties, including the ultimate outcome of certain legal actions that may affect the adequacy of amounts provided; however, management believes all claims liabilities recorded are appropriate.

Estimates of claims liabilities of the risk fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The actual result of this claims liability estimation process depends on many complex factors, such as investigations and discovery of facts, extent of the recovery of injured parties, inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of new information, claim settlement trends (including frequency and amount of pay-outs), and other factors. Due to the uncertain nature of the claims estimate, the City decided that recording 20% of the total balance is a practical portion to recognize as "due with in one year" on the statement of net position.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

The estimated claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Excess coverage insurance policies cover individual claims in excess of certain amounts.

The City is partially "self-insured" for Workers Compensation claims on a per occurrence basis up to \$600,000. The City carries insurance coverage for claims in excess of the Self-Insured Retention (SIR) level up to \$1M per claim. The City has several ongoing claims that have exceeded SIR levels, which were lower in previous years (mostly \$400,000 SIR).

The City carries insurance policies for employee health claims, EMS liability claims and general employee disability claims. Public safety employee disability claims (sworn police and fire employees) are covered through the pension plan.

The City carries property insurance with a \$25,000 deductible per occurrence, and per occurrence coverage of approximately \$25M and for \$181 million of insurable values. There have been no settlements which exceeded insurance coverage.

The City is "self-insured" for motor vehicle and general liability claims. The City is relying on state statutes of sovereign immunity, which limit damage awards against local governments to \$200,000 per claim and \$300,000 per occurrence. There have been instances where the State Legislature has overridden the statutes and removed these limitations; however, these instances are infrequent and the City of Largo has never been a party to a state legislative override. Sovereign immunity limits are not applicable in certain types of actions, such as breach of contract and federal civil rights actions.

The following is a roll-forward of claims reserves for the last two fiscal years:

	Workers Compensation	Property and Liability	Total
Claims reserve, September 30, 2017	\$ 1,550,000	\$ 420,000	\$ 1,970,000
Plus: Incurred claims and reserve adjustments	405,000	210,000	615,000
Less: Paid claims and reserve adjustments	(620,000)	(175,000)	(795,000)
Claims reserve, September 30, 2018	1,335,000	455,000	1,790,000
Plus: Incurred claims and reserve adjustments	420,000	225,000	645,000
Less: Paid claims and reserve adjustments	(605,000)	(270,000)	(875,000)
Claims reserve, September 30, 2019	\$ 1,150,000	\$ 410,000	\$ 1,560,000

B. Employee retirement systems and pension plans

Substantially all of the City's full-time employees participate in three separate retirement plans: a single-employer defined benefit pension plan (including disability pension) for police officers and firefighters, a single-employer defined contribution retirement plan for most general employees, and a single-employer defined contribution retirement plan for Executive Management employees. The City also has a single-employer defined benefit disability income plan for general employees.

Summary of significant accounting policies – basis of accounting and valuation of investments (all pension funds). The City accounts for all four plans as pension trust funds; therefore they are accounted for in substantially the same manner as proprietary funds with an "economic resources" measurement focus and employment of the accrual basis of accounting. Financial statements are prepared using the accrual basis of accounting.

Plan assets are valued at market value for financial statement purposes. Securities are traded on a national exchange and are valued at the last reported sales price on September 30. Plan member contributions, employer contributions, and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Plan member contributions are recognized in the period contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Since separate financial reports are not issued for any individual plan, GAAP requires inclusion of each plan's financial information in the notes, even though this information is already presented in combining and individual fund statements. The following information is presented in compliance with GAAP requirements.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2019

	Executive Employees' Retirement	General Employees' Retirement	Police Officers' and Firefighters' Retirement	General Employees' Disability	Total
Assets					
Cash and Investments	\$ 665,105	\$ 8,452,837	\$ 11,221,056	\$ 559,459	\$ 20,898,457
Accrued interest receivable	-	-	-	5,020	5,020
Due from other funds	-	-	-	24,432	24,432
Loans receivable	-	1,029,183	-	-	1,029,183
U.S. Treasury securities & agencies	-	-	18,339,569	-	18,339,569
Corporate bonds	-	-	12,210,888	-	12,210,888
Mutual funds	3,003,979	33,930,819	38,709,396	-	75,644,194
Common stock	-	-	70,455,443	-	70,455,443
Total Assets	<u>3,669,084</u>	<u>43,412,839</u>	<u>150,936,352</u>	<u>588,911</u>	<u>198,607,186</u>
Liabilities					
Due to employee investment accounts	-	24,432	9,665,571	-	9,690,003
Due to other funds	-	24,432	-	-	24,432
Unearned revenue	-	-	3,733	-	3,733
Total liabilities	<u>-</u>	<u>48,864</u>	<u>9,669,304</u>	<u>-</u>	<u>9,718,168</u>
Net position					
Restricted for:					
Participant benefits	3,669,084	43,363,975	141,267,048	588,911	188,889,018
Total net position	<u>\$ 3,669,084</u>	<u>\$ 43,363,975</u>	<u>\$ 141,267,048</u>	<u>\$ 588,911</u>	<u>\$ 188,889,018</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended September 30, 2019

	Executive Employees' Retirement	General Employees' Retirement	Police Officers' and Firefighters' Retirement	General Employees' Disability	Total
Additions					
Contributions:					
Employer	\$ 118,091	\$ 1,358,375	\$ 4,729,194	\$ -	\$ 6,205,660
Plan members	78,727	1,138,990	1,352,821	-	2,570,538
Other contributions	-	-	1,317,529	-	1,317,529
Forfeitures	-	26,149	-	24,432	50,581
Service buy-back contributions	-	-	-	-	-
Rollover contributions	-	24,170	-	-	24,170
Interest on loan paybacks	-	57,095	-	-	57,095
Total contributions	196,818	2,604,779	7,399,544	24,432	10,225,573
Investment earnings:					
Net increase/(decrease) in investment value	118,314	1,379,817	2,348,582	7,301	3,854,014
Interest and dividends	-	-	3,333,421	8,925	3,342,346
	118,314	1,379,817	5,682,003	16,226	7,196,360
Less investment expense	-	(57,601)	(617,004)	-	(674,605)
Net investment earnings	118,314	1,322,216	5,064,999	16,226	6,521,755
Net additions	315,132	3,926,995	12,464,543	40,658	16,747,328
Deductions					
Benefits	295,483	3,717,429	9,196,353	-	13,209,265
Refund of contributions	-	-	183,392	-	183,392
Loans transferred out	-	593,311	-	-	593,311
Administrative	-	-	194,470	-	194,470
Forfeitures deduction	-	48,863	-	-	48,863
Insurance	-	-	-	67,151	67,151
Total deductions	295,483	4,359,603	9,574,215	67,151	14,296,452
Change in net position	19,649	(432,608)	2,890,328	(26,493)	2,450,876
Total net position – beginning	3,649,435	43,796,583	138,376,720	615,404	186,438,142
Total net position - ending	\$ 3,669,084	\$ 43,363,975	\$ 141,267,048	\$ 588,911	\$ 188,889,018

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

1. Police Officers and Firefighters Defined Benefit Pension Plan

Plan Description. The Police Officers and Firefighters Pension Plan is a single-employer defined benefit pension plan that provides retirement benefits for all sworn police and fire personnel. The plan also provides disability and survivors' benefits as well as a DROP (Deferred Retirement Option Plan) provision. All plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance No. 2002-04. The plan Ordinance may be amended by the City Commission after public notice has been made, two public readings are conducted, and one public hearing is 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.

Note: Information is reported from the actuarial report prepared at the beginning of each fiscal year (October 1st), which is permitted by GASB Standards.

Membership:

	October 1	
	2016	2017
Active employees	241	253
Retirees and beneficiaries currently receiving normal & disability benefits	188	197
Terminated employee's entitled to benefits, but not yet receiving benefits	15	17
DROP participants receiving benefits into their DROP accounts	29	27
Total plan membership	473	494

Benefits. Benefits are determined by applicable retirement category, average salary, benefit factor and length of service.

For Police members normal retirement is defined as:

- For members hired before October 1, 2013:
 - Age 55 with ten years of credited service, or
 - 23 years of credited service regardless of age, or
 - Age 62 regardless of credited service
- For members who were hired on or after October 1, 2013:
 - Age 55 with ten years of credited service, or
 - 25 years of credited service regardless of age, or
 - Age 62 regardless of credited service

Police Benefits are defined as follows:

- For members hired before October 1, 2013:
 - 3.25% of average final compensation (AFC) times the number of years of service (subject to a maximum of 95% of AFC)
 - AFC is the three highest earning years out of the last ten years of employment

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

- For members who were hired on or after October 1, 2013:
 - 2.75% of (AFC) times the number of years of service (subject to a maximum of 95% of AFC)
 - AFC is the five highest earning years out of the last ten years of employment

For Fire members normal retirement is defined as:

- For all members:
 - Age 55 with ten years of credited service, or
 - 23 years of credited service regardless of age, or
 - Age 62 regardless of credited service

Fire Benefits are defined as follows:

- For all Fire members:
 - 3.25% of average final compensation (AFC) times the number of years of service (subject to a maximum of 95% of AFC)
 - AFC is the three highest earning years out of the last ten years of employment

A service incurred disability benefit and a non-service incurred disability benefit is available at 60% of AFC and 50% of AFC, respectively, for continuous and permanent incapacity as defined by state statutes. Vesting is 100% after ten years of creditable service; 0% prior to ten years, except for disability benefits. The Plan does not provide for any post-retirement benefit increases.

Contributions. Employees contribute a fixed percentage of eligible compensation (currently 8%) on a pre-tax basis which may be amended by ordinance after collective bargaining.

Plan member contributions are recognized in the period in which the contributions are due. City contributions to the plan, as calculated by the plan actuary, are recognized as revenue when due and the City has made a formal commitment to provide contributions. The City and employees' contributions for the fiscal year ended September 30, 2019 were \$4,729,194 and \$1,352,821, respectively. The City's contribution was made in accordance with actuarially determined contribution requirements ascertained through an actuarial valuation performed at October 1, 2018 (one year in arrears).

The State of Florida has levied a tax on property, casualty, and auto insurance premiums, the proceeds of which are distributed to local governmental entities that maintain qualified Police Officers and Firefighters pension plans. State contributions are an integral part of the plan's funding sources. The state has previously altered the amount or the usage of this tax and may do so again unilaterally at any time. The amount of state contributions for this fiscal year was \$1,317,529. This amount was recorded as an intergovernmental revenue and an expenditure in the General Fund.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Net Pension Liability. The net pension liability was measured as of October 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017.

The schedules of net pension liability, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the plan net positions are increasing or decreasing over time relative to the total pension liabilities for benefits.

The City is required by state statutes to make annual contributions that fluctuate according to the most recent actuarial valuation report, after deducting estimated contributions by members, contributions received from premium taxes, investment earnings, and all plan expenses. Significant actuarial assumptions used to compute actuarially determined contribution requirements are not the same as those used to compute the total pension liability.

The following information and assumptions were used in the actuarial valuation for the net pension liability.

Valuation Date	October 1, 2017
Actuarial Cost Method (Funding)	Entry Age Normal
Amortization Method	Level Percent of Payroll, Closed
Retirement Age	Experience- based table of rates that are specific to the type of eligibility condition.
Mortality Rates	RP-2000 Combined Healthy participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Special Risk Class members of the Florida Retirement System (FRS) in the actuarial valuation as of July 1, 2017 as mandated by Florida House Bill 1309.
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	3.75% to 5.75% depending on Member Age
Inflation	2.5%
Cost-of-living adjustments	Not Applicable

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Deferred Retirement Option Plan (DROP). When a plan member reaches retirement eligibility, the member may elect to participate in a deferred retirement option plan (DROP). Members who elect to enter the DROP continue working, but all pension contributions stop and the pension benefit earned is deposited for that member in a separate account within the pension plan. DROP assets are segregated from other plan assets and invested separately. At termination of employment (which cannot exceed seven years from the date of election into the DROP), DROP members have an option of receiving a lump sum payment or rolling over the account balance into a tax deferred account with all future pension benefit payments going directly to the member.

Share Plan. The Plan provides an individual share account for all active firefighters and for firefighters who are DROP members, retirees, and terminated vested members on October 1, 2009. The Plan also provides an individual share account for all active police officers and for police officers employed on September 1, 2011. The Share Plan allocation is derived from any non-dedicated Chapter 175 (fire) or 185 (police) revenue that exceeds the base amount. The excess revenue, net of administrative expenses, is allocated annually to individual accounts which earn interest at the rate of investment return realized by the individual share plan account. Effective October 1, 2013, a portion of excess annual revenue is allocated to individual accounts if the plan's funding level determined in the most recent valuation report is 80% and all excess revenue is allocated to individual accounts once the plan's funding level reaches 100%.

Investment policy. The plan's policy in regard to the allocation of invested assets is established by the pension board and may be amended by the pension board by a majority vote of its members. It is the policy of the board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Board's adopted Investment Policy is 50.0% equity, 30.0% bonds, 12.5% international equity and 7.5% real estate. The following is the board's target asset allocation as of September 30, 2018:

Asset Class	Target Allocation	Actual Allocation
Domestic equities		
Small Cap Blend	10.0%	11.6%
Small Cap Growth	20.0%	23.4%
Small Cap Value	20.0%	19.1%
International equities		
Developed markets	5.0%	3.2%
Emerging markets	7.5%	10.0%
Fixed income	30.0%	23.9%
Real estate	7.5%	8.9%
	100.0%	100.0%

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 expense and inflation) are developed for each

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

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, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weighted Average
Domestic equities		
Small Cap Blend	7.25%	1.77%
Small Cap Growth	7.50%	3.19%
Small Cap Value	7.50%	2.74%
International equities		
Developed markets	7.25%	0.03%
Emerging markets	8.00%	0.07%
Fixed income	4.25%	(0.75)%
Real estate	6.25%	1.10%
Total		8.15%

Rate of return. For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method used to value investments. Investments are reported at fair value. Securities and funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Discount rate. A single discount rate of 6.75% was used to measure the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these 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 (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Changes in the Total Pension Liability and the Net Pension Liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at of September 30, 2017	\$ 181,328,166	\$ 139,907,078	\$ 41,421,088
Changes for the year:			
Service cost	3,571,532	-	3,571,532
Interest	12,065,927	-	12,065,927
Difference between actual & expected experience	11,052	-	11,052
Assumption changes	-	-	-
Contributions - employer	-	4,994,697	(4,994,697)
Contributions - employer (through state)	-	1,266,754	(1,266,754)
Contributions - member	-	1,413,607	(1,413,607)
Net investment income	-	13,052,169	(13,052,169)
Benefit payments	(12,155,623)	(12,155,623)	-
Refunds	(134,814)	(134,814)	-
Administrative expense	-	(229,731)	229,731
Other	-	53,601	(53,601)
Net changes	3,358,074	8,260,660	(4,902,586)
Balance at of September 30, 2018	\$ 184,686,240	\$ 148,167,738	\$ 36,518,502

Sensitivity of the Net Pension Liability to changes in discount rate. The following table presents the plan's net pension liability calculated using a single discount rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (sensitivity range):

1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
\$ 57,915,490	\$ 36,518,502	\$ 18,781,832

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Pension expense, Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2019 the City recognized pension expense of \$6,416,383. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows or Resources
Difference between expected and actual experience	\$ 757,355	\$ 283,625
Changes in assumptions	4,472,022	
Net difference between projected and actual earnings on pension plan investments	-	5,009,591
Employer contributions made subsequent to the measurement date	6,046,723	-
Total	<u>\$ 11,276,100</u>	<u>\$ 5,293,216</u>

Deferred outflows of resources related to the Plan, including \$6,046,723 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ended September 30:	
2020	\$ 1,789,304
2021	293,516
2022	(1,394,068)
2023	(752,591)
2024 and thereafter	-
	<u>\$ (63,839)</u>

2. General employees defined benefit disability income plan

Plan Description. The general employee disability income plan is a single-employer defined benefit disability income plan (Disability Income Plan) for all general employees. The Plan is non-contributory for employees and the City. Only employees eligible to participate in the City's General Employees Defined Contribution Retirement Plan are eligible for disability income under this Plan.

All Retirement Plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 96-29. The Plan Ordinance may be amended by the City Commission after public notice has been made, two public readings are conducted, and one

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

public hearing is 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. Full-coverage disability insurance was purchased for all claims incurred after October 1, 2002; however, the Plan was continued in order to provide future funding for all insurance expense and to pay previous claims outstanding.

Membership. General employees disability plan membership is, as follows:

	<u>FY2018</u>	<u>FY2019</u>
Active employees (vested and non-vested)	493	496
Disabled participants currently receiving benefits	14	15
Total	<u>507</u>	<u>511</u>

Benefits. Disability income benefits are based on the following schedule:

	<u>Class I</u>	<u>Class II</u>	<u>Class III</u>
Eligibility	More than 1 and less than 3 years employment	More than 3 and less than 5 years employment	5 or more years employment
Monthly Benefit	40% of monthly earnings	50% of monthly earnings	60% of monthly earnings
Maximum Benefit	\$4,000 per month*	\$5,000 per month*	\$5,000 per month*

*Subject to reduction by deductible sources of income or other disability earnings.

Other sources of income may affect the disability benefits payable under the plan. A Work Incentive Benefit will be provided if the employee is disabled and gainfully employed after the end of the elimination period, or after a period during which the employee received long-term disability (LTD) monthly benefits.

Compensation includes regular pay for normal hours worked (including normal leave time) and excludes extraordinary compensation, such as overtime, bonuses, severance pay, etc. The Plan only provides benefits during disability. Benefits also cease upon the death of the participant, or when a participant who is 61 years of age or younger reaches the normal retirement age (age 65). Participants who are 62 years of age or older at the time of disability receive benefit periods of 42 months to 12 months, depending on age.

Funding Policy. The Plan is primarily funded through a surplus of net Plan assets available upon conversion of the City's General Employees Defined Benefit Pension Plan to the General Employees Defined Contribution Pension Plan in 1996. The Plan also receives one-half of all account forfeitures from the General Employees Defined Contribution Retirement Plan and investment earnings on plan assets.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

3. General employees defined contribution retirement plan

Plan Description. The General Employees Defined Contribution Retirement Plan was established to provide supplemental income to employees upon retirement. All employees are eligible to participate in the Plan, except Police Officers, Firefighters, and Executive Management employees., elected officials and employees whose customary employment is for less than 30 hours in any one week, or less than five months in any calendar year.

All Plan provisions, including benefits, eligibility, vesting, etc., are established by City Ordinance, the most recent of which is Ordinance 96-09. The Plan Ordinance may be amended by the City Commission after public notice has been made, two public readings are conducted, and one public hearing is 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.

All investments are directed by Plan members, including the non-vested portion of the City's contributions, if any. Plan members may elect to allocate investments among stock mutual funds, money market funds, and fixed income mutual funds.

Membership. General employees defined contribution plan membership is, as follows:

	FY2018	FY2019
Active employees (vested and non-vested)	510	496
Retired and terminated members maintaining balances	225	258
Total	<u>735</u>	<u>754</u>

Benefits. Member contributions are 100% vested at all times. Employer contributions become vested on a graduated basis at the rate of 25% per year after the second year of employment, with 100% vesting after five years of employment. Actual benefits received are completely dependent on the amount of contributions made plus investment earnings.

Funding Policy. Members are required to contribute 5% of covered salary (regular pay only) to the Plan, and starting October 1, 2018 the City is required to contribute 6% of covered salary. During FY 2019, actual contributions were \$1,138,990 from employees and \$1,358,375 from the City, excluding roll-over dollars from other plans, if any.

Loans. Employee loans are permitted up to 50% if the vested portion of account balance of at least \$4,000 with a minimum of \$2,000 and a maximum of \$50,000. Loans must be repaid within 5 years with interest determined at the time of the loan.

4. Executive management defined contribution retirement plan

Plan Description and membership. The Executive Management 401(a) Plan operates similarly to the General Employees' 401(a) Plan. There is no minimum number of participants required, which is well suited to the City's relatively small group of Executive Management personnel. The plan has 10 active members.

Funding Policy. The City contribution is 7.5% of covered pay and member contributions are 5% of covered pay. Actual contributions were \$78,727 from employees and \$118,091 from the City.

Benefits. The vesting schedule is 100% at the date of hire. All investments are reported at fair value. All investments are directed by Plan members. Plan members may elect to allocate investments among stock mutual funds, money market funds, and fixed income mutual funds. Actual benefits received are completely dependent on the amount of contributions made plus investment earnings.

All Retirement Plan provisions, including benefits, eligibility, vesting, etc., are established by City Resolution, the most recent of which is Resolution No. 1740. 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.

