



Comprehensive Annual Financial Report

For the fiscal year ended
September 30, 2020

City of Largo, FL



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED 9/30/2020



CITY COMMISSION

Dr. Woody Brown
Mayor

Donna Holk
Vice Mayor

Michael Smith

Samantha Fenger

John L. Carroll

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

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INTRODUCTORY SECTION



PO Box 296
Largo, FL 33779
Largo.com

March 31, 2021

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 FY20 Comprehensive Annual Financial Report, which fulfills the annual financial reporting requirements for several stakeholder groups, including:

- 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 herein to assist with interpreting the City's financial statements and assess the City's financial condition, including:

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

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 and for links to other sites within the Tampa Bay area.

Largo is located on Florida's Gulf Coast in Pinellas County, the most densely populated county in Florida. Largo provides a full range of municipal services, including: police and fire/rescue, 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 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 84,500 residents and 20 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 second in the nation to adopt the Commission/Manager form of government. Largo's Mayor and six Commissioners (City Commission) are elected at large and serve staggered four-year terms. The City Commission establishes legislative policies and hires a City Manager who implements the policies and manages daily operations through an executive leadership team.

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, which provides a public venue to discuss any audit 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 James Robinson and Michael Smith. The Audit Committee was supported by the Performance & 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 financial information. 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 derived; therefore, the City's internal controls have been developed with the objective to provide reasonable assurance that the financial statements are free of any material misstatements. Management believes the information presented is accurate and complete in all material respects and fairly presents the City's financial position and results of operations for FY20 and as of year-end.

FINANCIAL MANAGEMENT POLICIES

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

- Operating Budget
- Revenues
- Purchasing
- Fund Balance & Reserves
- Debt
- Investments
- Accounting, Auditing & Financial Reporting
- Long-term Planning & Capital Improvements
- 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 is assigned at the department level. Each department designates program managers who authorize purchases and payments and evaluate budget performance. 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, budget balances and prior year activity.

The Finance Department monitors financial activity on an ongoing basis throughout the year. Monthly reports are prepared for all departments and reports are periodically reviewed in meeting with the Treasury Manager, Assistant Finance Director, Finance Director, OPB staff, Assistant City Manager and City 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.

The City Manager proposes an LTFP/CIP to the City Commission annually, which the City Commission reviews and adopts in accordance with the City Charter and State requirements. The LTFP/CIP is an integral part of the financial management system, but does not appropriate funds. Projections are updated and the first year's projects are incorporated into the next budget. The City is projected to remain in good financial condition.

	Actual		Projected (FY21 millage rate is actual)				
General Fund	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Millage rate (10 mill maximum)	5.7413	5.62	5.62	TBD	TBD	TBD	TBD
Property Tax Revenue Increase	5%	8%	7%	6%	6%	6%	6%
Unrestricted fund balance as % of the following year's budget	26%	27%	16%	16%	17%	18%	18%

The City's utility rates are competitive with similar communities. Projected utility rate and golf fee increases are:

Projected Increases	FY21	FY22	FY23	FY24	FY25
Stormwater (drainage)	17%	25%	20%	-	-
Wastewater (sewage)	10%	10%	10%	-	-
Reclaimed Water (sewage effluent)	-	-	-	-	-
Solid Waste Collection (garbage)	-	-	15%	-	-
Golf (subject to market constraints)	TBD	TBD	TBD	TBD	TBD

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 budget cuts have reduced operating flexibility
- Public safety pension costs and health care costs
- Low or no growth in several major revenues
- Existing and proposed property tax exemptions and 'Save Our Homes' portability
- The Governor and Legislature have repeatedly introduced legislation eroding 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, a government must publish a CAFR that must be: easy to read, organized, promotes consistency, contains full disclosure and meets all GAAP requirements. The City received the Certificate for FY19 and the FY20 CAFR will be submitted to the Program for review.

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 2020 Budget and believes the FY 2021 Budget will meet all 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 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 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. Jolanta Data and Brandon Bevan 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, Katherine Oster, 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.