5. Deferred compensation retirement savings plan

In addition to the four pension plans described above, the City offers all employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code (IRS) Section 457(b). The plan is voluntary and permits employees to defer taxes on a portion of their salary until future years. Deferred compensation can be withdrawn upon termination, retirement, death, or unforeseeable emergency. All amounts of deferred compensation, all property, all rights, and all income are held in trust for employees and are subject only to the claims of the employee or other beneficiary. The City contributes to the account of the City Manager, as stipulated in the City Manager employment contract. Although these contributions are employer contributions, the contributions are for the direct benefit of the employee.

It is the opinion of the City that the City has no liability for losses under the IRS Section 457(b) plan, the City does have the duty of due care that would be required of any prudent administrator. Since the City has no liability for losses and exercises no significant administrative control over assets, the Deferred Compensation Fund has been removed from the City's financial statements in accordance with GAAP.

Loans. Employee loans are permitted up to 50% if the vested portion of account balance of at least \$4,000 with a minimum of \$2,000 and a maximum of \$50,000. Loans must be repaid within 5 years with interest determined at the time of the loan.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Changes in total plan assets during the year were as follows:

	Market Value
Net plan assets, October 1, 2018	\$ 35,055,039
Employee contributions	1,455,422
Employer contributions	7,749
Rollover contributions	86,765
Loan repayments	33,960
Earnings (losses)	1,612,509
Distributions	(4,021,224)
Loans redeemed	(123,044)
Net plan assets, September 30, 2019	<u>\$ 34,107,176</u>

6. Voluntary Post-employment Health Savings Plan

Prior to FY 2008, the City offered all employees a voluntary Post-employment health savings plan. The Plan was discontinued in FY 2008 for all employees except members of the Police Benevolent Association (PBA) bargaining unit which were discontinued as of FY 2008, due to changes in U.S. Treasury regulations. Existing employee contributions may remain in the Plan.

It is the opinion of the City that the City has no liability for losses under this plan, but does have the duty of care that would be required of any ordinary prudent administrator. Since the City has no liability for losses and exercises no significant administrative control over assets, the Voluntary Post-employment Health Savings Plan has not been included in the City's financial statements in accordance with GAAP.

Net Plan Assets, October 1, 2018	\$ 57,565
Employee Contributions	-
Earnings/(Loss)	768
Distributions	(2,163)
Net Plan Assets, September 30, 2019	<u>\$ 56,170</u>

7. Other Post-employment Benefits Payable (OPEB)

In 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for post-employment healthcare benefits other than pensions as of September 30, 2019.

Plan Description. The City participates in a single-employer retiree health plan ("the Plan") that provides health and dental insurance to eligible employees and their spouses. Pursuant to the provisions of section 112.0801, Florida Statutes, former employees and eligible dependents may continue to participate in the City's fully insured health plan for medical and prescription drug

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

coverage. Retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. However, the City is presumed to be subsidizing the premium rates paid by retirees by allowing them to participate in the plans at blended group premium rates (implicitly subsidized) for both active and retired employees. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Membership. There are 35 retired participants and dependents receiving health benefits and 650 individuals covered by the Plan.

Total OPEB Liability and Changes in Total OPEB Liability. The measurement date for the City's total/net OPEB liability was September 30, 2019. The measurement period for the OPEB cost was October 1, 2018 to September 30, 2019. The City's total OPEB liability is \$12,626,000.

Changes in the Total Net OPEB Liability is as follows:

	Fiscal Year ending September 30, 2019
Total OPEB Liability	
Service cost	\$ 885,632
Expected interest growth	439,386
Benefit payments and refunds	(326,071)
Assumption changes	77,920
Total change in net OPEB liability	1,076,867
Total OPEB liability, beginning	11,549,333
Total OPEB liability, ending	\$ 12,626,200

Sensitivity of the OPEB Liability to changes in discount rate. The following table presents the total OPEB liability of the City calculated using a single discount rate of 3.58%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (sensitivity range):

1% Decrease 2.58%	Current Single Discount Rate 3.58%	1% Increase 4.58%
\$ 14,041,668	\$ 12,626,200	\$ 11,395,235

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates. The following table presents the total OPEB liability of the City calculated using a healthcare cost trend rate of 8% graded down to 5%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (sensitivity range):

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

Trend rates minus 1%	Current Healthcare Cost Trend Rate 8% graded down to 5%	Trend rates plus 1%
<u>\$ 10,963,399</u>	<u>\$ 12,626,200</u>	<u>\$ 14,622,845</u>

OPEB expense, Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2019 the City recognized OPEB expense of \$1,007,528. At September 30, 2019, the City reported \$69,339 in deferred outflows of resources related to OPEB due to changes in assumptions and amortization payments. These amounts will be recognized in OPEB expense as follows:

Year ended September 30:	
2020 \$	8,581
2021	8,581
2022	8,581
2023	8,581
2024 and thereafter	35,015
	<u>\$ 69,339</u>

The following info

ation and assumptions were used in the actuarial valuation for the net OPEB liability.

Valuation Date	October 1, 2017
Discount rate	3.58% per annum
Salary increases	3.00% per annum
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 8.0% for the 2017/2018 fiscal year graded down by 0.50% per year to 5.0% for the 2023/2024 and later fiscal years.
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.5% for each year of age.
Implied subsidy	For the 2017/2018 fiscal year at age 62, the assumed monthly subsidy is \$625 for the retiree and \$450 for the retiree's spouse under the core plan, \$350 for the retiree and \$275 for the retiree's spouse under the high-deductible plan and \$400 for the retiree and \$300 for the retiree's spouse under the minimum coverage plan; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65; no implied subsidy is assumed with respect to dental and life insurance coverage.
Mortality basis	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table or the RP-2000 Blue Collar Mortality Table, both with full generational improvements in mortality using Scale BB.
Retirement	For general employees, retirement is assumed to occur at age 62; for firefighters and police officers, retirement is assumed to occur at age 62, at age 55 with 10 years of service, or at any age with 23 years of service.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

C. Contingent ities

Litigation. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City that the resolution of these matters will not have a material adverse effect on the City's financial condition. Please refer to the note on Risk Management in this section, V. A.

Federal and State Assistance Programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

D. Tax Abatements

The City enters into property tax abatements with local businesses under the s. 3, Art. VII of the Florida State Constitution. The article provides the City the ability to grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses. Chapter 22, article VI of the City of Largo Code of Ordinances authorizes the granting of such exemptions.

For the fiscal year ended September 30, 2019, the City abated property taxes totaling \$13,395 under this program, including one agreement with a large distributor of IT products and services. The abatement was enacted in November 2015 continues through December 31, 2024.

E. Prior Period Restatement

The 2018 governmental activities Statement of Net Position inaccurately included an adjustment for refunds received for funds contributed to two 2011 Locally Funded FDOT Utility projects actually due to the Wastewater Fund. The total amount of the refund was \$1,246,266 including \$1,003,544 of City funds and \$242,722 in accrued interest. The beginning net position for the Wastewater fund and the Governmental wide Statement of Net Position was restated to correct the error as follows:

Restatement of Prior Year Wastewater Fund Net Position

Net-Position-Beginning of Period, as previously reported	\$ 113,047,123
Adjustment to Net Positon	1,246,266
Net Position-Beginning of Period, as restated	<u>\$ 114,293,389</u>

Restatement of Prior Year Governmental Funds Net Position

	Governmental Activities	Business-Type Activities
Net-Position-Beginning of Period, as previously reported	\$ 151,768,100	\$ 127,819,801
Adjustment to Net Positon	(1,246,266)	1,246,266
Net Position-Beginning of Period, as restated	<u>\$ 150,521,834</u>	<u>\$ 129,066,067</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2019

F. Subsequent Events

The City Commission has approved the loan application not to exceed \$61,747,429 for the wastewater treatment facility biological treatment improvement design build project. In December 2019 and January 2020 the State of Florida Department of Environmental Protection awarded the City portions of this loan amounting to \$9,149,744 and \$20,000,000, respectively. As of March 31, 2020, one drawdown has been received totaling \$8,538,513.

Hurricane Irma occurred on September 10, 2017. The City took emergency protective measures to prepare for the storm and suffered minor losses. Over 50,000 cubic yards of debris was collected by the Solid Waste department and debris removal contractors and the City continued to incur costs during fiscal year 2018 related to removal of the debris and repair of City infrastructure. Total storm related reimbursements requested by the City are approximately \$2,500,000. As of March 29, 2020, two of the requests remain to be obligated which total about \$350,000.

COVID-19, a novel coronavirus and a global health emergency reached the state of Florida in March 2020. As the outbreak and number of increased cases and business interruptions continues, this pandemic will have an impact on expenditures and future revenues. The effects of this cannot be determined at this time.

City of Largo, Florida
Required Supplementary Information
September 30, 2019

POLICE OFFICERS AND FIREFIGHTERS PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
PAST TEN YEARS (\$ in thousands)

	2015	2016	2017	2018	2019
Service cost	\$ 2,575	\$ 2,572	\$ 2,778	\$ 3,080	\$ 3,572
Interest	11,080	11,499	11,916	12,269	12,066
Difference between expected and actual experience	(427)	-	(1,057)	1,429	11
Changes of assumptions	-	-	-	8,537 *	-
Benefit payments, including refunds of employee contributions	(7,325)	(7,965)	(9,478)	(8,981)	(12,291)
Other	5	-			
Net change in total pension liability	5,908	6,106	4,159	16,334	3,358
Total pension liability-beginning	148,821	154,729	160,835	164,994	181,328
Total pension liability-ending	154,729	160,835	164,994	181,328	184,686
Plan fiduciary net position					
Contributions-employer	\$ 4,591	\$ 5,025	\$ 4,648	\$ 5,373	\$ 6,262
Contributions-employee	706	940	1,208	1,272	1,414
Net investment income	10,838	497	9,877	15,043	13,052
Benefit payments, including refunds of employee contributions	(7,325)	(7,965)	(9,478)	(8,980)	(12,291)
Other					54
Administrative expense	(154)	(149)	(134)	(155)	(230)
Net change in fiduciary net position	8,656	(1,652)	6,121	12,553	8,261
Plan fiduciary net position-beginning	114,230	122,885	121,233	127,354	139,907
Plan fiduciary net position-ending	122,886	121,233	127,354	139,907	148,168
Net pension liability	\$ 31,843	\$ 39,602	\$ 37,640	\$ 41,421	\$ 36,518
Plan fiduciary net position as a percentage of the total pension liability	79.42%	75.38%	77.19%	77.16%	80.23%
Covered payroll	12,456	13,311	13,660	15,419	16,315
Net pension liability as a percentage of covered payroll	255.64%	297.51%	275.55%	268.64%	223.83%

Notes to Schedule:

Data unavailable prior to 2015 because it was not required by GASB Standards. Data not presented for most recent fiscal year because the City has elected to use the prior fiscal year data to ensure availability, which is permitted by GASB Standards. Subsequent years will be added as available.

City of Largo, Florida
Required Supplementary Information
September 30, 2019

POLICE OFFICERS AND FIREFIGHTERS PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
(\$ in thousands)

	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 4,987	\$ 5,025	\$ 4,648	\$ 5,373	\$ 6,261	\$ 6,047
Contributions in relation to the actuarially determined contribution	4,591*	5,025**	4,648	5,373	6,261	6,047
Covered payroll	12,624	12,733	13,660	15,419	16,315	16,776
Contributions as a percentage of covered payroll	36.4%	39.5%	34.0%	34.8%	38.4%	36.0%

* -This is an adjustd amount to reflect the \$396,627 excess City contribution for fiscal year ending 9/30/2013.

** -Includes \$520,523 in prepaid City contributions as of September 30, 2014 that was applied to the Coty's contribution requirement for the 2015 fiscal year.

Notes to Schedule:

Valuation Date: October 1, 2017

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 Net Pension Liability and Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	Rates vary from 3.75% to 5.75% depending on age
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to type of eligibility condition.

Mortality RP-2000 Mortality Tables for Annuitants with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Special Risk Class memebers of the Florida Retirement Ststem (FRS) in the actuarial valuation as of July 1, 2017 as mandated under Florida Statutes, Chapter 112.63.

Other Information:

Notes to schedule: Data unavailable prior to 2014 because it was not required by GASB Standards. Data not presented for most recent fiscal year because the Ciy has elected to use the prior fiscal year data to ensure availability, which is permitted by GASB Standards. Subsequent years will be added as available.

See Discussion of Valuation results in the October 1, 2017 Actuarial Valuation Report dated March 26, 2018.

POLICE OFFICERS AND FIREFIGHTERS PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return	10.66%	0.33%	9.09%	13.43%	10.29%

Notes to Schedule: Data unavailable prior to 2015 because it was not required by GASB Standards. Data not presented for most recent fiscal year because the City has elected to use the prior fiscal year data to ensure availability, which is permitted by GASB Standards. Subsequent years will be added as available.

SCHEDULE OF CHANGES IN CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
PAST TEN YEARS (\$ in thousands)

	2018	2019
Total OPEB Liability		
Service cost	\$ 876	886
Expected interest growth	410	439
Difference between expected and actual experience	-	-
Change in assumptions and other inputs	-	-
Benefit payments and refunds	(267)	(326)
Assumption changes	-	78
Net change in total OPEB liability	1,019	1,077
Total OPEB liability, beginning	10,530	11,549
Total OPEB liability, ending	\$ 11,549	12,626
Covered payroll	\$ 31,235	31,235
Total OPEB liability as a percentage of covered payroll	36.98%	40.42%

Note: Information is required to be presented for 10 years. Subsequent years will be added as available.



COMMUNITY REDEVELOPMENT AGENCY

CITY OF LARGO, FLORIDA
Largo Community Redevelopment Agency
Balance Sheet
September 30, 2019

Assets

Cash and investments	\$ 4,027,497
Receivables	
Accrued interest	36,788
Property held for resale	<u>829,060</u>
Total assets	<u><u>\$ 4,893,345</u></u>

Liabilities

Accounts payable	\$ 9,782
Accrued payroll	2,161
Due to other funds	<u>532,000</u>
Total liabilities	<u>543,943</u>

Fund balances

Restricted	<u>4,349,402</u>
Total fund balances	<u>4,349,402</u>
Total liabilities and fund balances	<u><u>\$ 4,893,345</u></u>

CITY OF LARGO, FLORIDA
Largo Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscaly Year Ended September 30, 2019

Revenues

Taxes	\$ 463,072
Intergovernmental	434,783
Investment earnings	105,689
Sale of property held for resale	-
Other	16,772
Total revenues	<u>1,020,316</u>

Expenditures

Current:	
Economic development	169,661
Capital outlay	321,845
Total expenditures	<u>491,506</u>

Net change in fund balance	528,810
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Fund balance - beginning	<u>3,820,592</u>
Fund balance - ending	<u><u>\$ 4,349,402</u></u>

**COMBINING & OTHER
SUPPLEMENTARY INFORMATION
SCHEDULES**

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
Fiscal Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Variances Positive (Negative)
Revenues				
Taxes	\$ 38,135,000	\$ 38,135,000	\$ 38,265,375	\$ 130,375
Licenses and permits	6,315,000	6,315,000	6,536,152	221,152
Intergovernmental	12,508,900	12,558,900	11,647,469	(911,431)
Charges for services	16,105,500	16,605,500	17,413,556	808,056
Fines	385,000	385,000	337,931	(47,069)
Interfund charges	3,881,600	3,881,600	3,859,312	(22,288)
Contributions and donations	102,000	102,000	89,104	(12,896)
Investment earnings	160,000	160,000	662,144	502,144
Other	429,100	429,100	455,484	26,384
Total revenues	<u>78,022,100</u>	<u>78,572,100</u>	<u>79,266,527</u>	<u>694,427</u>
Expenditures				
Current:				
Administration	2,798,300	2,866,476	2,723,049	143,427
Community Development	3,088,700	3,191,620	2,780,521	411,099
General government	433,600	451,331	244,582	206,749
Public Works	4,708,000	4,780,613	4,277,395	503,218
Finance	894,000	894,000	841,741	52,259
Fire Rescue	20,076,300	20,182,328	19,162,250	1,020,078
Human Resources	770,200	770,200	712,760	57,440
Information Technology	3,111,200	3,152,327	2,940,504	211,823
Legislative	386,200	411,350	379,075	32,275
Library	3,583,500	3,596,892	3,303,142	293,750
Police	24,827,000	25,393,787	23,661,399	1,732,388
Recreation, Parks & Arts	12,634,700	13,004,926	10,875,632	2,129,294
Capital outlay	2,077,600	2,438,679	1,702,521	736,158
Total expenditures	<u>79,389,300</u>	<u>81,134,529</u>	<u>73,604,571</u>	<u>7,529,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,367,200)</u>	<u>(2,562,429)</u>	<u>5,661,956</u>	<u>8,224,385</u>
Other Financing Sources (Uses)				
Transfers in	11,400	11,400	11,400	-
Transfers out	(90,000)	(90,000)	(90,000)	-
Sale of capital assets	-	-	116,351	116,351
Total other financing sources (uses)	<u>(78,600)</u>	<u>(78,600)</u>	<u>37,751</u>	<u>116,351</u>
Net change in fund balance	<u>\$ (1,445,800)</u>	<u>\$ (2,641,029)</u>	<u>5,699,707</u>	<u>\$ 8,340,736</u>
Fund balance - beginning			<u>17,100,586</u>	
Fund balance - ending			<u>\$ 22,800,293</u>	

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City of Largo, Florida
Nonmajor Governmental Funds
September 30, 2019

Special Revenue Funds. A special revenue fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenue. Such funds are authorized by legislative, statutory or charter provisions to pay for certain activities with some special form of continuing revenue.

The County Gas Tax Fund was established to account for proceeds from the countywide Local Option Gas Tax. Expenditures are restricted to the construction and improvement of collector roads.

The Transportation Impact Fee Fund was established to account for revenue generated by impact fees. Expenditures are restricted to mobility improvement projects. All collections, less a 4 percent administrative fee, are shared equally with the County. This impact fee was replaced by the multimodal fee (below); therefore, no future revenues will be collected.

The Multimodal Impact Fee Fund was established to account for revenue generated by impact fees. Expenditures are restricted to road improvement projects. All collections, less a 4 percent administrative fee, are shared equally with the County.

The Construction Services Fund was established for the financial activities related to enforcement of the Florida Building Code. Revenue is generated from building permit and plan review fees and expenditures are specifically related to the direct and indirect costs associated with enforcement of the Florida Building Code.

The Stormwater Fund was established to account for fees charged to fund routine operations of and improvements to the City's drainage system. This fund does not account for all drainage improvements, many of which are accounted for in the Local Option Sales Tax Fund.

The Community Redevelopment Agency Fund was established to account for revenues generated from the taxable value of properties located within the downtown West Bay Drive Redevelopment District.

The PCH Fund was established to account for revenues received from Pinellas County Housing Authority to address community housing needs.

The Program Special Revenue Fund was established to account for a number of small accounts that are not large enough to require establishment of individual funds. Included in this fund are accounts for police donations, confiscated property, police education, athletic improvements, fire rescue donations, library donations and other miscellaneous donations. These funds must be maintained separately for their designated purposes.

The Tree Fund was established to account for the revenues generated through impact fees and permits obtained by property owners for the removal of trees.

The Parkland Dedication Trust Fund was established to account for impact fees paid in either land or money from residential contractors and developers. Cash payments are used to purchase or improve park land within the City, necessitated by the increased population generated by additional housing units.

The Neighborhood Stabilization Program 2 (NSP2) Fund accounts for revenue allocation to the City under the NSP2 program, which is expended on acquiring and redeveloping foreclosed and abandoned properties within the community.

City of Largo, Florida
Nonmajor Governmental Funds
September 30, 2019

Capital Projects Funds. A capital project fund is often created to account for the financing sources and expenditures associated with major capital projects. Establishment of a dedicated fund is typically reserved for projects with broad scopes, completion schedules spanning over a period of multiple years, and with several funding sources other than those financed by proprietary and trust funds.

Transportation Capital Projects Fund accounts for long-term funding of major capital engineering transportation projects with multiple governmental funding sources.

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Funds
September 30, 2019

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 19,880,385	\$ 5,880,496	\$ 25,760,881
Receivables:			
Accrued interest	197,247	51,082	248,329
Accounts, billed	552,037	-	552,037
Accounts, unbilled	445,079	-	445,079
Special assessments	14,604	-	14,604
Due from other governments	191,633	84,552	276,185
Other	6,587	-	6,587
Due from other funds	190,388	-	190,388
Property held for resale	829,060	-	829,060
Notes and loans receivable	786,839	-	786,839
Total assets	<u>\$ 23,093,859</u>	<u>\$ 6,016,130</u>	<u>\$ 29,109,989</u>
Liabilities			
Accounts payable	\$ 537,683	\$ 526,906	\$ 1,064,589
Accrued payroll	88,129	-	88,129
Due to other governments	204,981	-	204,981
Due to other funds	532,000	-	532,000
Deposits	668	-	668
Unearned revenue	330,293	-	330,293
Total liabilities	<u>1,693,754</u>	<u>526,906</u>	<u>2,220,660</u>
Deferred inflows			
Unavailable revenue	487,414	-	487,414
Total deferred inflows	<u>487,414</u>	<u>-</u>	<u>487,414</u>
Fund Balances			
Restricted	20,813,875	5,489,224	26,303,099
Assigned	98,816	-	98,816
Total fund balances	<u>20,912,691</u>	<u>5,489,224</u>	<u>26,401,915</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 23,093,859</u>	<u>\$ 6,016,130</u>	<u>\$ 29,109,989</u>

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Funds
Fiscal Year Ended September 30, 2019

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 866,109	\$ -	\$ 866,109
Licenses and permits	2,784,853	-	2,784,853
Intergovernmental	1,733,862	-	1,733,862
Charges for services	5,700,483	-	5,700,483
Contributions and donations	266,593	-	266,593
Investment earnings	665,377	-	665,377
Other	98,258	-	98,258
Total revenues	<u>12,115,535</u>	<u>-</u>	<u>12,115,535</u>
Expenditures			
Current:			
Public safety	108,293	-	108,293
Public works	4,131,559	-	4,131,559
Economic development	2,043,134	-	2,043,134
Culture and recreation	230,928	-	230,928
Capital outlay	4,703,842	552,776	5,256,618
Total expenditures	<u>11,217,756</u>	<u>552,776</u>	<u>11,770,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>897,779</u>	<u>(552,776)</u>	<u>345,003</u>
Other financing sources (uses)			
Transfers in	90,000	6,042,000	6,132,000
Transfers out	(4,063,400)	-	(4,063,400)
Sale of capital assets	151,046	-	151,046
Total other financing sources (uses)	<u>(3,822,354)</u>	<u>6,042,000</u>	<u>2,219,646</u>
Net change in fund balances	<u>(2,924,575)</u>	<u>5,489,224</u>	<u>2,564,649</u>
Fund balances - beginning	<u>23,837,266</u>	<u>-</u>	<u>23,837,266</u>
Fund balances - ending	<u>\$ 20,912,691</u>	<u>\$ 5,489,224</u>	<u>\$ 26,401,915</u>

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2019

	County Gas Tax	Transportation Impact Fee	Multimodal Impact Fee	Construction Services	Stormwater
Assets					
Cash and investments	\$ 1,715,597	\$ 1,940,203	\$ 877,064	\$ 5,794,852	\$ 1,159,735
Receivables:					
Accrued interest	33,211	18,009	7,822	51,809	10,721
Accounts, billed	-	-	-	-	552,037
Accounts, unbilled	-	-	-	-	445,079
Special assessments	14,604	-	-	-	-
Due from other governments	190,449	-	-	-	-
Other	-	-	-	6,487	-
Due from other funds	-	-	-	-	-
Property held for resale	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Total assets	<u>\$ 1,953,861</u>	<u>\$ 1,958,212</u>	<u>\$ 884,886</u>	<u>\$ 5,853,148</u>	<u>\$ 2,167,572</u>
Liabilities					
Accounts payable	\$ 45,574	\$ 38,047	\$ 165,991	\$ 9,237	\$ 267,095
Accrued payroll	-	-	-	28,813	57,051
Due to other governments	204,981	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits	-	-	-	668	-
Unearned revenue	30,868	-	-	-	-
Total liabilities	<u>281,423</u>	<u>38,047</u>	<u>165,991</u>	<u>38,718</u>	<u>324,146</u>
Deferred inflows					
Unavailable revenue	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Restricted	1,672,438	1,920,165	718,895	5,814,430	1,843,426
Assigned	-	-	-	-	-
Total fund balances	<u>1,672,438</u>	<u>1,920,165</u>	<u>718,895</u>	<u>5,814,430</u>	<u>1,843,426</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,953,861</u>	<u>\$ 1,958,212</u>	<u>\$ 884,886</u>	<u>\$ 5,853,148</u>	<u>\$ 2,167,572</u>

Community Redevelopment Agency	PCH	Program Special Revenue	Trees	Parkland Dedication	Neighborhood Stabilization Program 2	Total Nonmajor Special Revenue Funds
\$ 4,027,497	\$ 55,429	\$ 924,628	\$ 838,017	\$ 2,547,363	\$ -	\$ 19,880,385
36,788	-	8,315	7,747	22,825	-	197,247
-	-	-	-	-	-	552,037
-	-	-	-	-	-	445,079
-	-	-	-	-	-	14,604
-	-	1,184	-	-	-	191,633
-	-	100	-	-	-	6,587
-	-	1,388	-	189,000	-	190,388
829,060	-	-	-	-	-	829,060
-	679,064	-	-	-	107,775	786,839
<u>\$ 4,893,345</u>	<u>\$ 734,493</u>	<u>\$ 935,615</u>	<u>\$ 845,764</u>	<u>\$ 2,759,188</u>	<u>\$ 107,775</u>	<u>\$ 23,093,859</u>
\$ 9,782	\$ 11	\$ 703	\$ 1,243	\$ -	\$ -	\$ 537,683
2,161	104	-	-	-	-	88,129
-	-	-	-	-	-	204,981
532,000	-	-	-	-	-	532,000
-	-	-	-	-	-	668
-	191,650	-	-	-	107,775	330,293
<u>543,943</u>	<u>191,765</u>	<u>703</u>	<u>1,243</u>	<u>-</u>	<u>107,775</u>	<u>1,693,754</u>
-	487,414	-	-	-	-	487,414
-	487,414	-	-	-	-	487,414
4,349,402	55,314	836,096	844,521	2,759,188	-	20,813,875
-	-	98,816	-	-	-	98,816
<u>4,349,402</u>	<u>55,314</u>	<u>934,912</u>	<u>844,521</u>	<u>2,759,188</u>	<u>-</u>	<u>20,912,691</u>
<u>\$ 4,893,345</u>	<u>\$ 734,493</u>	<u>\$ 935,615</u>	<u>\$ 845,764</u>	<u>\$ 2,759,188</u>	<u>\$ 107,775</u>	<u>\$ 23,093,859</u>

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Fiscal Year Ended September 30, 2019

	<u>County Gas Tax</u>	<u>Transportation Impact Fee</u>	<u>Multimodal Impact Fee</u>	<u>Construction Services</u>	<u>Stormwater</u>
Revenues					
Taxes	\$ -	\$ -	\$ 173,311	\$ -	\$ -
Licenses and permits	-	-	-	2,784,853	-
Intergovernmental	1,114,594	-	-	14,001	82,043
Charges for services	-	-	-	-	5,686,235
Contributions and donations	-	-	-	-	-
Investment earnings	98,979	75,363	19,423	138,188	106,793
Other	21,963	-	-	4	14,098
Total revenues	<u>1,235,536</u>	<u>75,363</u>	<u>192,734</u>	<u>2,937,046</u>	<u>5,889,169</u>
Expenditures					
Current					
Public safety	-	-	-	-	-
Public works	17,017	-	-	-	4,114,542
Economic development	371,014	200	-	1,501,435	-
Culture and recreation	-	-	-	-	-
Capital outlay	<u>1,875,624</u>	<u>1,306,308</u>	<u>-</u>	<u>1,637</u>	<u>1,041,369</u>
Total expenditures	<u>2,263,655</u>	<u>1,306,508</u>	<u>-</u>	<u>1,503,072</u>	<u>5,155,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,028,119)</u>	<u>(1,231,145)</u>	<u>192,734</u>	<u>1,433,974</u>	<u>733,258</u>
Other financing sources/(uses)					
Transfers in	-	-	-	90,000	-
Transfers out	(948,000)	(11,000)	-	-	(3,027,000)
Sale of capital assets	-	-	-	5,371	133,175
Total other financing sources/(uses)	<u>(948,000)</u>	<u>(11,000)</u>	<u>-</u>	<u>95,371</u>	<u>(2,893,825)</u>
Net change in fund balances	<u>(1,976,119)</u>	<u>(1,242,145)</u>	<u>192,734</u>	<u>1,529,345</u>	<u>(2,160,567)</u>
Fund balances - beginning	<u>3,648,557</u>	<u>3,162,310</u>	<u>526,161</u>	<u>4,285,085</u>	<u>4,003,993</u>
Fund balances - ending	<u>\$ 1,672,438</u>	<u>\$ 1,920,165</u>	<u>\$ 718,895</u>	<u>\$ 5,814,430</u>	<u>\$ 1,843,426</u>

Community Redevelopment Agency	PCH	Program Special Revenue	Trees	Parkland Dedication	Neighborhood Stabilization Program 2	Total Nonmajor Special Revenue Funds
\$ 463,072	\$ -	\$ -	\$ 104,903	\$ 124,823	\$ -	\$ 866,109
-	-	-	-	-	-	2,784,853
434,783	-	88,441	-	-	-	1,733,862
-	-	14,248	-	-	-	5,700,483
-	-	266,593	-	-	-	266,593
105,689	-	26,755	26,058	68,129	-	665,377
16,772	45,421	-	-	-	-	98,258
1,020,316	45,421	396,037	130,961	192,952	-	12,115,535
-	-	108,293	-	-	-	108,293
-	-	-	-	-	-	4,131,559
169,661	824	-	-	-	-	2,043,134
-	-	145,677	85,251	-	-	230,928
321,845	-	82,848	74,211	-	-	4,703,842
491,506	824	336,818	159,462	-	-	11,217,756
528,810	44,597	59,219	(28,501)	192,952	-	897,779
-	-	-	-	-	-	90,000
-	-	(11,400)	(66,000)	-	-	(4,063,400)
-	-	12,500	-	-	-	151,046
-	-	1,100	(66,000)	-	-	(3,822,354)
528,810	44,597	60,319	(94,501)	192,952	-	(2,924,575)
3,820,592	10,717	874,593	939,022	2,566,236	-	23,837,266
\$ 4,349,402	\$ 55,314	\$ 934,912	\$ 844,521	\$ 2,759,188	\$ -	\$ 20,912,691

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
County Gas Tax Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ 1,130,000	\$ 1,130,000	\$ 1,114,594	\$ (15,406)
Investment earnings	25,000	25,000	98,979	73,979
Other	-	-	21,963	21,963
Total revenues	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,235,536</u>	<u>80,536</u>
Expenditures				
Current:				
Public works	130,000	1,092,149	17,017	1,075,132
Economic development	395,000	395,006	371,014	23,992
Capital outlay	<u>2,011,000</u>	<u>2,260,843</u>	<u>1,875,624</u>	<u>385,219</u>
Total expenditures	<u>2,536,000</u>	<u>3,747,998</u>	<u>2,263,655</u>	<u>1,484,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,381,000)</u>	<u>(2,592,998)</u>	<u>(1,028,119)</u>	<u>1,564,879</u>
Other Financing Sources/(Uses)				
Transfers out	-	(948,000)	(948,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(948,000)</u>	<u>(948,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,381,000)</u>	<u>\$ (3,540,998)</u>	<u>(1,976,119)</u>	<u>\$ 1,564,879</u>
Fund Balance - beginning			<u>3,648,557</u>	
Fund Balance - ending			<u>\$ 1,672,438</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Transportation Impact Fee Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Investment earnings	\$ 19,800	\$ 19,800	\$ 75,363	\$ 55,563
Total revenues	<u>19,800</u>	<u>19,800</u>	<u>75,363</u>	<u>55,563</u>
Expenditures				
Public works	-	-	-	-
Economic development	-	-	200	(200)
Capital outlay	290,000	2,141,364	1,306,308	835,056
Total expenditures	<u>290,000</u>	<u>2,141,364</u>	<u>1,306,508</u>	<u>834,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(270,200)</u>	<u>(2,121,564)</u>	<u>(1,231,145)</u>	<u>890,419</u>
Other Financing Sources/(Uses)				
Transfers out	-	(11,000)	(11,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (270,200)</u>	<u>\$ (2,132,564)</u>	<u>(1,242,145)</u>	<u>\$ 890,419</u>
Fund Balance - beginning			<u>3,162,310</u>	
Fund Balance - ending			<u>\$ 1,920,165</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Multimodal Impact Fee Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 510,000	\$ 510,000	\$ 173,311	\$ (336,689)
Investment earnings	5,600	5,600	19,423	13,823
Total revenues	<u>515,600</u>	<u>515,600</u>	<u>192,734</u>	<u>(322,866)</u>
Expenditures				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>515,600</u>	<u>515,600</u>	<u>192,734</u>	<u>(322,866)</u>
Net change in fund balance	<u>\$ 515,600</u>	<u>\$ 515,600</u>	192,734	<u>\$ (322,866)</u>
Fund Balance - beginning			<u>526,161</u>	
Fund Balance - ending			<u>\$ 718,895</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Construction Services Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Licenses and permits	\$ 1,700,000	\$ 1,700,000	\$ 2,784,853	\$ 1,084,853
Intergovernmental	9,300	9,300	14,001	4,701
Investment earnings	30,000	30,000	138,188	108,188
Other	-	-	4	4
Total revenues	<u>1,739,300</u>	<u>1,739,300</u>	<u>2,937,046</u>	<u>1,197,746</u>
Expenditures				
Current:				
Economic development	1,924,100	1,931,271	1,501,435	429,836
Capital outlay	31,700	34,417	1,637	32,780
Total expenditures	<u>1,955,800</u>	<u>1,965,688</u>	<u>1,503,072</u>	<u>462,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(216,500)</u>	<u>(226,388)</u>	<u>1,433,974</u>	<u>1,660,362</u>
Other Financing Sources/(Uses)				
Transfers in	90,000	90,000	90,000	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	5,371	5,371
Total other financing sources (uses)	<u>90,000</u>	<u>90,000</u>	<u>95,371</u>	<u>5,371</u>
Net change in fund balance	<u>\$ (126,500)</u>	<u>\$ (136,388)</u>	<u>1,529,345</u>	<u>\$ 1,665,733</u>
Fund Balance - beginning			<u>4,285,085</u>	
Fund Balance - ending			<u>\$ 5,814,430</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Stormwater Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ 62,500	\$ 62,500	\$ 82,043	\$ 19,543
Charges for services	5,747,500	5,747,500	5,686,235	(61,265)
Investment earnings	25,000	25,000	106,793	81,793
Other	80,000	80,000	14,098	(65,902)
Total revenues	<u>5,915,000</u>	<u>5,915,000</u>	<u>5,889,169</u>	<u>(25,831)</u>
Expenditures				
Current:				
Public works	4,889,500	5,076,807	4,114,542	962,265
Capital outlay	3,692,900	2,155,208	1,041,369	1,113,839
Total expenditures	<u>8,582,400</u>	<u>7,232,015</u>	<u>5,155,911</u>	<u>2,076,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,667,400)</u>	<u>(1,317,015)</u>	<u>733,258</u>	<u>2,050,273</u>
Other Financing Sources/(Uses)				
Transfers out	-	(3,027,000)	(3,027,000)	-
Sale of capital assets	-	-	133,175	133,175
Total other financing sources (uses)	<u>-</u>	<u>(3,027,000)</u>	<u>(2,893,825)</u>	<u>133,175</u>
Net change in fund balance	<u>\$ (2,667,400)</u>	<u>\$ (4,344,015)</u>	<u>(2,160,567)</u>	<u>\$ 2,183,448</u>
Fund Balance - beginning			<u>4,003,993</u>	
Fund Balance - ending			<u>\$ 1,843,426</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Community Redevelopment Agency Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 459,800	\$ 459,800	\$ 463,072	\$ 3,272
Intergovernmental	432,000	432,000	434,783	2,783
Investment earnings	15,000	15,000	105,689	90,689
Other	-	-	16,772	16,772
Total revenues	<u>906,800</u>	<u>906,800</u>	<u>1,020,316</u>	<u>113,516</u>
Expenditures				
Economic development	238,400	263,740	169,661	94,079
Capital outlay	<u>2,273,000</u>	<u>3,724,083</u>	<u>321,845</u>	<u>3,402,238</u>
Total expenditures	<u>2,511,400</u>	<u>3,987,823</u>	<u>491,506</u>	<u>3,496,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,604,600)</u>	<u>(3,081,023)</u>	<u>528,810</u>	<u>3,609,833</u>
Other Financing Sources/(Uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,604,600)</u>	<u>\$ (3,081,023)</u>	<u>528,810</u>	<u>\$ 3,609,833</u>
Fund Balance - beginning			<u>3,820,592</u>	
Fund Balance - ending			<u>\$ 4,349,402</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Pinellas County Housing Authority Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Other	\$ 7,900	\$ 7,900	\$ 45,421	\$ 37,521
Total revenues	<u>7,900</u>	<u>7,900</u>	<u>45,421</u>	<u>37,521</u>
Expenditures				
Current:				
Economic development	<u>1,000</u>	<u>1,000</u>	<u>824</u>	<u>176</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>824</u>	<u>176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,900</u>	<u>6,900</u>	<u>44,597</u>	<u>37,697</u>
Net change in fund balance	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>44,597</u>	<u>\$ 37,697</u>
Fund Balance - beginning			<u>10,717</u>	
Fund Balance - ending			<u>\$ 55,314</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Program Special Revenue Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ 101,000	\$ 101,000	\$ 88,441	\$ (12,559)
Charges for services	16,500	16,500	14,248	(2,252)
Contributions and donations	108,200	108,200	266,593	158,393
Investment earnings	3,200	3,200	26,755	23,555
Total revenues	<u>228,900</u>	<u>228,900</u>	<u>396,037</u>	<u>167,137</u>
Expenditures				
Current:				
Public safety	86,700	135,867	108,293	27,574
Economic development	5,000	5,000	-	5,000
Culture and recreation	210,900	210,900	145,677	65,223
Capital outlay	53,700	140,740	82,848	57,892
Total expenditures	<u>356,300</u>	<u>492,507</u>	<u>336,818</u>	<u>155,689</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(127,400)</u>	<u>(263,607)</u>	<u>59,219</u>	<u>322,826</u>
Other Financing Sources/(Uses)				
Transfers out	(11,400)	(11,400)	(11,400)	-
Sale of capital assets	-	-	12,500	12,500
Total other financing sources (uses)	<u>(11,400)</u>	<u>(11,400)</u>	<u>1,100</u>	<u>12,500</u>
Net change in fund balance	<u>\$ (138,800)</u>	<u>\$ (275,007)</u>	<u>60,319</u>	<u>\$ 335,326</u>
Fund Balance - beginning			<u>874,593</u>	
Fund Balance - ending			<u>\$ 934,912</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Tree Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 150,000	\$ 150,000	\$ 104,903	\$ (45,097)
Investment earnings	6,500	6,500	26,058	19,558
Total revenues	<u>156,500</u>	<u>156,500</u>	<u>130,961</u>	<u>(25,539)</u>
Expenditures				
Public works	-	-	-	-
Culture and recreation	145,000	260,000	85,251	174,749
Capital outlay	441,000	390,000	74,211	315,789
Total expenditures	<u>586,000</u>	<u>650,000</u>	<u>159,462</u>	<u>490,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(429,500)</u>	<u>(493,500)</u>	<u>(28,501)</u>	<u>464,999</u>
Other Financing Sources/(Uses)				
Transfers out	-	(66,000)	(66,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (429,500)</u>	<u>\$ (559,500)</u>	<u>(94,501)</u>	<u>\$ 464,999</u>
Fund Balance - beginning			<u>939,022</u>	
Fund Balance - ending			<u>\$ 844,521</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Parkland Dedication Fund
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 100,000	\$ 100,000	\$ 124,823	\$ 24,823
Investment earnings	16,000	16,000	68,129	52,129
Total revenues	<u>116,000</u>	<u>116,000</u>	<u>192,952</u>	<u>76,952</u>
Expenditures				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>116,000</u>	<u>116,000</u>	<u>192,952</u>	<u>76,952</u>
Net change in fund balance	<u>\$ 116,000</u>	<u>\$ 116,000</u>	192,952	<u>\$ 76,952</u>
Fund Balance - beginning			<u>2,566,236</u>	
Fund Balance - ending			<u>\$ 2,759,188</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Neighborhood Stabilization Program 2
Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	-	<u><u>\$ -</u></u>
Fund Balance - beginning			<u>-</u>	
Fund Balance - ending			<u><u>\$ -</u></u>	

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Capital Project Funds
September 30, 2019

	<u>Transportation Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets		
Cash and investments	\$ 5,880,496	\$ 5,880,496
Receivables:		
Accrued interest	51,082	51,082
Due from other governments	<u>84,552</u>	<u>84,552</u>
Total assets	<u>\$ 6,016,130</u>	<u>\$ 6,016,130</u>
 Liabilities		
Accounts payable	\$ 526,906	\$ 526,906
Total Liabilities	<u>526,906</u>	<u>526,906</u>
 Fund balances		
Restricted	<u>5,489,224</u>	<u>5,489,224</u>
Total fund balances	<u>5,489,224</u>	<u>5,489,224</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,016,130</u>	<u>\$ 6,016,130</u>

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Fiscal Year Ended September 30, 2019

	<u>Transportation Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
Expenditures		
Current:		
Public works	\$ 552,776	\$ 552,776
Total expenditures	<u>552,776</u>	<u>552,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(552,776)</u>	<u>(552,776)</u>
Other financing sources/(uses)		
Transfers in	<u>6,042,000</u>	<u>6,042,000</u>
Total other financing sources/(uses)	<u>6,042,000</u>	<u>6,042,000</u>
Net change in fund balances	5,489,224	5,489,224
Fund balances - beginning	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 5,489,224</u></u>	<u><u>\$ 5,489,224</u></u>

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Transportation Capital Projects
Fiscal Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Variances Positive (Negative)
REVENUES				
Other	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Capital outlay	-	6,620,155	552,776	6,067,379
Total expenditures	-	6,620,155	552,776	6,067,379
Excess (deficiency) of revenues over (under) expenditures	-	(6,620,155)	(552,776)	6,067,379
OTHER FINANCING SOURCES/(USES)				
Transfers in	-	6,042,000	6,042,000	-
Total other financing sources/(uses)	-	6,042,000	6,042,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (578,155)</u>	5,489,224	<u>\$ 6,067,379</u>
Fund Balance - beginning			-	
Fund Balance - ending			<u>\$ 5,489,224</u>	

INTERNAL SERVICE FUNDS

City of Largo, Florida
Internal Service Funds
September 30, 2019

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

The Fleet Services Fund is responsible for the maintenance and repair of vehicles and heavy equipment owned by the City.