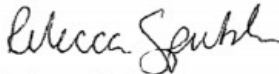
The Director expresses special appreciation to Assistant Finance Director, Rebecca Spuhler, for coordinating all year-end closing activities, managing the audit process and preparing most of the CAFR. Miss Spuhler's efforts resulted in the efficient and timely completion of all audit related activities,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

Appreciation is also expressed to IT Assistant Director, Scott Semones, who assisted the auditors with their IT systems evaluation. Kate Oyer, Communications and Engagement Director, is commended for her professionalism in contributing the photographs displayed throughout the CAFR.

Other City Departments 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 City 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, 2019

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, 2019

Christopher P. Morill

Executive Director

**CITY OF LARGO, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2020**

City Commission

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

City Manager

Henry P. Schubert

Assistant City Manager

Margaret Paluch

City Attorney

Alan S. Zimmet

City Clerk

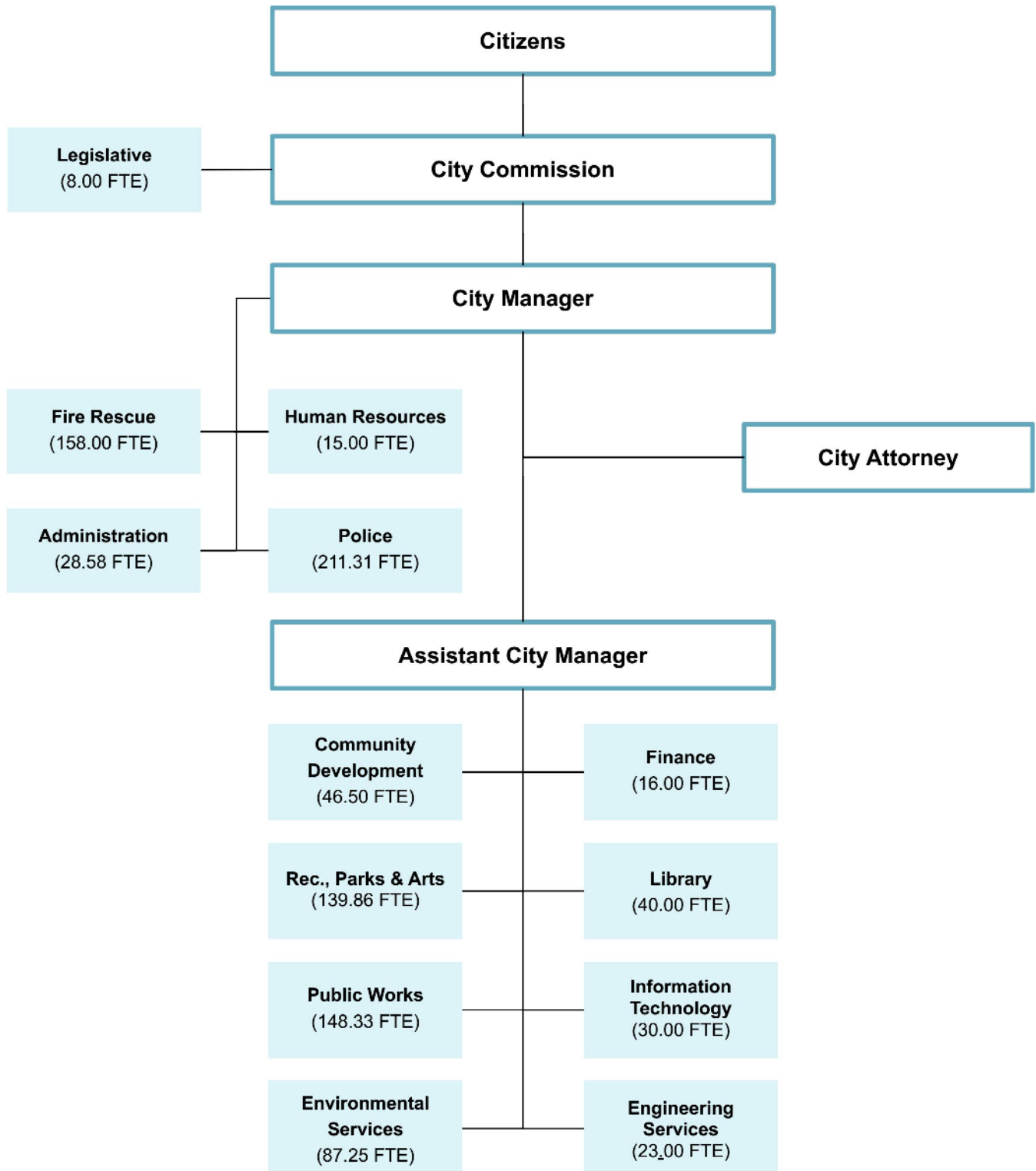
Diane L. Bruner

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 R. Adams
Fire Chief, Chad Pittman
Human Resources Director, Susan K. Sinz
Information Technology Director, Scott Semones (*acting*)
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

(951.83 FTE)



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FINANCIAL SECTION

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, 2020, 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, 2020.

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, 2020, 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, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2021, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

March 31, 2021

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City of Largo, Florida

Management's Discussion and Analysis

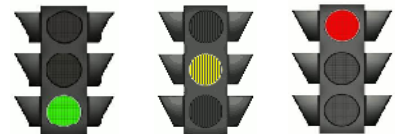
September 30, 2020

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) INTRODUCTION

Thank you for your interest in the City of Largo. You're in the perfect place to begin learning about the City of Largo's financial condition, financial position, results of operations and multi-year financial trends.

This MD&A summarizes key financial information from the City's Comprehensive Annual Financial Report and is written for non-technical readers who simply want to know, "*How's the City doing financially?*" As discussed throughout the MD&A, the City is doing well.

Traffic lights are inserted throughout the MD&A to draw attention to significant items that are more positive (green), bear watching (yellow) and less positive (red). While there are no red lights this year, a few yellow lights point to areas of concern. It's important to note that changes to a government's financial condition is usually experienced as multiple yellow light events over time rather than from a single red light event.



COMPREHENSIVE ANNUAL FINANCIAL REPORT OVERVIEW

The Report 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 depicts the Comprehensive Annual Financial Report's four main sections:

- *Introductory:* Includes the Transmittal Letter and other general information about the City.
- *Financial:* Includes this MD&A, financial statements, notes and financial schedules.
- *Statistical:* Includes interesting historical information of up to ten years that highlights trends.
- *Compliance:* Includes compliance information on grants, debt and other legal or regulatory requirements.

Graph #2 depicts the three main areas of the *Financial Section*.



City of Largo, Florida

Management's Discussion and Analysis

September 30, 2020

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



Fund Balance & Net Position: *The accumulation of financial resources for the future.*

Fund balance and net position (called *equity* in the private sector) represent the financial capacity to respond to unexpected events, such as recessions and disasters or to seize unforeseen opportunities.

The General Fund's unassigned fund balance, which is available for appropriation, decreased \$2 million to \$15.5 million; however, fund balance remains relatively high. The decrease was mostly due to the pandemic's impact on revenues and was partly off-set by spending restraints and new property tax revenue created by property value increases, annexations and construction.



Unfunded long-term liabilities: *Personnel services obligations.*

The Police and Fire Pension Plan's unfunded liability increased from \$36.5 million to \$41.5 million, due mostly to investment returns (actual and assumed) and is mostly responsible for creating most of the negative unrestricted net position (deficit) in Governmental Activities.

An unfunded liability for Other Post-Employment Benefits (OPEB) of \$14.3 million is partly responsible for creating the deficit in Governmental Activities. The OPEB liability reflects an *implicit subsidy* for retiree health insurance, which increased from \$10.3 million, due to a combination of items discussed later.

Without these two unfunded liabilities, the negative net position (deficit) in Governmental Activities of \$16.4 million would have been a positive \$39.4 million.