The Risk Management Fund is responsible for the administration of the City's risk-retention activities and purchased insurance activities, including health care, dental, workers' compensation, property, liability, medical malpractice and unemployment compensation.

CITY OF LARGO, FLORIDA
Combining Statement of Net Position
Internal Service Funds
September 30, 2019

	Fleet Services	Risk Management	Total
Assets			
Current assets			
Cash and investments	\$ 1,198,886	\$ 6,056,399	\$ 7,255,285
Accrued interest receivable	9,562	54,321	63,883
Other receivables	-	76,663	76,663
Inventories, at cost	98,385	-	98,385
Prepaid expenses and deposits	-	719,640	719,640
Total current assets	1,306,833	6,907,023	8,213,856
Capital assets			
Improvements other than buildings	78,291	-	78,291
Machinery and equipment	470,278	-	470,278
Intangible assets	1,723	12,061	13,784
Less accumulated depreciation	(382,037)	(3,116)	(385,153)
Total capital assets	168,255	8,945	177,200
Deferred Outflows			
Deferred outflow-OPEB	1,116	417	1,533
Total assets	1,476,204	6,916,385	8,392,589
Liabilities			
Current liabilities			
Accounts payable	192,134	353,023	545,157
Accrued payroll and vacation	49,275	21,014	70,289
Estimated claims payable, current portion	-	324,000	324,000
Total current liabilities	241,409	698,037	939,446
Noncurrent liabilities			
Unearned revenue	-	629,368	629,368
Estimated claims payable	-	1,296,000	1,296,000
Total OPEB Liability	203,244	75,856	279,100
Long-term debt	7,518	-	7,518
Total noncurrent liabilities	210,762	2,001,224	2,211,986
Total liabilities	452,171	2,699,261	3,151,432
Net position			
Net investment in capital assets	168,255	8,945	177,200
Unrestricted	855,778	4,208,179	5,063,957
Total net position	\$ 1,024,033	\$ 4,217,124	\$ 5,241,157

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Fiscal Year Ended September 30, 2019

	<u>Fleet Services</u>	<u>Risk Management</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 2,613,325	\$ 13,584,913	\$ 16,198,238
Total operating revenues	<u>2,613,325</u>	<u>13,584,913</u>	<u>16,198,238</u>
Operating expenses			
Personnel services	904,416	484,426	1,388,842
Cost of goods sold	928,473	-	928,473
Contractual services	241,811	236,732	478,543
Supplies	65,742	3,766	69,508
Repairs and maintenance	27,452	-	27,452
Utilities	11,250	-	11,250
Professional services	2,254	462,509	464,763
Fuel	6,366	-	6,366
Charges by the Fleet Services Fund	18,960	-	18,960
Charges by the General Fund	135,400	20,800	156,200
Charges by the Risk Management Fund	24,900	-	24,900
Depreciation and amortization	26,961	1,206	28,167
Claims	-	1,739,044	1,739,044
Insurance	-	10,462,623	10,462,623
Other	42,197	81,773	123,970
Total operating expenses	<u>2,436,182</u>	<u>13,492,879</u>	<u>15,929,061</u>
Operating income (loss)	<u>177,143</u>	<u>92,034</u>	<u>269,177</u>
Nonoperating revenues			
Investment earnings	28,123	172,490	200,613
Gain or loss on disposal of capital assets	7,871	-	7,871
Grants	8,105	-	8,105
Other, net	(301)	175	(126)
Total nonoperating revenues	<u>43,798</u>	<u>172,665</u>	<u>216,463</u>
Change in net position	220,941	264,699	485,640
Total net position - beginning, as restated	<u>803,092</u>	<u>3,952,425</u>	<u>4,755,517</u>
Total net position - ending	<u>\$ 1,024,033</u>	<u>\$ 4,217,124</u>	<u>\$ 5,241,157</u>

CITY OF LARGO, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended September 30, 2019

	<u>Fleet Services</u>	<u>Risk Management</u>	<u>Total</u>
Operating activities			
Cash received from customers	\$ 3,699,726	\$ 12,616,630	\$ 16,316,356
Cash received from internal departments	-	1,462,300	1,462,300
Cash paid to employees	(886,801)	(484,426)	(1,371,227)
Cash paid to vendors	(2,427,779)	(13,525,533)	(15,953,312)
Cash paid for internal services	(183,800)	(20,800)	(204,600)
Net cash provided by (used in) operating activities	<u>201,346</u>	<u>48,171</u>	<u>249,517</u>
Non-capital financing activities			
Cash received from granting agencies	8,105	-	8,105
Net cash provided by (used in) non capital financing activities	8,105	-	8,105
Capital and related financing activities			
Sale of capital assets	7,570	-	7,570
Acquisition of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>7,570</u>	<u>-</u>	<u>7,570</u>
Investing activities			
Investment earnings	25,906	166,051	191,957
Net cash provided by investing activities	<u>25,906</u>	<u>166,051</u>	<u>191,957</u>
Net increase (decrease) in cash investments	<u>242,927</u>	<u>214,222</u>	<u>457,149</u>
Cash and investments			
Beginning of year	<u>955,959</u>	<u>5,842,177</u>	<u>6,798,136</u>
End of year	<u>\$ 1,198,886</u>	<u>\$ 6,056,399</u>	<u>\$ 7,255,285</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 177,143	\$ 92,034	\$ 269,177
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Other revenue/(expenses)		175	175
Depreciation and amortization	26,961	1,206	28,167
(Increase)/decrease in assets and increase/(decrease) in liabilities:			
Accounts receivable	-	85,303	85,303
Inventories	(37,842)	-	(37,842)
Prepaid expenses and other assets	-	(83,484)	(83,484)
Accounts payable	18,585	160,196	178,781
Accrued payroll and vacation	16,499	2,000	18,499
Unearned revenue	-	20,741	20,741
Estimated claims payable	-	(230,000)	(230,000)
Total adjustments	<u>24,203</u>	<u>(43,863)</u>	<u>(19,660)</u>
Net cash provided by (used in) operating activities	<u>\$ 201,346</u>	<u>\$ 48,171</u>	<u>\$ 249,517</u>

SUPPLEMENTARY INFORMATION

CITY OF LARGO, FLORIDA
Supplemental to Financial Statements
September 30, 2019

Notes to Schedule of Revenue and Expenditures and Changes in Reserves -
Largo, Belleair Bluffs and High Point Fire Districts and Emergency Medical Services

General

The accompanying Schedules of Revenues and Expenditures and Changes in Reserves for the Largo Fire District, Belleair Bluffs Fire District and the High Point Fire and Emergency Medical Services District present the activity used in support of fire and emergency related activities.

Supplemental Financial Information

In accordance with the 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 (the City of Largo) 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 must be returned to Pinellas County where these funds will be retained in a discrete special fund for the Fire Districts. The return of these funds will be accomplished through a reduction to the subsequent year support funding provided by Pinellas County to the Contractor.

In accordance with Section 409(a), the information below is provided so the results of line 7 and the supporting annual audit may be used to adjust the subsequent year's payments from Pinellas County to the Contractor.

All references are only to the Fire Districts, and do not include any revenues or expenditures associated with EMS. State Law and County Code forbid the use of fire funds for EMS purposes or EMS funds for fire purposes, (i.e., fire funds cannot be used to purchase rescue units, attend EMS related conferences, pay for membership in EMS organizations, or to pay salaries and benefits of EMS personnel, etc.)

	Districts		
	Largo	Belleair Bluffs	High Point
Total Expenditures by Contractor	\$ 14,515,440	\$ 1,929,716	\$ 3,653,981
Other Funding Sources			
EMS	4,783,538	623,240	1,062,026
EMS and Fire Rescue Vehicles and Buildings	272,027	-	581,653
Hazmat, Tech Rescue and CME Reimbursement	185,712	17,696	30,155
State Pension	462,315	61,642	92,463
City of Belleair Bluffs	317,559	-	-
Town of Belleair	-	601,691	-
Fire Inspections Fees	104,099	-	-
Plan Review Fees	245,895	-	-
State Education Incentive	39,152	5,622	8,098
Total Other Funding Sources	6,410,297	1,309,891	1,774,395
Net Outlay by Contractor	8,105,143	619,825	1,879,586
Pinellas County Percentage of District	14.62%	63.43%	74.54%
Total Pinellas County Share	1,184,972	393,155	1,401,043
Amount Paid to City by Pinellas County	1,234,381	368,909	1,191,895
Total Due to Pinellas County (overexpended)	\$ 49,409	\$ (24,246)	\$ (209,148)

CITY OF LARGO, FLORIDA
Schedule of Revenue and Expenditures and Changes in Reserves -
Largo Fire and Emergency Medical Services
Fiscal Year Ended September 30, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenue						
County:						
Fire	\$ 1,084,200	\$ 1,234,381	\$ 150,181	\$ 879,400	\$ 1,043,272	\$ 163,872
EMS	5,174,320	4,783,538	(390,782)	4,753,520	4,806,761	53,241
Capital Contribution	194,000	272,027	78,027	1,035,900	861,351	(174,549)
State:						
Pension contribution	466,500	462,315	(4,185)	431,200	444,794	13,594
Education incentive	44,200	39,152	(5,048)	39,400	29,859	(9,541)
Hazmat, Tech Rescue and CME reimbursement	130,000	185,712	55,712	112,800	133,045	20,245
Municipality:						
Belleair Bluffs mgmt. contract	317,600	317,559	(41)	308,400	302,474	(5,926)
Town of Belleair mgmt. contract	-	-	-	-	-	-
Current	8,120,253	7,220,756	(899,497)	10,354,731	8,098,691	(2,256,040)
Total revenue	<u>15,531,073</u>	<u>14,515,440</u>	<u>(1,015,633)</u>	<u>17,915,351</u>	<u>15,720,247</u>	<u>(2,195,104)</u>
Expenditures						
General Fund:						
Salaries and benefits	13,305,200	12,844,644	460,556	13,755,800	12,300,514	1,455,286
Operating	2,009,871	1,520,843	489,028	1,904,239	1,535,125	369,114
Capital outlay	25,000	11,500	13,500	82,843	-	82,843
Local Option Sales Tax Fund:						
Capital outlay	191,002	138,453	52,549	2,172,469	1,884,608	287,861
Total expenditures	<u>15,531,073</u>	<u>14,515,440</u>	<u>1,015,633</u>	<u>17,915,351</u>	<u>15,720,247</u>	<u>2,195,104</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Largo Fire Reserve:			2019			2018
Reserved fund balance at beginning of year			\$ 1,425,830			\$ 1,062,700
Changes to reserves			694,600			363,130
Reserved fund balance at end of year			<u>\$ 2,120,430</u>			<u>\$ 1,425,830</u>

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas.

FY2018 and FY2019 reductions were \$0 for previous year overpayments. The amounts reported as reserves are held by Pinellas County.

See accompanying notes to the Schedule of Revenue and Expenditures and Changes in Reserves.

CITY OF LARGO, FLORIDA
Schedule of Revenue and Expenditures and Changes in Reserves -
Belleair Bluffs Fire and Emergency Medical Services
Fiscal Year Ended September 30, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenue						
County:						
Fire	\$ 583,800	\$ 368,909	\$ (214,891)	\$ 473,600	\$ 332,317	\$ (141,283)
EMS	646,790	623,240	(23,550)	594,200	590,804	(3,396)
Capital Contribution	-	-	-	-	-	-
State:						
Pension contribution	62,200	61,642	(558)	57,500	59,306	1,806
Education incentive	5,800	5,622	(178)	2,000	5,354	3,354
Hazmat, Tech Rescue and CME reimbursement	-	17,696	17,696	-	12,573	12,573
Municipality:						
Town of Belleair mgmt contract	604,300	601,691	(2,609)	587,600	575,525	(12,075)
Current	75,499	250,916	175,417	216,214	242,028	25,814
Total revenue	<u>1,978,389</u>	<u>1,929,716</u>	<u>(48,673)</u>	<u>1,931,114</u>	<u>1,817,907</u>	<u>(113,207)</u>
Expenditures						
General Fund:						
Salaries and benefits	1,691,800	1,699,886	(8,086)	1,675,500	1,621,395	54,105
Operating	281,589	229,830	51,759	250,614	196,512	54,102
Capital outlay	5,000	-	5,000	5,000	-	5,000
Local Option Sales Tax Fund:						
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,978,389</u>	<u>1,929,716</u>	<u>48,673</u>	<u>1,931,114</u>	<u>1,817,907</u>	<u>113,207</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Bellair Bluffs Fire Reserve:			2019			2018
Reserved fund balance at beginning of year			\$ 420,690			\$ 161,900
Changes to reserves			113,180			258,790
Reserved fund balance at end of year			<u>\$ 533,870</u>			<u>\$ 420,690</u>

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas.

FY2018 and FY2019 reductions were \$0 for previous year overpayments. The amounts reported as reserves are held by Pinellas County.

See accompanying notes to the Schedule of Revenue and Expenditures and Changes in Reserves.

CITY OF LARGO, FLORIDA
Schedule of Revenue and Expenditures and Changes in Reserves -
High Point Fire and Emergency Medical Services
Fiscal Year Ended September 30, 2019 and 2018

	2019			2018		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenue						
County:						
Fire	\$ 795,300	\$ 1,191,895	\$ 396,595	\$ 1,025,000	\$ 1,121,654	\$ 96,654
EMS	646,790	1,062,026	415,236	594,200	541,972	(52,228)
Capital contribution	775,000	581,653	(193,347)	190,000	81,581	(108,419)
State:						
Pension contribution	93,300	92,463	(837)	86,300	88,959	2,659
Education incentive	8,000	8,098	98	3,100	7,631	4,531
Hazmat, Tech Rescue and CME reimbursement	-	30,155	30,155	-	11,533	11,533
Municipality:						
Current	1,380,927	687,691	(693,236)	557,520	930,677	373,157
Total revenue	<u>3,699,317</u>	<u>3,653,981</u>	<u>(45,336)</u>	<u>2,456,120</u>	<u>2,784,007</u>	<u>327,887</u>
Expenditures						
General Fund:						
Salaries and benefits	2,585,900	2,612,357	(26,457)	1,928,700	2,429,941	(501,241)
Operating	308,968	255,686	53,282	327,420	287,715	39,705
Capital outlay	5,000	-	5,000	5,000	-	5,000
Local Option Sales Tax Fund:						
Capital outlay	799,449	785,938	13,511	195,000	66,351	128,649
Total expenditures	<u>3,699,317</u>	<u>3,653,981</u>	<u>45,336</u>	<u>2,456,120</u>	<u>2,784,007</u>	<u>(327,887)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
High Point Fire Reserve:						
Reserved fund balance at beginning of year			<u>2019</u>			<u>2018</u>
Changes to reserves			\$ 957,110			\$ 491,890
Reserved fund balances at end of year			<u>414,430</u>			<u>465,220</u>
			<u>\$ 1,371,540</u>			<u>\$ 957,110</u>

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas.

FY 2019 reduction was \$0 for FY 2018 overpayment. FY 2018 reduction was \$64,990 for FY 2017 overpayment.

The amounts reported as reserves are held by Pinellas County and include Highpoint and East Highpoint Fire District funds.

See accompanying notes to the Schedule of Revenue and Expenditures and Changes in Reserves.

STATISTICAL SECTION

CITY OF LARGO, FLORIDA

Statistical Section

This section of the City's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health. This information has not been audited by the independent auditor.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time.

Schedule A	Net Assets by Component
Schedule B	Changes in Net Assets
Schedule C	Governmental Activities Tax Revenue by
Source Schedule D	Fund Balances of Governmental Funds
Schedule E	Changes in Fund Balances of Governmental
Funds Schedule F	General Governmental Tax Revenues by
Source Schedule G	Wastewater Charges

Revenue Capacity

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

Schedule H	Assessed Value, Taxable Value and Estimated Actual Value of Taxable Property
Schedule I	Property Tax Rates Direct and Overlapping Governments
Schedule J	Principal Real Property Taxpayers
Schedule J	Principal Personal Property Taxpayers
Schedule K	Property Tax Levies and Collections
Schedule U	Major Revenue Sources

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.

Schedule L	Ratios of Outstanding Debt by Type
Schedule M	Direct and Overlapping Governmental Activities Debt
Schedule N	Legal Debt Margin Information
Schedule O	Pledged-Revenue Coverage

CITY OF LARGO, FLORIDA

Statistical Section

Economic and Demographic Information

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

Schedule P	Demographic and Economic Statistics
Schedule Q	Principal Employers

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.

Schedule R	Full-time Equivalent City Government Employees by Function
Schedule S	Operating Indicators by Function
Schedule T	Capital Assets Statistics by Function
Schedule V	General Information
Schedule W	Community Profile
Schedule X	Financial Management Policies

Sources: Unless otherwise noted, the information in this section is derived from the City's comprehensive annual financial reports for the relevant year. The City implemented the new reporting model, GASB 34, in the fiscal year ending September 30, 2003.

SCHEDULE A

CITY OF LARGO, FLORIDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net invested in capital assets	\$ 118,176	\$ 113,640	\$ 113,597	\$ 117,811	\$ 122,265	\$ 122,159	\$ 124,369	\$ 126,873	\$ 134,422	\$ 139,175
Restricted	20,481	26,783	35,520	34,495	33,541	37,313	41,783	40,747	36,719	39,309
Unrestricted	24,271	20,745	11,033	9,690	11,350	(20,187)	(20,472)	(18,660)	(19,373)	(15,700)
Total governmental activities net position	162,928	161,168	160,150	161,996	167,156	139,285	145,680	148,960	151,768	162,784
Business-type activities:										
Net invested in capital assets	50,361	53,805	58,868	61,381	65,018	78,180	99,029	88,411	78,869	88,010
Restricted	11,467	11,532	11,866	12,386	7,406	8,390	8,992	9,114	9,378	10,388
Unrestricted	36,110	35,308	32,509	36,621	42,270	33,892	17,516	30,241	39,573	34,964
Total business-type activities net position	97,938	100,645	103,243	110,388	114,694	120,462	125,537	127,766	127,820	133,362
Primary government:										
Net invested in capital assets	168,537	167,445	172,465	179,192	187,283	200,339	223,398	215,284	213,291	227,185
Restricted	31,948	38,315	47,386	46,881	40,947	45,703	50,775	49,861	46,097	49,697
Unrestricted	60,381	56,053	43,542	46,311	53,620	13,705	(2,956)	11,581	20,200	19,264
Total primary government net position	\$ 260,866	\$ 261,813	\$ 263,393	\$ 272,384	\$ 281,850	\$ 259,747	\$ 271,217	\$ 276,726	\$ 279,588	\$ 296,146

CITY OF LARGO, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 7,556	\$ 7,093	\$ 6,839	\$ 6,736	\$ 6,311	\$ 6,650	\$ 7,567	\$ 8,273	\$ 9,353	\$ 8,937
Public safety	36,766	37,138	37,160	36,352	35,695	36,685	39,663	41,291	44,690	45,615
Public Works	9,480	10,560	10,106	8,372	8,735	9,253	8,805	10,088	10,388	10,551
Economic development	3,881	3,301	4,375	5,603	5,282	5,121	5,511	6,855	7,362	6,400
Culture and recreation	14,957	14,313	14,202	13,517	14,714	16,118	15,912	15,882	16,548	17,482
Interest on long-term debt	39	248	554	516	447	376	298	232	160	78
Total governmental activities expenses	72,679	72,653	73,236	71,096	71,184	74,203	77,756	82,621	88,501	89,063
Business-type activities:										
Wastewater	19,853	20,632	21,093	17,005	18,647	18,356	19,111	21,238	21,094	21,970
Solid Waste	9,533	10,195	9,703	9,788	10,358	10,586	10,542	11,596	12,149	12,358
Golf Course	1,072	1,003	1,007	969	1,007	996	1,012	1,133	1,065	1,070
Total business-type activities expenses	30,458	31,830	31,803	27,762	30,012	29,938	30,665	33,967	34,308	35,398
Total primary government expenses	\$ 103,137	\$ 104,483	\$ 105,039	\$ 98,858	\$ 101,196	\$ 104,141	\$ 108,421	\$ 116,588	\$ 122,809	\$ 124,461
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,919	\$ 2,948	\$ 2,874	\$ 2,864	\$ 3,067	\$ 3,097	\$ 3,172	\$ 3,241	\$ 3,570	\$ 3,762
Public safety	8,711	8,812	9,131	8,093	8,596	8,282	9,057	9,976	10,756	12,293
Public works	3,834	3,825	4,050	4,498	4,541	4,699	5,869	5,849	5,569	5,686
Economic development	1,849	2,473	2,394	2,619	3,156	3,578	2,921	2,390	3,074	3,906
Culture and recreation	3,851	4,403	4,144	4,181	4,768	4,837	4,642	5,076	5,430	5,432
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,314	1,976	2,352	1,930	2,757	2,594	2,817	3,008	2,531	3,625
Capital grants and contributions	1,644	2,034	2,363	2,083	439	786	1,587	726	1,521	1,493
Total governmental activities program revenues	25,122	26,471	27,308	26,268	27,324	27,873	30,065	30,266	32,451	36,197
Business-type activities:										
Charges for services:										
Wastewater	22,206	22,253	22,497	22,970	22,290	22,514	22,631	22,900	22,920	22,892
Solid Waste	10,339	10,455	10,186	10,165	10,359	10,452	10,773	11,118	10,960	13,007
Golf Course	753	787	874	874	847	872	863	972	945	1,036
Operating grants and contributions	57	57	60	60	73	61	60	99	60	233
Capital grants and contributions	114	216	323	106	47	882	535	387	190	798
Total business-type activities program revenues	33,469	33,768	33,940	34,175	33,616	34,781	34,862	35,476	35,075	37,966
Total primary government program revenues	\$ 58,591	\$ 60,239	\$ 61,248	\$ 60,443	\$ 60,940	\$ 62,654	\$ 64,927	\$ 65,742	\$ 67,526	\$ 74,163

CITY OF LARGO, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	(amounts expressed in thousands)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (47,557)	\$ (46,182)	\$ (45,928)	\$ (44,828)	\$ (43,860)	\$ (46,330)	\$ (47,691)	\$ (52,355)	\$ (56,049)	\$ (52,865)
Business-type activities	3,011	1,938	2,137	6,413	3,604	4,843	4,197	1,509	767	2,568
Total primary government net (expense)/revenue	<u>\$ (44,546)</u>	<u>\$ (44,244)</u>	<u>\$ (43,791)</u>	<u>\$ (38,415)</u>	<u>\$ (40,256)</u>	<u>\$ (41,487)</u>	<u>\$ (43,494)</u>	<u>\$ (50,846)</u>	<u>\$ (55,282)</u>	<u>\$ (50,297)</u>
Governmental activities:										
Taxes										
Property	\$ 16,318	\$ 14,545	\$ 14,595	\$ 15,691	\$ 16,568	\$ 17,395	\$ 19,326	\$ 21,026	\$ 24,139	\$ 26,054
Utility	8,146	7,723	7,224	7,786	8,202	7,991	8,382	8,440	8,676	9,301
Franchise	6,613	6,104	5,777	5,639	6,005	5,989	5,748	5,712	6,118	6,524
Sales (local option)	6,257	6,134	6,437	6,767	7,143	7,660	8,066	8,283	8,715	9,184
Communications services	3,841	3,772	3,611	3,374	3,139	3,073	2,914	2,871	2,886	2,659
Shared revenue	5,999	6,208	6,771	6,987	7,372	7,854	8,168	8,461	8,736	8,997
Investment earnings	769	491	424	331	320	621	463	469	568	1,638
Miscellaneous	227	75	72	99	271	394	973	538	1,950	1,050
Transfers in (out)	-	(175)	-	-	-	(788)	45	-	-	-
Demolition of City property	-	(455)	-	-	-	-	-	-	-	-
Extraordinary/Special Item	-	-	-	-	-	-	-	(164)	-	(280)
Total governmental activities	<u>48,170</u>	<u>44,422</u>	<u>44,911</u>	<u>46,674</u>	<u>49,020</u>	<u>50,189</u>	<u>54,085</u>	<u>55,636</u>	<u>61,788</u>	<u>65,127</u>
Business-type activities										
Investment earnings	796	554	376	278	313	657	496	443	585	1,737
Miscellaneous	304	40	84	455	389	267	427	276	537	50
Transfers in (out)	-	175	-	-	-	-	(45)	-	-	-
Demolition of City property	-	-	-	-	-	-	-	-	-	-
Extraordinary/Special Item	-	-	-	-	-	-	-	-	(1,168)	(59)
Total business-type activities	<u>1,100</u>	<u>769</u>	<u>460</u>	<u>733</u>	<u>702</u>	<u>924</u>	<u>878</u>	<u>719</u>	<u>(46)</u>	<u>1,728</u>
Total primary government	<u>\$ 49,270</u>	<u>\$ 45,191</u>	<u>\$ 45,371</u>	<u>\$ 47,407</u>	<u>\$ 49,722</u>	<u>\$ 51,113</u>	<u>\$ 54,963</u>	<u>\$ 56,355</u>	<u>\$ 61,742</u>	<u>\$ 66,855</u>
Change in Net Position										
Governmental activities	\$ 613	\$ (1,760)	\$ (1,017)	\$ 1,846	\$ 5,160	\$ 3,859	\$ 6,394	\$ 3,281	\$ 5,739	\$ 12,262
Business-type activities	4,111	2,707	2,597	7,146	4,306	5,767	5,075	2,228	721	4,296
Total primary government	<u>\$ 4,724</u>	<u>\$ 947</u>	<u>\$ 1,580</u>	<u>\$ 8,992</u>	<u>\$ 9,466</u>	<u>\$ 9,626</u>	<u>\$ 11,469</u>	<u>\$ 5,509</u>	<u>\$ 6,460</u>	<u>\$ 16,558</u>

SCHEDULE C

CITY OF LARGO, FLORIDA
Government Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>Fiscal Year</u> (amounts expressed in thousands)									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Property tax	\$ 16,318	\$ 14,545	\$ 14,595	\$ 15,691	\$ 16,567	\$ 17,395	\$ 19,326	\$ 21,026	\$ 24,139	\$ 26,055
Utility tax	8,146	7,723	7,224	7,786	8,202	7,991	8,382	8,440	8,676	9,301
Local Option Sales & County Gas tax	6,257	6,134	6,437	6,767	7,143	7,660	8,066	8,283	8,715	9,184
Communications Services tax	3,841	3,772	3,611	3,374	3,139	3,073	2,914	2,871	2,886	2,659
Franchise tax	6,613	6,104	5,777	5,639	6,005	5,989	5,748	5,712	6,117	6,524
Total	<u>\$ 41,175</u>	<u>\$ 38,278</u>	<u>\$ 37,644</u>	<u>\$ 39,257</u>	<u>\$ 41,056</u>	<u>\$ 42,108</u>	<u>\$ 44,436</u>	<u>\$ 46,332</u>	<u>\$ 50,533</u>	<u>\$ 53,723</u>

SCHEDULE D

CITY OF LARGO, FLORIDA
Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year (amounts expressed in thousands)									
	2010	2011(1)	2012(3)	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,363	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Designated	9,010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Undesignated(2)	7,908	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	\$ 147	\$ 80	\$ 56	\$ 49	\$ 49	\$ 95	\$ 59	\$ 73	\$ 116
Restricted	N/A	-	-	-	-	-	-	-	-	-
Committed	N/A	411	-	-	-	-	-	-	-	-
Assigned	N/A	10,379	7,038	6,516	7,122	6,857	5,375	5,638	5,744	5,158
Unassigned	N/A	4,106	5,143	4,284	5,337	4,925	7,204	9,796	11,284	17,526
Total General Fund	<u>\$ 18,281</u>	<u>\$ 15,043</u>	<u>\$ 12,261</u>	<u>\$ 10,856</u>	<u>\$ 12,508</u>	<u>\$ 11,831</u>	<u>\$ 12,674</u>	<u>\$ 15,493</u>	<u>\$ 17,101</u>	<u>\$ 22,800</u>
All other governmental funds										
Reserved	\$ 6,248	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Special revenue	9,394	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital projects	4,839	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special revenue	N/A	21,763	36,926	24,909	27,686	31,607	35,324	33,600	30,491	32,869
Capital projects	N/A	4,939	4,302	3,493	-	-	-	-	-	-
Committed	N/A	-	-	-	-	-	-	-	-	-
Assigned										
Special revenue	N/A	81	96	123	138	135	158	175	128	99
Capital projects	N/A	-	-	-	-	-	-	-	-	-
Unassigned	N/A	-	-	-	-	(13)	(4)	-	-	-
Total of all other governmental funds	<u>\$ 20,481</u>	<u>\$ 26,783</u>	<u>\$ 41,324</u>	<u>\$ 28,525</u>	<u>\$ 27,824</u>	<u>\$ 31,729</u>	<u>\$ 35,478</u>	<u>\$ 33,775</u>	<u>\$ 30,619</u>	<u>\$ 32,968</u>

- Notes: (1) GASB 54 required a change in reported fund balance, which was implemented in FY 2011.
- (2) The General Fund's Undesignated Fund Balance is similar to the Unassigned Fund Balance that is reported beginning in FY 2011.
- (3) Total of all other governmental funds in FY 2012 includes \$11.8M of unexpended debt proceeds for the Highland Recreation Complex construction project in the Local Option Sales Tax Fund. Total is \$29,488 without the unexpended debt proceeds.

SCHEDULE E

CITY OF LARGO, FLORIDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year (amounts expressed in thousands)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Total Governmental Funds:										
Taxes	\$ 34,399	\$ 32,482	\$ 31,821	\$ 33,470	\$ 35,102	\$ 36,150	\$ 38,753	\$ 40,611	\$ 44,542	\$ 47,201
Licenses and permits	7,485	7,502	7,292	7,262	8,151	8,617	7,720	7,190	8,282	9,321
Shared	10,576	10,705	11,997	10,994	11,071	12,079	13,371	13,363	13,905	15,301
Charges for services	16,038	16,441	16,864	16,519	17,476	17,396	19,109	20,444	21,261	23,114
Fines	481	567	456	429	424	405	390	403	348	338
Interfund charges	2,950	2,980	2,950	2,925	3,100	3,128	3,195	3,298	3,647	3,859
Special assessments	1	1	1	2	4	1	-	-	-	-
Contributions and donations	321	326	328	484	326	401	312	208	282	356
Investment earnings	726	530	450	299	289	557	417	400	508	1,496
Other	618	838	757	702	739	784	1,592	2,414	2,069	1,224
Total revenues	\$ 73,595	\$ 72,372	\$ 72,916	\$ 73,086	\$ 76,682	\$ 79,518	\$ 84,859	\$ 88,331	\$ 94,844	\$ 102,210
Expenditures										
Total Governmental Funds:										
Current:										
General government	\$ 6,710	\$ 6,515	\$ 6,110	\$ 6,230	\$ 5,813	\$ 6,045	\$ 6,747	\$ 7,073	\$ 8,380	\$ 7,841
Public safety	33,791	34,359	34,435	34,255	33,544	35,417	36,487	38,672	41,713	42,932
Public works	7,104	7,132	7,305	7,454	7,333	7,500	7,239	7,931	8,118	8,409
Economic development	4,737	5,985	5,343	4,782	4,570	4,801	5,327	5,955	6,981	6,078
Culture and recreation	12,596	11,956	11,879	11,284	11,908	13,390	13,192	12,828	13,830	14,410
Capital outlay (1)	14,281	11,993	11,438	19,750	9,029	5,602	7,786	11,219	13,830	11,350
Principal	1,032	774	1,952	3,001	3,070	3,141	3,214	3,288	3,365	3,444
Interest	13	169	444	534	465	394	321	247	176	100
Other debt service costs	30	-	50	-	-	-	-	-	-	-
Total expenditures	\$ 80,294	\$ 78,883	\$ 78,956	\$ 87,290	\$ 75,732	\$ 76,290	\$ 80,313	\$ 87,213	\$ 96,393	\$ 94,564
Excess (deficiency) of revenues over (under) expenditures	\$ (6,699)	\$ (6,511)	\$ (6,040)	\$ (14,204)	\$ 950	\$ 3,228	\$ 4,546	\$ 1,118	\$ (1,549)	\$ 7,646
Other Financing Sources (Uses)										
Total Governmental Funds:										
Transfers in	5,185	129	261	887	3,796	33	90	-	101	6,143
Transfers out	(5,185)	(304)	(261)	(887)	(3,796)	(33)	(45)	-	(101)	(6,143)
Sale of capital assets										117
Capital project loans	250	9,750	17,000	-	-	-	-	-	-	-
Total other financing sources (uses)	250	9,575	17,000	-	-	-	45	-	-	117
Special Item – Sale of City Property	-	-	800	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(6,449)	3,064	11,760	(14,204)	950	3,228	4,591	1,118	(1,549)	7,763
Fund Balances - Beginning	45,211	38,762	41,826	53,586	39,382	40,332	43,560	48,151	49,269	47,720
Fund Balances - Ending	\$ 38,762	\$ 41,826	\$ 53,586	\$ 39,382	\$ 40,332	\$ 43,560	\$ 48,151	\$ 49,269	\$ 47,720	\$ 55,483
Debt service as a percentage of non-capital expenditures, excluding transfers, special items and prior period adjustments (1)										
	1.6%	1.4%	3.6%	5.2%	5.3%	5.0%	4.9%	4.7%	4.3%	4.3%

Note: (1) The capital outlay on this schedule accounts for all capital items including library books (library books capitalized at fund level); however, the capital outlay reported on the Notes to Financial Statements does not include library books. The capital outlay total used to calculate the ratio of total debt service expenditures to non-capital expenditures is the number reported in this schedule.

SCHEDULE F

CITY OF LARGO, FLORIDA
General Government Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year (amounts expressed in thousands)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property Tax	\$ 16,318	\$ 14,545	\$ 14,595	\$ 15,691	\$ 16,567	\$ 17,395	\$ 19,326	\$ 21,026	\$ 24,139	\$ 26,055
Local Option Sales Tax	5,319	5,219	5,508	5,820	6,195	6,677	7,055	7,264	7,634	8,069
Impact Fees	142	585	271	181	378	382	442	385	603	403
Communication Tax	3,841	3,772	3,611	3,374	3,139	3,073	2,914	2,871	2,886	2,659
Utility Tax:										
Electricity	6,860	6,427	5,894	6,398	6,764	6,522	6,849	6,846	7,058	7,678
Water	1,036	1,065	1,074	1,116	1,142	1,175	1,250	1,305	1,318	1,349
Fuel	243	241	258	267	296	297	290	285	293	283
	<u>8,139</u>	<u>7,733</u>	<u>7,226</u>	<u>7,781</u>	<u>8,202</u>	<u>7,994</u>	<u>8,389</u>	<u>8,436</u>	<u>8,669</u>	<u>9,310</u>
Franchise Tax:										
Electricity	6,412	5,904	5,574	5,435	5,782	5,804	5,546	5,507	5,897	6,314
Gas	202	200	203	205	223	178	202	204	221	210
	<u>6,614</u>	<u>6,104</u>	<u>5,777</u>	<u>5,640</u>	<u>6,005</u>	<u>5,982</u>	<u>5,748</u>	<u>5,711</u>	<u>6,118</u>	<u>6,524</u>
Total	<u>\$ 40,373</u>	<u>\$ 37,958</u>	<u>\$ 36,988</u>	<u>\$ 38,487</u>	<u>\$ 40,486</u>	<u>\$ 41,503</u>	<u>\$ 43,874</u>	<u>\$ 45,693</u>	<u>\$ 50,049</u>	<u>\$ 53,020</u>

SCHEDULE G

CITY OF LARGO, FLORIDA
Wastewater Charges
Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential within City (1) (2)										
Fixed Cost										
Single Family Units	\$ 24.80 11,034	\$ 24.80 11,033	\$ 24.80 11,048	\$ 24.80 11,109	\$ 24.80 11,131	\$ 24.80 11,331	\$ 24.80 11,424	\$ 24.80 11,375	\$ 18.80 11,406	\$ 18.80 11,413
Multi-family (duplex, triplex) Units	23.85 1,680	23.85 1,675	23.85 1,690	23.85 1,692	23.85 1,659	23.85 1,721	23.85 1,729	23.85 1,824	18.80 1,832	18.80 1,875
High Density (apts., mobile homes, condos) Units	19.35 26,644	19.35 26,786	19.35 27,052	19.35 27,049	19.35 27,196	19.35 27,623	19.35 27,686	19.35 27,731	14.10 27,743	14.10 27,687
Variable Charges (4)	2.12	2.12	2.12	2.12	2.12	2.12	2.12	2.12	2.30	2.30
Residential outside City (1) (2)										
Fixed Cost										
Single Family Units	31.00 4,876	31.00 4,872	31.00 4,863	31.00 4,794	31.00 4,784	31.00 4,586	31.00 4,510	31.00 4,490	23.50 4,489	23.50 4,458
Multi-family (duplex, triplex) Units	29.80 1,250	29.80 1,253	29.80 1,263	29.80 1,259	29.80 1,255	29.80 1,201	29.80 1,195	29.80 1,189	23.50 1,179	23.50 1,181
High Density (apts, mobile homes, condos) Units	24.20 4,563	24.20 4,549	24.20 4,488	24.20 4,488	24.20 4,488	24.20 4,433	24.20 4,420	24.20 4,417	17.63 4,414	17.63 4,482
Variable Charges (4)	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.88	2.88
Commercial within City										
Fixed Charge (3) Units	24.80 2,431	24.80 2,451	24.80 2,429	24.80 2,406	24.80 2,664	24.80 2,653	24.80 2,689	24.80 2,699	18.80 2,722	18.80 2,762
Variable charge (4)	3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71
Commercial outside City										
Fixed Charge (3) Units	31.00 1,046	31.00 1,012	31.00 983	31.00 984	31.00 978	31.00 973	31.00 972	31.00 970	23.50 964	23.50 959
Variable charge (4)	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64

- Notes: (1) Residential monthly fixed charges include 3,000 gallons per month. Variable charges are assessed for each additional 1,000 gallons per month above 3,000 gallons (maximum 8,000 gallons per month). This rate structure applies to FY 2010 - FY 2017.
- (2) Residential monthly fixed charges do not include any gallons per month. Variable charges are assessed for each 1,000 gallons per month (maximum 10,000 gallons per month). This rate structure applies to FY 2018 - 2019.
- (3) Commercial monthly charges are based on water usage, plus fixed monthly charges dependent on meter size. The fixed cost rates stated in schedule are based on 5/8" or 3/4" meters.
- (4) Charge is per 1,000 gallons of potable water consumption.