Debt: *The financial 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 strong financial condition.

The City borrowed \$2.5 million this year for a new city-wide ERP system, which will be serviced mostly by the General Fund with contributions from other funds that also use the system. Other government debt of \$1.75 million was retired, so net governmental debt only increased \$750,000.

The Wastewater Fund is the only other fund reporting long-term debt, which is serviced by wastewater fees. Wastewater debt increased \$24 million (net), due to construction of several major capital projects at the wastewater treatment facility, but remains reasonable and affordable.



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

Several revenues were slightly under-budget as the result of the pandemic, but most revenues were not significantly affected. All departments were under-budget in expenditures.



Trends: *The degree to which financial conditions are changing.*

Several revenues have been declining, growing slightly or holding steady for several years, excluding the pandemic's affects, which is similar to other Florida governments. This trend will likely continue, due to changes in customer/taxpayer behavior, which has reduced revenue diversification and placed more reliance on property taxes, because it is the largest controllable revenue.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2020

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, position and operations, which communicates operational efficiency similar to private sector financial reporting. The Government-wide statements do not present any individual fund information; instead, they present highly-aggregated information divided into two types of Activities:

- Governmental Activities (GA) (governmental-type services, such as police, fire, recreation, etc.)
- Business-type Activities (BTA) (fee-based services, like wastewater, garbage and the golf course).

Total GA *program revenue*, which includes non-tax revenue such as fees and grants, decreased to \$34.2 million from \$36.2 million in FY19 (5.5%), due mostly to declines in Culture and Recreation fees from canceled programs during the pandemic. Culture and Recreation expenses also declined \$1.2 million, due to the cancellations.

GA program revenue paid 36% of GA expenses (41% last year), which means 64% of expenses were paid with general revenue (primarily taxes), which is slightly higher than normal. Most GA expenses are usually paid with general revenue, because charging for most governmental-type services is impractical.



Total GA Net Position (called *equity* in the private sector) was positive; however, the unfunded pension and OPEB liabilities created a deficit in Unrestricted Net Position. Unfunded pension and OPEB liabilities have caused financial weakness for most state and local governments throughout the nation.

BTA *program revenue* (mostly charges for services) was flat, because there were no rate increases and little impact from the pandemic, except for golfing services (down 12%), due to a partial course closure and lower play.

BTA's total net position increased \$2.4 million, which was lower than the prior year's increase of \$4.3 million, due to no rate increases, low customer growth and normal expense increases.



Question: Is it good to have a higher Net Position?

Answer: It depends.

- All things equal, a higher net position is good so long as a government is meeting the community's needs.
- A higher level means a government owns more of its assets, has a larger financial cushion for unforeseen events (cash reserves) and a government did a better job of living within its means.
- A government can have "too much" net position, depending on whether its stakeholders value having a higher net position for use in emergencies or to seize opportunities instead of receiving additional services or paying lower taxes and fees. So, a higher net position can be good or bad depending on someone's perspective.
- A lower net position may mean a government has not lived within its means, as reflected by the negative unrestricted net position created by the unfunded pension liability and OPEB liability. These liabilities indicate that the City has provided services, but has deferred paying a portion of related costs to the future.
- In a perfect world, net position would be zero, because there would be no emergencies or unanticipated opportunities. Until then, determining a "right size" net position will be partly objective and partly subjective.

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Major Fund highlights

Fund-level financial reporting focuses on "major funds", which are the largest funds and comprise the majority of financial activity.

Local governments may report dozens or even hundreds of funds, so focusing on each individual fund could be confusing and unproductive to most readers.

Major Governmental Funds (five funds)

- The General Fund's total fund balance increased \$3.6 million (16%) from the prior year, primarily because expenditures were under-budget in several departments and several large capital projects were postponed, due to the pandemic. The General Fund usually reports half of the City's revenues and expenditures.

Recreation revenues in the General Fund were \$2 million under-budget (2.5%), due primarily to the canceled recreation programs and performances. Recreation expenditures were also under-budget about \$1 million, due to canceled programs and performances during the initial stages of the pandemic.

- The Local Option Sales Tax Fund (LOST) accounts for revenue received from the seventh-cent sales tax collected in Pinellas County referred to as The Penny for Pinellas. LOST revenue was slightly over-budget and was \$423,000 higher than the prior year, both of which were positive results in light of the pandemic's impact on the economy.
- Loans receivable in the three major housing funds (SHIP, HOME and CDBG) totaled \$10.8 million, which was about the same as the prior year. These funds underwrite low interest loans for low income families to help maintain, renovate or purchase homes, sometimes with companion commercial loans.

Major Enterprise Funds (two funds)

- Wastewater rates remained unchanged, so total revenue was consistent with the prior year, even with an impact on business closures related to the pandemic. The fund reported slightly lower operating revenue of \$790,000 compared to \$1.8 million in the prior year, due to normal costs increases.
- Solid Waste (garbage) rates were unchanged, but total revenue was higher than the prior year, even with a minor impact on business closures related to the pandemic. Construction activity was responsible for most of the 2.5% revenue increase. The fund reported slightly lower operating revenue of \$170,000 compared with \$791,000 in the prior year, due to normal costs increases exceeding the small revenue increase.



The Town of Largo was officially incorporated in 1905, and in 1913 became the first town in Florida - and second in the nation - to adopt a town manager form of government.

FINANCIAL STATEMENTS OVERVIEW (“Primer” on governmental accounting and reporting.)

This section is intended to help readers understand governmental financial statements and is essentially a “primer” on governmental financial reporting. It also provides an overview of the City's reporting structure.

If you understand governmental financial reporting and the City's reporting structure, feel free to skip to the next section, **GOVERNMENT-WIDE STATEMENTS** (*The City as a whole, “big-picture” focus.*).



Unlike private sector companies, state and local governments present **two sets** of financial statements, which provide two different financial perspectives:

Big picture (government-wide) and Small picture (fund level).

Government Financial Statements - State & local governments present two sets of financial statements:

- **Government-wide financial statements** (*long-term focus, big picture*)
 - Similar to, but not identical to consolidated financial reporting in the private sector
 - Reports Governmental Activities and Business-type Activities, not individual funds
 - Measures the flow of economic resources using the full-accrual basis of accounting similar to, but not identical to the private sector
- **Individual fund financial statements** (*small picture and usually most interesting 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 to, but not identical to the private sector and identical to the Government-wide statements

Fund Accounting – The City uses fund accounting to enhance accountability over public resources and to demonstrate compliance with legal requirements. A fund also helps maintain greater control over resources dedicated to specific activities, e.g., gas tax revenues that are restricted to road project costs.

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 of the common fund types: Governmental, Proprietary and Fiduciary.

- a. Governmental funds (five).** Includes: General, Special Revenue, Capital Projects, Debt Service and Permanent funds. The City always reports the first two types and 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 reporting focus is on Major Funds (largest funds), which for the City include: the General Fund and four special revenue funds: LOST, SHIP, CDBG and HOME. Information is presented in separate columns for each major fund, while non-major fund information is aggregated into one column. Information on non-major funds is provided after the Notes.

- ii. Budgets.** Budgets are adopted for all governmental funds. Budget statements are presented for major funds and budget schedules are presented for non-major funds after the Notes.

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b. Proprietary funds (two). The City reports both types of proprietary funds:

- 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 major funds) and the Golf Course.
- ii. Internal Service funds.* Internal service funds are used to account for 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 (four). Fiduciary fund financial statements report resources held for the benefit of others, such as pension members. Fiduciary fund information is not reported in the government-wide statements, because these resources are not available to fund City services or programs.

Minimum Financial Reporting: Local governments must present the following financial information:

a. Management Discussion and Analysis (MD&A) - An MD&A is required supplementary information.

b. Government-wide statements. Government-wide statements (the City as a whole) include two statements, two Activities and information is reported using the accrual basis of accounting.