SCHEDULE H

CITY OF LARGO, FLORIDA
Value, Taxable Value and Estimated Actual Value Of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Real Property:										
Residential	\$ 3,157,293	\$ 2,718,422	\$ 2,487,294	\$ 2,498,822	\$ 2,446,905	\$ 2,738,831	\$ 3,165,507	\$ 3,520,089	\$ 3,848,917	\$ 4,257,059
Commercial	1,351,719	1,182,675	1,135,842	1,142,172	1,162,433	1,216,276	1,279,470	1,372,492	1,442,319	1,518,351
Other	604,895	555,376	552,843	425,277	575,387	602,364	662,416	674,253	672,845	692,267
Personal Property	455,939	453,485	445,267	433,694	425,073	406,829	445,876	464,699	413,328	432,364
Central Assessed Property	520	512	560	570	602	962	977	1,038	1,027	1,074
Total Assessed Value	5,570,366	4,910,470	4,621,806	4,500,535	4,610,400	4,965,262	5,554,246	6,032,571	6,378,436	6,901,115
Less Tax Exempt Value:										
Homestead	(756,055)	(700,761)	(671,498)	(637,961)	(629,278)	(626,665)	(644,290)	(653,646)	(674,838)	(688,465)
Save Our Home	(337,935)	(155,745)	(77,934)	(43,409)	(95,348)	(250,947)	(439,287)	(547,372)	(629,579)	(744,521)
Other	(578,305)	(567,845)	(565,568)	(574,550)	(596,708)	(620,477)	(746,460)	(787,045)	(710,452)	(769,553)
Total Taxable Value	<u>\$ 3,898,071</u>	<u>\$ 3,486,119</u>	<u>\$ 3,306,806</u>	<u>\$ 3,244,615</u>	<u>\$ 3,289,066</u>	<u>\$ 3,467,173</u>	<u>\$ 3,724,209</u>	<u>\$ 4,044,508</u>	<u>\$ 4,363,567</u>	<u>\$ 4,698,576</u>
Total Direct Tax Rate (1)	4.3113	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413
Estimated Actual Taxable Value	\$ 6,962,958	\$ 6,138,088	\$ 5,777,258	\$ 5,625,669	\$ 5,763,000	\$ 6,206,578	\$ 6,942,808	\$ 7,540,714	\$ 7,973,045	\$ 8,626,394
Assessed Value as a Percentage of Actual Value	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Total Taxable Value as a Percentage of Total Assessed Value	70%	71%	72%	72%	71%	70%	67%	67%	68%	68%

Source: Pinellas County Property Appraiser

(1) Tax rate is per \$1,000 of taxable value

SCHEDULE I

CITY OF LARGO, FLORIDA
Property Tax Rates
Direct and Overlapping Governments⁽¹⁾
Last Ten Fiscal Years
(in Mills, Per \$1,000 Assessed Valuation)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City of Largo										
General Operating	4.3113	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413
Special Operating	-	-	-	-	-	-	-	-	-	-
Total City of Largo	4.3113	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413
General	4.811	4.811	4.811	5.011	5.276	5.276	5.276	5.276	5.276	5.276
Health	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.083	0.083
Mosquito Control	-	-	-	-	-	-	-	-	-	-
EMS (1)	0.583	0.583	0.851	0.916	0.916	0.916	0.916	0.916	0.916	0.916
Total County	5.456	5.456	5.724	5.989	6.254	6.254	6.254	6.254	6.275	6.275
Other Authorities										
School Board	8.346	8.340	8.385	8.302	8.060	7.841	7.770	7.318	7.009	6.727
Transit Authority (1)	0.560	0.560	0.730	0.730	0.730	0.730	0.730	0.750	0.750	0.750
Water Management										
General	0.387	0.377	0.393	0.393	0.382	0.366	0.349	0.331	0.313	0.296
Anclote Basin	0.320	0.260	-	-	-	-	-	-	-	-
Juvenile Welfare										
Board	0.792	0.792	0.834	0.898	0.898	0.898	0.898	0.898	0.898	0.898
Planning Council	0.013	0.013	0.013	0.013	0.016	0.016	0.016	0.015	0.015	0.015
Total Other Authorities	10.418	10.342	10.355	10.336	10.086	9.851	9.763	9.312	8.985	8.686
Total All Authorities	20.185	20.109	20.638	21.325	21.554	21.299	21.388	20.937	21.001	20.702

Source: Pinellas County, Florida, Tax Collector's Office

Note: (1) Emergency Medical Services (EMS) and Transit Authority (PSTA) assessed on Real Property only.

SCHEDULE J

CITY OF LARGO, FLORIDA
Principal Property Taxpayers September 30
Current Year and Ten Years Ago
(amounts expressed in thousands)

Taxpayer	2019			2010		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Taxable Value
REAL PROPERTY						
Weingarten Realty Investors	\$ 54,968	1	1.17%	\$ 45,705	2	1.17%
MALF LLC	45,500	2	0.97%	N/A	N/A	N/A
VR Gateway North Holdings Ltd Ptnrshp	45,250	3	0.96%	N/A	N/A	N/A
Largo Medical Center, Inc.	44,879	4	0.96%	55,394	1	1.42%
Dockside Investors VII LLC	34,750	5	0.74%	N/A	N/A	N/A
Clearwater LL LLC	33,963	6	0.72%	N/A	N/A	N/A
ALUNF LLC	32,000	7	0.68%	N/A	N/A	N/A
CNL Retirement	30,500	8	0.65%	31,500	3	0.81%
I.P. Lease Limited Partnership	30,400	9	0.65%	21,350	4	0.55%
Wal-Mart Stores East LP	30,115	10	0.64%	N/A	N/A	N/A
Kimco Largo 139 Inc.	N/A	N/A	N/A	20,960	5	0.54%
Suntrust Equity Funding	N/A	N/A	N/A	20,850	6	0.53%
Starkey Lakes LTD	N/A	N/A	N/A	20,165	7	0.52%
CH Realty IV/Largo LLC	N/A	N/A	N/A	19,210	8	0.49%
Chaparral	N/A	N/A	N/A	19,000	9	0.49%
Houle Family LTD Partnership	N/A	N/A	N/A	17,925	10	0.46%
Total Real Property	<u>\$ 382,325</u>		<u>8.14%</u>	<u>\$ 272,059</u>		<u>6.98%</u>
PERSONAL PROPERTY						
Duke Energy Florida (1)	\$ 60,640	1	1.29%	\$ 37,910	1	0.97%
Largo Medical Center, Inc.	27,700	2	0.59%	15,823	3	0.41%
Tech Data	14,538	3	0.31%	11,464	6	0.29%
F&F Productions	11,994	4	0.26%	9,806	8	0.25%
Bright House Networks LLC	10,605	5	0.23%	12,658	5	0.32%
Ion Media Networks Inc.	9,658	6	0.21%	7,281	9	0.19%
Formulated Solutions	9,350	7	0.20%	N/A	N/A	N/A
Frontier Florida LLC	9,019	8	0.19%	N/A	N/A	N/A
Corex Inc.	6,702	9	0.14%	N/A	N/A	N/A
Publix Supermarket	6,415	10	0.14%	N/A	N/A	N/A
Verizon Florida, LLC	N/A	N/A	N/A	24,404	2	0.63%
Gulfstream Natural Gas System	N/A	N/A	N/A	15,130	4	0.39%
BIC Graphics USA	N/A	N/A	N/A	10,489	7	0.27%
Sun Coast Hospital	N/A	N/A	N/A	6,034	10	0.15%
Total Personal Property	<u>\$ 166,621</u>		<u>3.56%</u>	<u>\$ 150,999</u>		<u>3.87%</u>

Notes: (1) Duke Energy Florida was Florida Power Corp in 2010.

SCHEDULE K

CITY OF LARGO, FLORIDA
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Millage rate	4.3113	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413
Gross tax levy (3)	\$ 16,805	\$ 15,030	\$ 15,077	\$ 16,223	\$ 17,149	\$ 18,010	\$ 20,001	\$ 21,721	\$ 25,053	\$ 26,976
Less:										
Discounts—net of penalties(1)	571	515	524	564	593	636	710	775	894	974
Refunds/Other	4	4	1	2	1	5	1	2	-	-
Net tax levy	\$ 16,230	\$ 14,511	\$ 14,552	\$ 15,657	\$ 16,555	\$ 17,369	\$ 19,290	\$ 20,944	\$ 24,159	\$ 26,002
Taxes Collected within fiscal year of levy:										
Percentage of net levy	95.1%	95.7%	96.4%	97.1%	97.6%	97.9%	98.2%	98.2%	98.1%	98.4%
Amount	\$ 15,439	\$ 13,882	\$ 14,026	\$ 15,202	\$ 16,151	\$ 17,002	\$ 18,945	\$ 20,573	\$ 23,693	\$ 25,579
Collections of delinquent taxes in subsequent years (3)	663	569	490	416	393	380	453	446	476	N/A
Total collections to date	\$ 16,102	\$ 14,451	\$ 14,516	\$ 15,618	\$ 16,544	\$ 17,382	\$ 19,398	\$ 21,019	\$ 24,169	\$ 25,579
Total percentage of net levy collected to date (2)	99.2%	99.6%	99.8%	99.8%	99.9%	100.1%	100.6%	100.4%	100.0%	98.4%

Source: Pinellas County, Florida, Tax Collector's Office and Property Appraiser's Office

- Notes: (1) Discounts are allowed for early payments; 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.
- (2) All delinquent taxes collected are applied to the immediately prior tax year, because the County Tax Collector does not allocate delinquent taxes collected by original tax year levied. Consequently, the total collections to date percentage of the tax levy to date may be greater than 100% of the maximum collectible tax levy for a given year.
- (3) The gross tax levy numbers are recorded from the DR-403V form from the Office of the Pinellas County Property Appraiser.

SCHEDULE L

CITY OF LARGO, FLORIDA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amounts)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans payable	250	9,226	24,274	21,273	18,204	15,063	11,849	8,561	5,195	1,750
Internal borrowing	-	-	-	-	-	-	-	-	-	-
Total governmental activities	250	9,226	24,274	21,273	18,204	15,063	11,849	8,561	5,195	1,750
Business-type activities										
Sewer bonds and loans (4)	16,731	13,832	9,061	6,871	6,477	3,531	24,364	63,484	75,978	79,386
Total primary government	<u>\$ 16,981</u>	<u>\$ 23,058</u>	<u>\$ 33,335</u>	<u>\$ 28,144</u>	<u>\$ 24,681</u>	<u>\$ 18,594</u>	<u>\$ 36,213</u>	<u>\$ 72,045</u>	<u>\$ 81,173</u>	<u>\$ 81,136</u>
Outstanding debt as a percentage of personal income (3)	2.0%	2.3%	3.6%	2.8%	2.0%	2.1%	3.1%	7.1%	7.3%	6.4%
Governmental activities										
Outstanding debt per capita (1)(3)	\$ 3	\$ 119	\$ 312	\$ 271	\$ 229	\$ 187	\$ 145	\$ 104	\$ 62	\$ 21
Business-type activities										
Outstanding debt per capita (2)(3)	158	128	99	61	57	31	216	580	670	741
Total outstanding debt per capita (3)	<u>\$ 161</u>	<u>\$ 247</u>	<u>\$ 411</u>	<u>\$ 332</u>	<u>\$ 286</u>	<u>\$ 218</u>	<u>\$ 361</u>	<u>\$ 684</u>	<u>\$ 732</u>	<u>\$ 762</u>

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

- (1) All governmental activities debt is supported by the local option sales tax and half-cent sales tax; therefore, no property tax revenue is utilized for principal or interest repayment.
- (2) Business-type activities debt is partially supported by residents in the unincorporated portions of the City's sewer district; therefore, the sewer district population of approximately 107,199 was used to calculate debt per capita for each year.
- (3) Refer to the Statistical Schedule of Demographic and Economic Statistics for personal income and population data. Excludes personal income of unincorporated residents in sewer district.
- (4) The City has secured loans from the State of Florida for Sewer Fund capital. The debt reported is the amount the City has borrowed by FY 2019 year-end.

SCHEDULE M

CITY OF LARGO, FLORIDA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2019
(amounts expressed in thousands)

Government Unit	Debt Outstanding	Applicable to City of Largo	
		Percent	Amount
City of Largo	\$ 1,750	100%	\$ 1,750
Subtotal, Direct Debt	\$ 1,750	100%	\$ 1,750
Pinellas County School Board (Overlapping) (2)	\$ 618	5.9%(1)	37
Pinellas County School Board Capital Leases (Overlapping) (2)	4,752	5.9%(1)	280
Pinellas County (Overlapping) (2)	18,634	5.9%(1)	1,099
Pinellas County Capital Leases (Overlapping) (2)	298	5.9%(1)	18
Subtotal, Overlapping Debt	\$ 24,302	5.9%	\$ 1,434
Total Direct and Overlapping Governmental Activities Debt	\$ 26,052		\$ 3,184
Total Direct and Overlapping Governmental Activities Debt Per Capita (2) (3)			\$ 38

Source: Pinellas County, Florida; City of Largo Finance Department; University of Florida.

- Notes: (1) Applicable net debt percentage is based on ratio of City to County-wide taxable values for tax year 2018.
- (2) The City of Largo is not responsible for the debt of the County or School Board.
- (3) FY 2018 permanent Largo population is estimated at 83,737.

SCHEDULE N

CITY OF LARGO, FLORIDA
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit (1)	\$ 3,897,783	\$ 3,486,119	\$ 3,306,806	\$ 3,244,615	\$ 3,289,066	\$ 3,467,173	\$ 3,724,209	\$ 4,044,508	\$ 4,363,567	\$ 4,698,576
Total net debt applicable to limit	250	9,226	24,274	21,273	18,204	15,063	11,849	8,561	5,195	1,750
Legal debt margin (1)	<u>\$ 3,897,533</u>	<u>\$ 3,476,893</u>	<u>\$ 3,282,532</u>	<u>\$ 3,223,342</u>	<u>\$ 3,270,862</u>	<u>\$ 3,452,110</u>	<u>\$ 3,712,360</u>	<u>\$ 4,035,947</u>	<u>\$ 4,358,372</u>	<u>\$ 4,696,826</u>
Total net debt applicable to this limit as a percentage of debt limit	<u>0.01%</u>	<u>0.26%</u>	<u>0.73%</u>	<u>0.66%</u>	<u>0.55%</u>	<u>0.43%</u>	<u>0.32%</u>	<u>0.21%</u>	<u>0.12%</u>	<u>0.04%</u>

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 4,698,542
Add back: exempt real property	34
Total assessed value	<u>\$ 4,698,576</u>
Debit limit (100% of total assessed value)	\$ 4,698,576
Debt applicable to limit:	
General obligation bonds	-
Other notes and loans	1,750
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>1,750</u>
Legal debt margin (1)	<u>\$ 4,696,826</u>

- Notes: (1) The City of Largo has not adopted a legal debt limit; however, the City Commission has traditionally practiced conservative debt issuance. Amount presented is Total Taxable Value of all real property, personal property and centrally assessed property.
- (2) Includes all general government debt not supported by Enterprise Funds or special assessment.
- (3) Pinellas County, Florida – Property Appraiser's Office and applicable City records.

SCHEDULE O

CITY OF LARGO, FLORIDA
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sewer revenue (excludes interest)	\$ 22,357	\$ 22,259	\$ 22,501	\$ 22,585	\$ 22,371	\$ 22,680	\$ 22,751	\$ 23,083	\$ 23,460	\$ 23,012
Interest revenue	616	409	261	196	272	574	438	392	528	1,558
Total revenues	22,973	22,668	22,762	22,781	22,643	23,254	23,189	23,475	23,988	24,570
Less total operating expenses (excludes depreciation)	(14,751)	(15,445)	(15,917)	(12,533)	(14,252)	(14,111)	(14,546)	(14,990)	(15,900)	(16,040)
Net revenues	8,222	7,223	6,845	10,248	8,391	9,143	8,643	8,485	8,088	8,530
Gulf Breeze loan (2):										
Debt service charges	1,296	1,297	1,297	1,298	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage %	1.25	1.25	1.25	1.25	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage \$	1,620	1,621	1,621	1,623	N/A	N/A	N/A	N/A	N/A	N/A
Remaining net revenues	6,602	5,602	5,224	8,625	8,391	9,143	8,643	8,485	8,088	8,530
Florida Municipal League Council Pool (1):										
Debt service charges	642	643	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage %	1.25	1.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage \$	803	804	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remaining net revenues	5,799	4,798	5,224	8,625	8,391	9,143	8,643	8,485	8,088	8,530
State loan (2014) (3)										
Debt service charges	746	746	746	746	746	746	746	1,103	4,595	5,064
Required coverage %	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Required coverage \$	858	858	858	858	858	858	858	1,268	5,284	5,824
Remaining net revenues	4,941	3,940	4,366	7,767	7,533	8,285	7,785	7,217	2,804	2,706
Wachovia loan (2003):										
Debt service charges	904	451	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage %	1.25	1.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage \$	1,130	564	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remaining net revenues	\$ 3,811	\$ 3,376	\$ 4,366	\$ 7,767	\$ 7,533	\$ 8,285	\$ 7,785	\$ 7,217	\$ 2,804	\$ 2,706

Source: City of Largo Comprehensive Annual Financial Report for the Fiscal Years ended September 30, 2010 – 2019; and applicable bond official statements.

- Notes: (1) The Florida Municipal League Council Loan was funded in November, 2001, on a parity with the Gulf Breeze Loan. The coverage percentage for the Gulf Breeze Loan was therefore increased per Section 4.5 of the Gulf Breeze Loan Agreement.
- (2) The Gulf Breeze Loan requires a normal coverage ratio of 1.10 until additional parity debt is issued, after which a coverage ratio of 1.15 is required; however, the Florida Municipal League Loan requires a coverage ratio of 1.25 for all parity debt, which includes the Gulf Breeze Loan.
- (3) The City is currently using a State Revolving Loan Fund for sewer projects. The payments started in FY 2019 and will have an affect on coverage ratios.

SCHEDULE P

CITY OF LARGO, FLORIDA
Demographic and Economic Statistics
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Permanent population (1)	75,268	77,653	77,836	78,488	79,431	80,747	81,587	81,966	83,526	83,737
Fire/Sewer district population (2)(7)	106,000	108,200	91,508	112,950	113,148	113,148	112,925	109,503	113,450	112,816
Total Housing units (4)	45,335	45,784	45,072	48,722	43,003	45,889	45,689	48,881	45,788	46,370
Owner-occupied housing units (4)	22,437	21,449	19,985	20,060	19,659	19,085	18,411	22,212	21,513	21,835
Renter-occupied housing units (4)	13,731	13,689	14,698	17,430	14,575	17,094	16,781	16,506	15,222	14,776
Vacant housing units (4)	9,167	10,646	10,389	11,232	8,769	9,710	10,497	10,163	9,053	9,759
Personal income										
(expressed in thousands) (4)	\$ 853,798	\$ 998,561	\$ 923,679	\$ 1,003,171	\$ 1,236,439	\$ 884,192	\$ 1,168,878	\$ 1,011,753	\$ 1,119,385	\$ 1,270,497
Per capita personal income (1)(4)	\$ 11,343	\$ 12,859	\$ 11,867	\$ 12,781	\$ 15,566	\$ 10,950	\$ 14,327	\$ 12,344	\$ 13,402	\$ 15,172
Median family income (4)	\$ 48,080	\$ 51,713	\$ 47,401	\$ 48,845	\$ 48,846	\$ 48,231	\$ 53,827	\$ 53,870	\$ 61,433	\$ 55,874
Median age (4)	48.6	46.9	47.6	46.8	48.2	49.0	45.1	50.1	47.3	49.8
Public school enrollment (5)	6,249	5,836	5,436	5,780	5,466	5,504	5,564	5,660	5,787	5,996
Percent high school graduate or higher (4)(6)	86.1%	87.6%	87.6%	87.7%	85.7%	89.5%	89.7%	91.1%	90.6%	91.3%
Percent bachelor's degree or higher (4)(6)	19.0%	21.4%	18.4%	18.8%	20.1%	21.0%	19.9%	20.8%	23.6%	23.9%
Unemployment rate (3)	12.4%	11.4%	9.4%	7.4%	6.4%	5.4%	4.6%	4.2%	3.5%	3.3%

Data Sources:

- (1) University of Florida (2019)
- (2) The method of estimation was changed for FY 2013. The new method uses the GIS to estimate the fire district population. Note, the Town of Belleair and City of Belleair Bluffs that contract out fire services with Largo are not included in this population total. The City provides fire and EMS services and sewer services to unincorporated portions of Pinellas County.
- (3) Florida Department of Labor (2010 – 2019). Bureau of Labor Statistics (www.bls.gov) (12 month average).
- (4) United States Census Bureau (2010); (2011); (2012); (2013); (2014); (2015); (2016); (2017); (2018).
- (5) Pinellas County School Board.
- (6) Includes population 25 years and older.
- (7) A new population estimate was not calculated in FY 2015.

SCHEDULE Q**CITY OF LARGO, FLORIDA
Principal Employers
Current Year and Ten Years Ago**

Employer (1)	2019 (2)			2010 (3)		
	Employee Count	Rank	% of Work Force	Employee Range	Rank	% of Work Force
Pinellas Cty Sheriff's Office	2,740	1	6.4	N/A	N/A	N/A
Tech Data	2,230	2	5.2	2,500	1	7.1
Largo Medical Center	1,600	3	3.7	1,500	3	4.3
Florida Suncoast Hospice	1,149	4	2.7	900	5	2.6
City of Largo	924	5	2.1	911	4	2.6
Publix Supermarkets Inc	844	6	2.0	730	8	2.1
The Palms of Largo Complex	706	7	1.6	N/A	N/A	N/A
SCC Soft Computer Inc	611	8	1.4	501	10	1.4
Pinellas County Schools	495	9	1.1	800	6	2.3
Vology	489	10	1.1	N/A	N/A	N/A
Special Data Processing	N/A	N/A	N/A	1,800	2	5.1
Diagnostic Clinic	N/A	N/A	N/A	800	7	2.3
Suntasia Marketing Inc	N/A	N/A	N/A	600	9	1.7

Notes: (1) Some organizations also maintain offices outside the City of Largo with additional employees.

(2) 2019 data came from the Community Development Department.

(3) 2010 data came from the FY 2010 CAFR.

SCHEDULE R

CITY OF LARGO, FLORIDA
Full-Time Equivalent City Governmental Employees by Function
Last Ten Fiscal Years

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Legislative	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Administration	24.13	23.63	22.33	19.33	19.33	20.48	23.58	24.58	25.58	25.58
Human Resources	13.00	12.50	12.00	11.00	11.00	11.00	11.00	11.00	11.00	12.50
Finance	13.00	12.00	12.40	12.40	12.60	12.60	12.60	12.60	14.60	14.50
Information Technology	20.00	20.00	19.00	19.00	20.00	21.00	25.00	27.00	28.00	28.00
Total General Government	78.13	76.13	73.73	69.73	70.93	73.08	80.18	83.18	87.18	88.58
Public Safety										
Police	202.25	201.25	198.80	195.02	195.27	197.77	200.81	203.81	203.81	208.31
Fire/Rescue	153.50	151.25	143.50	140.25	140.00	141.00	145.00	146.00	152.00	152.00
Total Public Safety	355.75	352.50	342.30	335.27	335.27	338.77	345.81	349.81	355.81	360.31
Environmental Services	87.25	87.25	88.25	88.25	88.25	88.10	87.25	86.25	87.25	87.25
Public Works	146.75	147.25	144.25	139.75	138.75	138.75	142.50	142.83	143.83	144.83
Community Development (1)	63.25	63.25	62.25	61.25	62.25	64.75	63.75	66.25	47.25	47.25
Engineering Services (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22.00	22.00
Cultural and Recreation										
Recreation, Parks & Arts	131.68	128.03	122.81	119.24	119.14	119.79	121.08	129.75	130.55	133.36
Library	48.65	44.65	41.75	41.40	41.20	41.70	41.70	41.20	40.20	40.30
Total Cultural and Recreation	180.33	172.68	164.56	160.64	160.34	161.49	162.78	170.95	170.75	173.66
Total City	911.46	899.06	875.34	854.89	855.79	864.94	882.27	899.27	914.07	923.88

Source: City of Largo Annual Budget, Fiscal Years 2010 – 2019

(1) The Engineering Services Department was separated from the Community Development Department in FY 2018.

SCHEDULE S

CITY OF LARGO, FLORIDA
Operating Indicators by Function
Last Ten Fiscal Years

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Arrests	4,258	3,853	4,387	3,535	3,055	3,145	3,302	3,099	3,409	3,061
Citations Processed	21,882	27,460	23,723	22,984	23,165	22,369	19,553	18,610	18,741	19,538
Fire/Rescue:										
Inspections	4,946	4,762	4,918	5,294	4,321	4,230	3,024	2,666	4,186	1,937
Structure fires	150	167	102	70	71	53	45	41	22	25
EMS incidents	17,708	16,633	17,116	17,423	18,990	20,085	24,448	26,393	26,838	26,077
All other incidents	3,145	4,946	4,166	4,976	4,169	4,555	2,213	2,674	2,859	3,463
Highways and Streets:										
Street repair (linear feet)	3,000	4,262	5,010	4,850	9,807	8,423	6,855	21,983	35,123	27,709
Potholes repaired (asphalt usage-tons)	205	191	192	124	95	94	120	171	200	540
Sanitation (Solid Waste):										
Refuse collected (tons)	77,523	77,522	74,887	79,322	77,671	81,861	84,537	84,612	82,908	81,374
Recyclables collected (tons)	5,386	5,611	9,244	9,235	10,906	11,861	12,234	11,084	10,959	8,722
Recreation, Parks and Arts:										
Attendance:										
Recreation centers (1)	593,922	726,630	662,000	650,005	571,027	589,566	596,626	424,006	544,053	784,941
Special events (1)	139,100	120,000	111,500	125,000	130,000	215,000	175,000	142,485	130,500	128,736
Golf Course (1)	50,500	54,221	48,500	49,000	49,500	49,500	47,500	47,500	43,000	40,878
Cultural Center (1)	75,100	68,900	63,347	57,000	63,700	69,000	74,200	45,646	45,693	40,954
Parks – acres maintained (1)	494.6	494.6	494.6	494.6	494.6	494.6	494.6	494.6	494.6	494.6
Stormwater:										
Stormwater Pipes										
Replaced (linear feet)	222	432	920	995	357	80	96	158	78	988
Underdrain Pipes										
Replaced (linear feet)	810	525	300	250	120	80	24	850	250	96
Wastewater:										
Average daily sewage Treatment (millions/gallons)	11.7	12.3	11.3	11.5	10.9	12.8	12.0	10.8	12.1	12.8

Notes: (1) In FY 2017 the Recreation, Parks and Arts Department started a more accurate way to track attendance.

SCHEDULE T

CITY OF LARGO, FLORIDA
Capital Asset Statistics by Function
Last Ten Fiscal Years

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	102	104	104	107	107	107	110	116	114	113
Fire stations	5	5	5	5	5	5	5	6	6	6
Sanitation (Solid Waste):										
Collection trucks	39	37	39	39	39	39	41	40	42	44
Highways and streets:										
Streets (miles)	156	158	158	158	158	158	158	158	158.3	158.3
Traffic signals	56	56	56	56	56	56	56	56	56	56
Culture and recreation:										
Parks acreage	495	495	495	495	495	495	495	495	495	495
Parks and facilities (1) (2) (3)	20	20	20	20	20	20	20	20	20	20
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts (3)	2	2	2	2	2	2	2	2	2	2
Community centers	3	3	3	3	3	3	3	3	3	3
Cultural Center	1	1	1	1	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1
Reclaimed water:										
Miles of distribution lines	88	88	88	88	88	88	88	89	89	89
Total gallons reuse (millions/per day)	6.1	6.0	5.7	5.8	5.8	5.2	5.0	5.6	5.2	7.5
Sewer:										
Sanitary sewers (miles)	304	304	304	321	321	335	335	343	343	301
Lift stations maintained	53	57	57	57	57	57	57	57	57	54
Maximum daily treatment capacity (thousands of gallons)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Stormwater:										
Drainage ditch/lines (miles)	132	132	132	132	132	132	132	132	132	132
City lakes and retention ponds	24	24	24	24	24	24	24	24	24	24

Notes: (1) Lake Palms Outreach Center has been included in past years and was closed in FY 2010.

(2) The construction of Highland Complex has temporarily removed the skate park and one set of tennis courts in FY 2012.

SCHEDULE U

CITY OF LARGO, FLORIDA MAJOR REVENUE SOURCES 2019

Municipal Revenue Sharing (General Fund)

The Municipal Revenue Sharing Act of 1972 created the Revenue Sharing Trust Fund for Municipalities. The percentage of state sales tax revenues transferred to the Revenue Sharing Trust Fund for Municipalities is 1.3653%, (General Fund), in addition to the net collections from the one-cent municipal fuel tax. Funds derived from the one-cent municipal fuel tax must be used for transportation-related expenditures.

Requirements for eligibility beyond the "minimum entitlement" include an independent annual audit, reporting finances annually to the Department of Banking and Finance, formal application for participation in the program, meeting of state standards for the hiring of police and fire fighting personnel, a minimum local tax effort based on the revenue raised by a 3 mill property tax in 1972, and complying with State procedures for the levying of property taxes.

Revenue sharing funds are allocated based on three factors: weighted population figure; sales tax collections; and relative ability to raise revenue. These three factors are added and then averaged to determine the distribution factor. All funds above the guaranteed amount are distributed to the municipalities based on the distribution factor as applied to the number of total dollars in the program available after guaranteed payments are distributed.

Effective June 3, 2003 Chapter 2003-86, Laws of Florida (HB 1813) expanded the authorized uses of the Municipal Fuel Tax to include construction, reconstruction, operation, maintenance and repair of bicycle paths and pedestrian pathways.

State Sales Tax (General Fund)

The current State Sales Tax is 6%, excluding any local option sales taxes of up to 1% (see other section on Local Infrastructure Surtax). Effective July 1, 2015 the funding of the state court system changed the percentage of the state sales tax revenues transferred to the Half-cent Sales Tax Clearing Trust Fund from 8.8854% to 8.9744%.

The amount distributed to each local government is calculated by first determining the amount of sales tax collected within each county. This amount is then divided among the county government and the municipalities within the county based on a formula which is based on various population factors. The funds may be expended for municipality-wide programs or for municipality-wide property tax or utility tax relief. The proceeds from the sales tax may be pledged for the payment of principal and interest incurred for capital projects.

Fire District Tax (General Fund)

The City provides fire protection services within a fire district established by Pinellas County. Within the unincorporated portion of the fire district, the County levies a fire district tax, the proceeds from which are remitted to the City in return for the provision of fire services. The proportion of the Fire Department budget received from the fire district tax is calculated by determining the proportion of the value of real property within the unincorporated portion of the fire district as compared to the value of real property within the entire fire district. This calculation is made by the County, which then establishes the fire district rate.

Currently, the fire district tax provides approximately 14.5% of the portion of the fire department budget not supported by EMS funding or the High Point Fire District.

On October 1, 2015 the City of Belleair Bluffs and Town of Belleair entered into another Agreement for the provision of fire suppression services with the City of Largo.

High Point Fire District Tax (General Fund)

Pinellas County contracts with the City of Largo to operate one fire station and to provide fire service protection for half of the High Point Fire District. The City is reimbursed by the County for the actual cost of the provision of this service. The County derives revenue for this purpose by levying a special fire district tax within the High Point Fire District. Revenue from this source grows at the same rate as increases in the budget for this particular portion of Fire Department services.

Emergency Medical Services (EMS) Tax (General Fund)

The County levies a special tax county-wide to pay for the provision of EMS. The County then contracts with municipal fire departments, special fire districts, and private firms to provide actual EMS to County residents. Pinellas County and Largo entered into an initial two-year agreement commencing October 1, 2017 and ending September 30, 2019.

Franchise Fees (General Fund)

Public Utilities must pay a franchise fee to the City in return for the right to use public rights-of-way for transmission lines, pipes, wires, etc. All agreements are non-exclusive franchises. A summary of franchise agreements and their rates is as follows: Gas Service - 6% of gross revenues; Electric Service - 6% of gross revenues.

Communications Services Tax (CST) (General Fund)

Effective October 1, 2001, municipalities may no longer charge a Franchise Fee or Utility Tax on any type of communication services, including telecommunications, cable TV and satellite transmissions. The CST replaces the communications services Franchise Fee and Utility Taxes.

The State's intent was to set the CST rate high enough to return revenue lost by dis-allowance of the Franchise Fee and Utility Tax. The City of Largo's FY 2002 CST rate was set by the Florida Department of Revenue at 6.12% for the first year's transition lag in receiving revenues, and was reduced to 5.62% for FY 2003 and thereafter. This does not include the 0.60% county surtax conversion rate due to the Local Option Sales Tax.

Utility Tax (General Fund)

The City levies a utility tax on the purchase of electricity, metered or bottled gas, fuel oil, and water service. This tax is levied at the state-allowed maximum of \$0.04 per gallon for fuel oil, and 10% of services provided by the remaining utilities. In accordance with State law, the utility tax does not include any fuel adjustment charges.

Library Cooperative (General Fund)

The City is a member of the Pinellas Public Library Cooperative, which provides funding to all participating municipalities in the County. Municipal libraries provide services free of charge to unincorporated County residents and other member municipalities in return for this funding. Participation in the County Cooperative also makes the City eligible to receive State Library Grants, if any, available to all county-wide library systems.

SCHEDULE U

**CITY OF LARGO, FLORIDA
MAJOR REVENUE SOURCES
2019**

Mobile Home License Tax (General Fund)

Counties, municipalities, and school districts share proceeds from an annual license tax levied by the State on all mobile homes, park trailers, and on all travel trailers and fifth-wheel trailers exceeding 35 feet in body length. The annual license tax applies to all mobile homes located on rental lots and is collected in lieu of property taxes. The license taxes range from \$20 to \$80 depending on vehicle type and length. License fees are collected by the County Tax Collector and remitted to the State. After deducting \$1.50 of each license fee to be paid to the State General Fund and the \$1.00 surcharge, the remainder is divided equally between the district school board and the respective municipalities where such units are located or the county if the units are located in the unincorporated area.

Business Tax (General Fund)

All businesses located within the City of Largo must secure a Business Tax license. The tax is based on the type of business in which the entity is engaged and are due at the time the business begins operation and are renewed thereafter each October 1. This tax is governed by local ordinance and state law.

Property Tax (General Fund)

The Florida Constitution permits municipalities to levy a property tax, without referendum approval, to a maximum of ten mills (1 mill = \$1.00 of tax per \$1,000 of taxable value). Property assessments, exemptions and tax collections are administered by the County Property Appraiser and County Tax Collector (collections only), respectively. Homeowners may claim a \$25,000 homestead exemption on their principal place of residence. Homestead properties are also eligible for the Save Our Homes exemption, which varies according to the length of time a property is owned by each homeowner. Various other exemptions may apply to homestead properties. The taxable value properties is calculated by subtracting all exemptions from the assessed value. In FY 2019 the millage rate was 5.7413 mills. Property owners within the City of Largo also pay property taxes to Pinellas County, the Pinellas County School Board, and various special taxing districts. Total millage rates on City of Largo properties have varied from approximately 18.0 mills to 22.0 mills over the past several years.

Local Infrastructure Surtax (Local Option Sales Tax Fund)

In November, 1989, a local option one-cent sales tax was approved by referendum for a 10-year period beginning February 1, 1990. The tax was renewed by Pinellas County voters for three additional 10 year periods and will expire on December 31, 2029. Proceeds of the tax may be used only for property acquisition, new construction, improvement of infrastructure and the purchase of public safety vehicles with an estimated useful life of more than five years. This tax cannot be used for repairs, maintenance, or operating expenditures. Taxes are distributed among Pinellas County and the municipalities therein by inter-local agreement.

Local Option Gas Tax (Gas Tax Fund)

The City receives a portion of the County-wide local option gas tax, which can only be used to construct, improve, and maintain roadways. The tax is levied by Pinellas County and is distributed to the municipalities therein as provided for by an inter-local agreement. The tax is \$0.06 per gallon and will expire in FY 2028.

Stormwater Fees (Drainage Fund)

Monthly residential charges are assessed equally among all single family properties (equivalent residential unit = ERU). One ERU = \$6.65 based on 2,257 sq. ft. High-density residential charges are \$3.99 per dwelling unit. Non-Residential charges are calculated based on actual impervious surface and billed as an equivalent number of ERU's. The last rate increase was effective for all bills mailed after October 1, 2015.

Wastewater Charges (Wastewater Fund)

Residential – Fixed monthly charge with additional charges for each additional 1,000 gallons.

Commercial – Fixed monthly charge based on meter size with additional charges for each additional 1,000 gallons.

The last rate increase was effective for all bills mailed after October 1, 2017. The following schedule reflects current monthly rates.

	<u>Within City</u>	<u>Outside City</u>
<u>Residential:</u>		
Charge per 1,000 gallons of potable water consumption (maximum 10,000 gallons per month)	\$ 2.30	\$ 2.88
Fixed Monthly Charge:		
Single Family	18.80	23.50
Multi-family (Duplex, Triplex)	18.80	23.50
High Density (Apts, mobile homes and condos)	14.10	17.63
<u>Commercial:</u>		
Charge per 1,000 gallons of potable water consumption	\$ 3.71	\$ 4.64
Fixed monthly charge by meter size		
5/8" or 3/4" meter	18.80	23.50
1" meter	56.35	70.44
1-1/2" meter	112.75	140.94
2" meter	188.00	235.00
3" meter	338.00	422.50
4" meter	526.00	657.50
6" meter	1,127.00	1,408.75
8" meter	1,879.00	2,348.75

SCHEDULE U

**CITY OF LARGO, FLORIDA
MAJOR REVENUE SOURCES
2019**

Reclaimed Water Charges

	Within City	Outside Sewer District
<u>Residential:</u>		
One acre or less (per month)	\$ 10.00	\$ 12.50
<u>Commercial / Industrial / Golf Course:</u>		
(minimum 25,000 gallons per month)	28.00	35.00
Usage Fee (per 1,000 gallons)	1.10	1.35
Golf Course Usage Fee (per 1,000 gallons)	0.85	1.05

Solid Waste Collection Charges (Solid Waste Fund)

The last rate increase was effective for all bills mailed after October 1, 2018. The following schedule reflects current rates.

Curbside Collection (residential) - \$21.18 monthly

Bulk Container (dumpsters) – The monthly charge for bulk container service is based on the size of container services and the number of collections per week, as follows:

	Size of Containers - Cubic Yards			
Collections Per Week	2	4	6	8
1	\$ 60.00	\$ 115.00	\$ 169.00	\$ 221.00
2	127.00	245.00	359.00	468.00
3	191.00	366.00	538.00	702.00
4	254.00	488.00	718.00	936.00
5	318.00	611.00	896.00	1,170.00
6	382.00	733.00	1,076.00	1,404.00

There is a fee of \$25.00 per month for the collection of recycling front-load dumpsters once per week. An additional fee of \$25.00 per month will be assessed for collection frequencies greater than once per week. This was effective July 1, 2017.

Roll-off Containers and Roll-off Compactors - Charges include a fixed hauling fee based on container size, plus the actual cost of waste disposal (\$39.75 per ton for tipping fees).

Community Development Block Grant (CDBG Fund)

The federally funded CDBG program, created by the Housing and Community Development Act of 1974, provides funding to low and moderate income individuals for the elimination of hazardous housing conditions. The funds are also available for infrastructure improvements in designated target areas. The City's Community Development Department implements the parameters established by HUD (Department of Housing and Urban Development) and determines who qualifies for the loans. The money is then loaned to selected homeowners for the purpose of housing rehabilitation. Deferred loans are due when there is a change in title and payback loans have a maximum pay period of twenty years.

Loan repayments are available to be re-lent in accordance with program provisions, which provides a revolving pool of funds for future years.

State Housing Initiative Partnership Program (SHIP Fund)

The Sadowski Act approved by the Florida legislature created the SHIP program in order to provide revenues as an incentive to produce and preserve affordable housing. The SHIP program distributes a portion of documentary stamp taxes on deeds to local governments for first time home buyers' mortgage down payment assistance and owner-occupied rehabilitation.

Loan repayments are available to be re-lent in accordance with program provisions, which provides a revolving pool of funds for future years.

HOME Investment Partnership Program (HOME Fund)

Federal funding is available through the Pinellas County Consortium for the purpose of repairing current and eminent violations, connecting utilities, and handicap modifications. HUD provides guidelines under which funds are loaned to participants within a target area. Deferred and payback loans are available in this program.

Loan repayments are available to be re-lent in accordance with program provisions, which provides a revolving pool of funds for future years.

SCHEDULE V

CITY OF LARGO, FLORIDA GENERAL INFORMATION 2019

City History

The City of Largo is located in Pinellas County on Florida's Suncoast, and is part of what is commonly referred to as the Tampa Bay Area. Largo was sited by Hernando De Soto in 1539 and was at one time part of Hillsborough County. The warm subtropical climate and sand dunes helped shape Largo into a thriving, agricultural region. Count Odet Phillipe became the first European settler on the peninsula in 1835, followed by Captain John Thomas Lowe, who established a settlement in 1872 in what is now Largo.