- i. Statement of Net Position.* Presents assets, liabilities and deferred inflows/outflows with the difference being *net position* ("equity").
- ii. Statement of Activities.* Presents the changes in net position from revenues and expenses, which are reported as soon as an 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 services include: wastewater (collection, treatment and disposal), solid waste collection and an 18-hole executive golf course (par 62).

c. Fund statements. Financial information is reported for major funds, while non-major funds' financial information is aggregated in one column by fund-type for governmental and proprietary funds. Fiduciary fund types are reported as aggregated columns.

d. Financial statement reconciliation. Governmental Activities and Governmental Fund statements are prepared with different bases of accounting (accrual and modified-accrual, respectively); therefore, a reconciliation of the differences is provided for the position statements and operating statements.

e. 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.

f. 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.

g. Optional combining and individual fund financial statements or schedules. Financial statements are provided for each non-major fund immediately following Other RSI.

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

This section summarizes information from the government-wide statements (the City as a whole) by focusing on Governmental Activities and Business-type Activities, not on individual funds.

- *Governmental Activities* includes all governmental funds combined and adjusted from the modified accrual basis of accounting (short-term, financial-flow focus) to the accrual basis of accounting (long-term, economic-flow focus), in accordance with GASB requirements.
- *Business-type Activities* includes all enterprise funds combined using the accrual basis of accounting, which is also used at the fund level.

Government-wide Statement of Net Position. Unlike a Balance Sheet, this statement flows downward to arrive at total net position.

Comparative Summary - Government-wide Statement of Net Position (\$ in thousands)

	Governmental Activities		Business-type Activities		Total Activities	
	2020	2019	2020	2019	2020	2019
Assets						
Current	\$ 86,639	\$ 81,255	\$ 47,585	\$ 54,714	\$ 134,224	\$ 135,970
Capital (net)	147,509	141,103	198,737	168,806	346,246	309,909
Total assets (a)	234,148	222,358	246,321	223,521	480,469	445,879
Deferred Outflows (b)	16,074	13,061	596	13	16,670	13,073
Liabilities						
Current	13,056	14,721	8,982	6,692	22,038	21,413
Non-current	63,482	50,583	102,209	83,479	165,692	134,062
Total liabilities (c)	76,539	65,304	111,191	90,171	187,730	155,475
Deferred Inflows (d)	5,138	7,331	-	-	5,138	7,331
Net Position						
Invested in cap. assets	145,009	139,175	95,458	88,010	240,467	227,185
Restricted	40,138	39,309	10,820	10,388	50,959	49,697
Unrestricted	(16,604)	(15,700)	29,448	34,964	12,844	19,265
Total NP (a+b-c-d)	\$ 168,544	\$ 162,784	\$ 135,726	\$ 133,362	\$ 304,270	\$ 296,146

Total Net Position was essentially 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 largest changes for *Governmental Activities* was in current assets (cash) and non-current liabilities.

- Cash increased (current assets), due to an excess revenue over expenses in most funds.
- Non-current liabilities increased for several reasons:
 - Net long-term debt increased \$750,000, due to borrowing \$2.5 million for the new city-wide ERP system minus the regular debt repayments made on existing loans.

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All of the City's previously outstanding general government debt was retired this year, which means the Community Center and the Highland Recreation Center are now debt free. Both loans were paid-off in less than ten years using proceeds from the *Penny for Pinellas* local option sales tax.

- The OPEB liability increased \$4 million from \$10.3 million to \$14.3 million based on the annual actuarial study. The OPEB liability is an estimate of future retiree healthcare costs based on what is called an "implicit" premium subsidy.

Retirees are permitted to remain on the City's health plan and must pay the full, regular premium assessed to all employees; however, actuarially, retirees tend to incur higher average costs, which results in the implicit subsidy. The City is prohibited by law from charging retirees higher premiums than paid by regular employees, so the estimated extra retiree cost is a City expense.

- The Police and Fire Pension Plan's unfunded liability increased \$5 million from \$36.5 million to \$41.5 million based on the annual actuarial study.



GA Unrestricted Net Position has been negative (a deficit) for years and grew slightly this year. The deficit is created by the unfunded pension liability and smaller OPEB liability. The OPEB liability isn't funded, because it is an implicit subsidy and does not require funding; however, the unfunded pension liability must be funded and does increase budgeted pension costs.

The largest changes in the Statement of Net Position for *Business-type Activities* was in current assets (cash), capital assets, non-current debt, unrestricted net position and net position invested in capital assets, all of which are related to construction projects.

- Construction continued on the wastewater system's "middle-plant" project, which will be valued at over \$50 million when completed and is responsible for the majority of the total capital asset increase.
- The middle-plant project is being funded through a low-interest State Loan, which is responsible for the majority of the increase in non-current debt, net of normal debt retirements during the year.
- The State Loan is a reimbursement loan, where capital assets must be paid for with cash and a loan draw requested afterwards; therefore, cash that was used to temporarily pay costs for the middle-plant project will be replenished by future loan draws.
- Some capital assets are purchased with cash every year, which explains part of the decrease in unrestricted net position (cash) and the increase in net position invested in capital assets.
- Capital assets and related debt are discussed in more detail later in the MD&A.

The Largo Public Library was the 2018 Florida Library of the Year!

Items that contributed to this include:



2017 Budget:	\$3.5 mill.	Programs Offered	1,444
2017 Visitors:	527,796	Program Attendees	46,471
Items in Collection:	225,696	New Library Cards	5,011

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Government-wide Statement of Activities. This statement summarizes revenues and expenses, which are responsible for the change in total net position reported above.

Comparative Summary - Government-wide Statement of Activities (\$ in thousands)

	Governmental Activities (GA)		Business-type Activities (BTA)		Total Activities	
	2020	2019	2020	2019	2020	2019
Program revenue						
Charges for services	\$ 29,669	\$ 31,080	\$ 37,243	\$ 36,935	\$ 66,913	\$ 68,015
Operating grants/contrib.	3,705	3,625	204	233	3,909	3,858
Capital grants/contrib.	824	1,493	273	798	1,097	2,291
Total program revenue	34,198	36,198	37,721	37,966	71,918	74,164
General revenue						
Property taxes	27,593	26,055	-	-	27,593	26,055
Other taxes	28,328	27,668	-	-	28,328	27,668
Shared revenue	8,494	8,997	-	-	8,494	8,997
Other (net)	2,881	2,408	1,673	1,728	4,555	4,136
Total general revenue	67,296	65,127	1,673	1,728	68,970	66,855
Total revenue	101,494	101,325	39,394	39,695	140,888	141,020
Expenses						
General government	10,723	8,937	-	-	10,723	8,937
Public safety	50,011	45,615	-	-	50,011	45,615
Public works	11,988	10,552	-	-	11,988	10,552
Economic development	6,194	6,400	-	-	6,194	6,400
Culture and recreation	16,815	17,482	-	-	16,815	17,482
Interest and fees	3	78	-	-	3	78
Wastewater	-	-	22,472	21,970	22,472	21,970
Solid waste	-	-	13,374	12,358	13,374	12,358
Golf course	-	-	1,184	1,070	1,184	1,070
Total expenses	95,733	89,063	37,030	35,398	132,764	124,461
Change in net position	5,760	12,262	2,364	4,296	8,124	16,558
Net position - Oct 1	162,784	150,522	133,362	129,066	296,146	279,588
Net position - Sept 30	\$ 168,544	\$ 162,784	\$ 135,726	\$ 133,362	\$ 304,270	\$ 296,146

GA Program Revenue - GA program revenue declined \$2 million or 5.5%, due mostly to cancellations of and lower participation in recreation programs, special events and performances caused by the pandemic. Total general revenue increased \$2 million or 3%, due mostly to property tax, which was mostly the result of higher property valuations.



Total GA revenue (program and general revenue combined) was essentially the same as the prior year, which was an overall positive development considering the potential impact from the pandemic.