Originally named for its 500-acre Lake Largo, now drained, Largo became a popular meeting place and trading post after the Orange Belt railway established a midpoint station between Clearwater and St. Petersburg in 1888. During this period, Largo was one of the largest citrus shipping points in Florida and home of the Black Diamond grapefruit. Commercial shipping of citrus, turpentine and other commodities began at the turn of the century. Shortly thereafter, in 1905, Largo became a city of one square mile and 291 residents. In 1912, Largo was separated from Hillsborough County, and made part of then newly-created Pinellas County.

Largo is bound to the east by Tampa Bay and to the west by the Gulf of Mexico. Its central location, friendly atmosphere, and location between Tampa and the Gulf beaches make Largo an ideal residential community.

Demographics

Incorporated in 1905, the City of Largo has experienced remarkable growth in population over the past 40 years. In 1960, the population was 5,302. By 1970, it had increased dramatically to 22,300, partially resulting from a vigorous annexation program. The decades of the 1970s and 1980s saw a steady and substantial increase in Largo's population. By 1980, the City population was 57,688, the 14th largest city in Florida. In 1990, the population reached 65,674; however, since other areas were growing at a faster rate, Largo dropped in ranking to the 19th largest Florida city. According to the latest population estimates, Largo's population of approximately 83,737 ranks as the 29th largest in Florida.

The City of Largo has a marked concentration of elderly persons as is common in Pinellas County. Approximately 27.6 percent of the City's permanent population is 65 years old and older, with a median age of 49.8 years.

Based on the 2018 American Community Survey, the City's population is 77.1 percent white, 6.2 percent black, 12.3 percent Hispanic or Latino and 4.4 percent from other racial groups.

Largo is 19.13 square miles in size, with 88% of the land area in residential uses and 12% in commercial uses.

Economic Conditions

Largo has evolved from a farming, cattle, and citrus town, once one of the largest citrus shipping points in Florida and home of the Black Diamond grapefruit, to a predominantly high-tech, service-oriented, residential community.

Many of Largo's older population are retired and receive income from pensions or other sources of retirement income. The manufacturing, retail trade, and services industries account for over two-thirds of the employment of Largo's residents.

Educational Facilities

Largo is within commuting distance of the University of South Florida (Tampa and St. Petersburg campuses), the University of Tampa (Tampa), Eckerd College (St. Petersburg), Florida Institute of Technology (St. Petersburg), Florida Metropolitan University (Tampa), Schiller International University (Largo), and St. Petersburg College (previously St. Petersburg Junior College) with locations in Largo, Seminole, St. Petersburg, Pinellas Park, Tarpon Springs and Clearwater. St. Petersburg College also hosts a Distance Learning Center at the Seminole Campus where fully accredited Bachelor degrees are offered by several Universities including Florida State, Gulf Coast University and St. Leo College. The Pinellas County School Board provides opportunities for adult education through the Pinellas County Vocational Technical Institute located in the Largo Planning District (Highpoint area).

City Government – Legislative/Executive

The City of Largo was the first city in the State of Florida to adopt the "council-manager" form of government in 1913 by referendum.

The City Commission is the legislative and governing body of the City. The non-partisan Commission consists of the Mayor and six Commissioners who are elected at-large for staggered four-year terms. The Mayor is the presiding officer of the Commission with the same voting powers as a Commissioner.

The City Commission assembles for regular public business meetings on the first and third Tuesday of every month and for public work sessions on the second Tuesday of the month. The Commission is empowered to establish City policy, to provide for the exercise of all duties and obligations imposed upon the City by the City Charter and law and to secure the general health, safety, and welfare of the City and its citizens.

The Commission discusses and adopts all ordinances and resolutions necessary to execute any of the City's powers. The Commission appoints the City Manager and approves the City Manager's appointments of City Attorney, Assistant City Managers, and City Clerk.

The Administration Department, headed by the City Manager, provides overall administrative direction and control for the City. The City Manager appoints all department directors.

SCHEDULE W**CITY OF LARGO, FLORIDA
COMMUNITY PROFILE
2019**

Form of Government:	Commission/Manager
Date Incorporated:	1905
Area:	19.13 sq. miles
Population (estimated) (1):	83,737 permanent
Governing Body:	City Commission (Mayor and 6 Commissioners elected in non-partisan, at-large election to 4-year overlapping terms).
Administration:	City Manager appointed by City Commission (5 votes required to hire and dismiss).
City Services:	Full service, including police, fire/EMS, wastewater collection and treatment, wastewater effluent disposal, solid waste collection, streets and drainage maintenance and repair, library, parks, and recreation (no water system or solid waste disposal system).
Services Provided by Other Governments:	Transit – Pinellas Suncoast Transit Authority (Buses) Jail and Court System – Pinellas County Water – Pinellas County Solid Waste Disposal – Pinellas County Traffic Planning, Signal Repair and Signal Maintenance– Pinellas County Fire/EMS Dispatch – Pinellas County Mosquito Control – Pinellas County
Services Provided to Areas Outside City:	Emergency Medical Services Fire suppression and inspection Sanitary Sewer (wastewater) Effluent Water Library Recreation, Parks and Arts
Population and Economic Characteristics (2):	84.9% 18 years of age or older; 27.6% 65 years of age or older Median Household Income \$42,875 Median Family Income \$55,874
Location:	Central-West coast of Florida near the Gulf of Mexico; in Pinellas County, northwest of St. Petersburg and south of Clearwater, west of Tampa and in the Tampa Bay Metro Area.
Registered Voters:	49,643
Percent Voted in Last Municipal General Election:	2017 – (November) 21.7% of registered voters
Data sources:	(1) University of Florida (2019) (2) United States Census Bureau (2018)

SCHEDULE X**CITY OF LARGO, FLORIDA
FINANCIAL MANAGEMENT POLICIES
2019**

Operating Budget Policies

The City will pay for all current expenditures with current revenues and fund balance. The City will avoid budgetary procedures that balance current expenditures at the expense of future years, such as postponing expenditures, underestimating expenditures, overestimating revenues, or utilizing short-term borrowing to balance the budget.

The budget will provide for adequate maintenance and repair of capital assets and for their orderly replacement.

The budget will provide for adequate funding of all retirement plans based on annual actuarial studies.

The City will maintain a budgetary control system to ensure adherence to the budget.

The City Finance Department will prepare monthly reports of revenues and expenditures.

The City will update expenditure projections for each fiscal year. Projections will include estimated operating costs of future capital improvements.

Where possible, the City will integrate performance measurement, service level, and productivity indicators within the budget.

Enterprise Funds (Wastewater, Solid Waste, Golf Course) are intended to be self-supporting through user fees. However, the Golf Course Fund has received General Fund support for several years by not paying the regular administrative charge paid by all enterprise funds. Efforts are being made to return the Golf Course to profitability in the future.

The City aggressively seeks state and federal funds that are available for capital projects.

Capital Improvement Program Policies

The City will develop a five year program for capital improvements and update the program annually.

The City will enact an annual capital improvement budget based on the multi-year Capital Improvement Program.

The City will make all capital improvements in accordance with the adopted Capital Improvement Program.

The City will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with capital improvements will be projected and included in the operating budget.

The City will maintain all its capital assets at a level adequate to protect them and to minimize maintenance and replacement costs.

The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Program and City priorities.

The City will identify the estimated costs and potential funding sources for each capital improvement project proposal before it is submitted to the City Commission for approval.

The City will determine the least costly financing method available for all new capital improvement projects.

Whenever possible, Local Option Sales Tax Funds will be utilized for projects that primarily benefit City residents.

Debt Policies

The City will confine long-term borrowing to capital improvement projects.

When the City finances capital projects by issuing debt, the debt will be repaid within a period not to exceed the expected useful life of the projects.

Where possible, the City will use revenue bonds instead of general obligation bonds.

The City will follow a policy of full disclosure on every financial report and bond prospectus.

Revenue Policies

The City will maintain, as permitted by State law, a diversified revenue base to mitigate the effects of short-term fluctuations in any one revenue source.

The City will estimate its annual revenues by a conservative, objective, and analytical process.

The City will project and update annually, revenues for the next five fiscal years.

Annually, the City will calculate the full cost of activities supported by user fees and consider such information when establishing user charges.

Non-recurring revenues will be used only to fund non-recurring expenditures.

Reserve Policies

The City will maintain an adequate fund balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, or unanticipated revenue declines. The City will strive to maintain an available General Fund fund balance of no less than 10% of annual expenditures.

Investment Policies

Disbursement, collection and deposit of all funds will be appropriately scheduled to ensure the timely payment of expenditures and investment of funds.

Investment objectives shall be weighted in the order of safety of principal, liquidity of funds and income generation, respectively.

SCHEDULE X**CITY OF LARGO, FLORIDA
FINANCIAL MANAGEMENT POLICIES
2019**

The City will maintain an appropriate diversification of portfolio assets to control the risk of loss resulting from over-concentration in a specific issuer, maturity, instrument or dealer.

The accounting system will provide regular information concerning cash positions and investment performance.

Accounting, Auditing & Financial Reporting Policies

The accounting system will maintain records on a basis consistent with Generally Accepted Accounting Principles applicable to local government.

Monthly and annual financial reports will present a summary of financial activity by major types of funds.

In accordance with state law, an independent accounting firm will perform an annual audit of the financial statements of the City and will publicly issue an opinion thereon.

Purchasing Policies

Purchases will be made in accordance with all federal, state, and municipal requirements. If there are no specific requirements, purchases will be made in the best interest of the City.

Purchases will be made in an impartial, economical, competitive and efficient manner.

Purchases will be made from the lowest priced and most responsible vendor. Qualitative factors such as vendor reputation and financial condition will be considered, as well as price.

Preference will be given to purchases of like quality to vendors who maintain a place of business within the City of Largo.

Capital Improvements Element (CIE) Policies

In accordance with state growth management legislation, the City will update annually the Capital Improvements Element (CIE) of the Comprehensive Plan.

The CIE will contain multi-year projections of revenues and expenditures.

The annual budget will implement the first year of the CIE.

COMPLIANCE SECTION

**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, Members of the City Commission, and City Manager
City of Largo, 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 Largo, Florida (the “City”), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated March 31, 2020. We have also audited the financial statements of the Largo Community Redevelopment Agency, as of and for the year ended September 30, 2019, and have issued our report thereon dated March 31, 2020.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 that we consider to be significant deficiencies.

Compliance and Other Matters

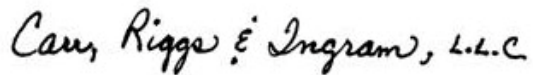
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

City of Largo, Florida's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

March 31, 2020

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor, Members of the City Commission, and City Manager
City of Largo, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Largo, Florida’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2019. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

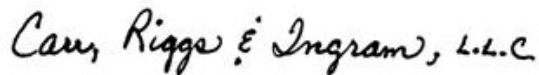
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive, slightly stylized font.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

March 31, 2020

CITY OF LARGO, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2019

Federal or State Grantor/ Pass-Through Grantor/Program	CFDA #/ CSFA #	Pass-Through Entity Identifying Grant /Loan Number	Expenditures	Amount Provided to Subrecipients
U.S. Department of Housing & Urban Development Direct Program: Community Development Block Grant (CDBG) Entitlement Grants Cluster	14.218	B-18-MC-120028	\$ 629,629	\$ 214,187
Passed Through Pinellas County Home Investment Partnership Program (HOME)	14.239	M-18-DC-12-0217	312,344	
Total U.S. Department of Housing & Urban Development			941,973	214,187
U.S. Department of Homeland Security Federal Emergency Management Agency(FEMA) Passed Through Florida Division of Emergency Management Disaster Grants - Public Assistance	97.036	DR4337	2,137,256	
U.S. Environmental Protection Agency Passed through the Florida Department of Environmental Protection Capitalization Grants for State Revolving Loans Cluster	66.458	WW520270	\$ 12,272,470	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 15,351,699	\$ 214,187
Florida Housing Finance Corporation Direct Program: State Housing Initiative Partnership (SHIP)	40.901	N/A	\$ 366,114	\$ 8,258
Florida Department of Environmental Protection Direct Program: Florida Recreation Development Assistance Program	37.017	A17120	43,050	
Direct Program: Wastewater Treatment Facility Construction	37.077	CW520210	277,518	
Total Florida Department of Environmental protection			320,568	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 686,682	\$ 8,258

See accompanying notes to schedule of expenditures of federal awards and state assistance

CITY OF LARGO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2019

(3) General

The accompanying schedules of expenditures of federal awards and state financial assistance presents the activity of all federal financial and state grant activity of the City of Largo, Florida (the "City"). Federal and state financial assistance received directly from federal and state agencies, and federal financial assistance passed through other government agencies are included on the schedules. The information in this schedule is present in accordance with the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.

(4) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual or accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The City has elected to not use the 10% de Minimis Indirect Cost Rate.

(5) Sub-recipients

Of the federal expenditures and state financial assistance presented in the schedule, the City of Largo, Florida provided federal and state awards to sub-recipients as follows:

Program Title	CFDA/CSFA	Amount Provided
Community Development Block Grant	14.218	\$ 214,187
State Housing Initiative Partnership	40.901	\$ 8,258

(6) Relationship to Basic Financial Statements

Federal and state financial assistance revenue is included in the City's basic financial statements as follows:

	Intergovernmental revenue
Federal:	
General fund	\$ 771,574
Special revenue funds:	
Community Development Block Grant	417,052
Home Investment Partnership	312,344
Local Option Sales Tax	223,825
Stormwater	82,043
Construction Services	14,001
Enterprise Funds:	
Sewer	86,434
Solid Waste	81,875
Golf Course	4,995
Internal Service	
Fleet	8,105
Total Federal	<u>\$ 2,002,248</u>
State:	
General fund	\$ 45,858
Special revenue funds:	
State Housing Initiative Partnership	113,012
Total State	<u>\$ 158,870</u>

CITY OF LARGO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2019

(5) Loans Outstanding

The City had the following loan balances including loan service fees outstanding at September 30, 2019. The current year additions related to the loans are included in the Schedule of Federal Awards and State Financial Assistance.

37.077	Florida Department of Environmental Protection program	\$ 80,915,651
	Total Loans Payable	<u>80,915,651</u>
14.218	Community Development Block Grant	2,164,482
14.239	Home investment Partnership	3,430,993
52.901	State Housing Initiative Partnership	5,630,773
	Total Loans Receivable	<u>\$ 11,226,248</u>

(6) Noncash Assistance

The City received \$0 in noncash assistance during the year ended September 30, 2019.

(7) SRF Loan

The City began construction upgrades to Biological Treatment Facilities in September 2018. The first expenditure related to this construction project was invoiced September 4, 2018 for \$1,210,311. A contract with the State of Florida was finalized and executed in December 2019 for this project providing funding under CFDA 66.458 with a retroactive effective date of August 2018. Expenditures incurred after the effective date were eligible for reimbursement. Due to the timing of events, the \$1,210,311 expenditure incurred in September 2018 is included in the total expenditures of \$12,272,470 for CFDA 66.458 on the Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2019 as this is the first year after determination of funding was known and executed, and as of September 30, 2018, it was impossible to determine that the expenditure would become a federal expenditure.

CITY OF LARGO, FLORIDA
Schedule of Findings and Questioned Costs
Federal Programs
Year Ended September 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS:

	<u>Results</u>
<i>Financial Statements:</i>	
1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
c. Noncompliance material to the financial statements noted?	None noted
<i>Federal Awards:</i>	
1. Type of auditors' report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	None noted
4. Identification of major programs:	
CFDA	
Number	Program
97.036	Disaster Grants – Public Assistance
	Presidentially Declared Disasters
66.458	Capitalization Grants for Clean Water
	State Revolving Funds
5. Dollar threshold used to distinguish between type A and type B programs:	\$750,000
6. Auditee qualified as low-risk auditee under 2 CFR 200.520?	Yes

CITY OF LARGO, FLORIDA
Schedule of Findings and Questioned Costs
Federal Programs
Year Ended September 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding Number: 2019-001 - Financial Reporting

Condition: The 2018 Governmental Activities Statement of Net Position inaccurately included an adjustment for refunds received for funds contributed to two 2011 Locally Funded FDOT Utility projects. The refund of \$1,246,266 was actually due to the Wastewater Fund and resulted in restatement of the beginning net position for the Wastewater fund and the Governmental wide Statement of Net Position.

Cause: In 2018 the City received the refund outside the period of availability and recorded the refund as a receivable and a deferred inflow in the General Fund in error during the financial preparation process.

Effect: The transaction caused audit adjustments as well as a prior period adjustment, see Note V. E.

Criteria: The City should record all transactions in accordance with general accepted accounting principles.

Recommendation: The City should strengthen its current review process for adjustments posted during the financial statement close and preparation.

Response and Corrective Action Plan: The City will continue to enhance its controls to ensure complete and accurate financial statement reporting by implementing an additional review process for all entries posted during the financial statement close and preparation.

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings.



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FINANCE DEPARTMENT

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Rebecca Spuhler, Assistant Director
E-mail: rspuhler@largo.com
Phone: (727) 586-7443
Fax: (727) 586-7421

March 31, 2020

Carr, Riggs and Ingram, LLC
3000 Bayport Drive, Suite 500
Tampa, FL 33607

Re: Corrective Action Plan and Response to Finding Number 2019-001 - Financial Reporting

The 2018 Governmental Activities Statement of Net Position inaccurately included an adjustment for reimbursements received outside the period of availability that were related to two 2011 Locally Funded FDOT Utility projects. The \$1,246,266 was recorded as a receivable and a deferred inflow in the General Fund, but was actually due to the Wastewater Fund.

This error was discovered by the City at start of the conversion process for the 2019 financial statements and was reported to the auditors. This resulted in restatement of the beginning net position for the Wastewater Fund and the Governmental wide Statement of Net Position. The City agrees with the restatement.

To prevent future errors, the City has implemented a dual review process for all financial statement conversion entries, which is identical to the review process for all regular journal entries. Each conversion entry will be reviewed by another qualified individual before being posted. All entries made by the Senior Accountants will be reviewed by the Assistant Finance Director. All entries made by the Assistant Finance Director will be reviewed by Senior Accountant, Jolanta Data. Training will be completed on conversion entry review by June 30, 2020 and will be implemented in FY 2020.

Sincerely,

Rebecca Spuhler
Assistant Finance Director
City of Largo

YOUR COMMUNITY OF CHOICE
Naturally



MANAGEMENT LETTER

The Honorable Mayor, Members of the City Commission and City Manager
City of Largo, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Largo, Florida (the "City"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 31, 2020. We have also audited the financial statements of the Largo Community Redevelopment Agency, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 31, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of Auditor General. Disclosures in those reports and schedule, which are dated March 31, 2020, 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 audit report. No audit findings or recommendations were noted in the preceding annual financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. 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 same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. As part of our audit we identified errors in the demographic data of information provided to pension plan actuary and the City's records. We recommend management implement revised policies and procedures to ensure actuarial calculations are based on accurate data.

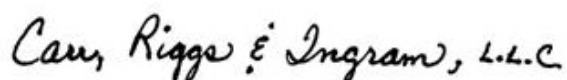
Management's Response: The City will review all demographic data for every participant of the pension plan and formulate a process to review all changes to the census on an annual basis.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
March 31, 2020

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor, Members of the City Commission, and City Manager

City of Largo, Florida

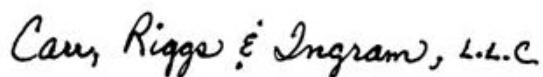
We have examined City of Largo, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the City's compliance with the requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
March 31, 2020



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FINANCE DEPARTMENT

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Rebecca Spuhler, Assistant Director
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Phone: (727) 586-7443
Fax: (727) 586-7421

March 4, 2020

Re: Affidavit, F.S. Section 163.31801, Impact Fees

The City of Largo receives impact fees from other jurisdictions that are adopted by ordinance on the City's behalf. The related ordinances comply with restrictions of Section 163.31801, Florida Statutes.

Please call if you have any questions.

Sincerely,

Kimball R. Adams, CPA
City of Largo, Florida

STATE OF FLORIDA
COUNTY OF PINELLAS

The foregoing instrument was acknowledged before me by means of ☒ physical presence or ☐ online notarization, this 04/03/2020 (date), by Kimball R. Adams (name, title) who is personally known to me or who has produced _____ (type of identification) as identification.

Signature of Person Taking Acknowledgment

Karen Catalioto

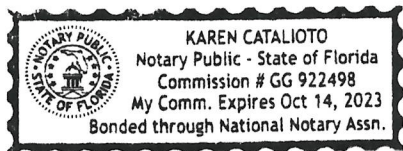
Name of Acknowledger Typed, Printed or Stamped

Notary

Title or Rank

GG 922498

Serial Number (if any)



YOUR COMMUNITY OF CHOICE
Naturally