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GA Program Revenue (cont.) - The City charges fees for services whenever practical, which means users pay a portion of the costs of many services. 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.).

- GA grant revenue was essentially unchanged from the prior year, most of which relates to the City's housing assistance programs.
- Of the \$34.2 million of program revenue in FY20, 63% came from the following sources, which indicates their significance:
 - Fire/EMS service charges paid by Pinellas County, \$9.9m
 - Stormwater fees, \$5.7m
 - Construction Services fees, \$2.5m
 - Library County-wide Cooperative fees, \$762,000.
 - Recreation, Parks and Arts fees, \$2.8m (Adding lost fees caused by canceling programs during the pandemic, would increase the total to 69%, which is similar to 67% in FY19.)
- GA Charges for Services are presented below by Functions. Most Functions reported modest increases. Total GA Charges for Services decreased 4.5%, due to the pandemic's effect on recreation programs and performances related to canceled classes, events and performances.

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

Major Functions	FY20	FY19	Increase (Decrease)	
			\$	%
General Government	\$ 3,840	\$ 3,762	\$ 78	2.1%
Public Safety	12,493	12,293	200	1.6%
Public Works	5,753	5,686	67	1.2%
Economic Development	4,052	3,906	145	3.7%
Culture and Recreation	3,531	5,432	(1,901)	(35.0)%
Total	<u>\$ 29,669</u>	<u>\$ 31,080</u>	<u>\$(1,411)</u>	<u>(4.5)%</u>

GA General Revenue - GA General Revenue is discussed in more detail in the General Fund section, which is where most of it is recorded. A summary of the five largest GA General Revenues is below.

GA - Major General Revenue (\$ millions)	FY20	FY19	Increase (Decrease)	
			\$	%
Property Tax	\$ 27.6	\$ 26.1	\$ 1.5	5.7%
Utility and Franchise Tax (mostly electric utility)	16.2	15.8	0.4	2.5%
Local Option Sales Tax ("Penny for Pinellas")	8.4	8.1	0.3	4.1%
Communications Services Tax	2.7	2.7	-	1.9%
State Shared Revenue (mostly sales tax)	8.5	9.0	(0.5)	(5.6)%
	<u>\$ 63.4</u>	<u>\$ 61.6</u>	<u>\$ 1.8</u>	<u>2.9%</u>

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GA General Revenue (cont.)

- Total GA General Revenue (mostly taxes) paid approximately 65% of total GA Expense, compared to 60% in FY19, which shows a slight increased reliance on taxes to pay for GA services, partly due to the \$2million loss of recreation fees mentioned above.
- Total GA General Revenue increased 2.7% (6% in FY19), due mostly to \$1.5 million in property taxes related to property value increases.
- Even though the FY20 property tax millage rate was lowered from 5.7413 mills to 5.62 mills, property tax revenue increased 8%, mostly due to a strong housing market and partly due to annexations and new construction (1 percentage point). A ten-year history of assessments, millage rates and revenues is in the Statistical Section (Schedule H).



GA Charges for Services exceeded Property Tax revenue in the last two years, which has been true for many years. Many people are surprised that property taxes are not the City's largest revenue.

- Local Option Sales Tax ("Penny for Pinellas") increased slightly, due to a change in the allocation formula, effective January 1, 2020 (3/4 of the fiscal year). Largo's allocation increased 10% or 7.5% annualized, due to population growth. The formula is adjusted with renewal of the Penny through referendum every ten years. Without the adjustment, revenue would have declined about 5%, due to the pandemic.
- State Shared revenue (mostly state sales tax) decreased slightly, because of the pandemic.
- CST revenue remained flat, which was unusual, because revenue has declined annually for a number of years, albeit slightly each year, due to industry-wide customer changes, including a shift from cable services toward Internet-based services ("cutting the cord"). Increased competition has also driven-down prices, reducing the tax base. The trend disruption is likely related to people increasing on-line services during the pandemic. Similar experience was reported state-wide.



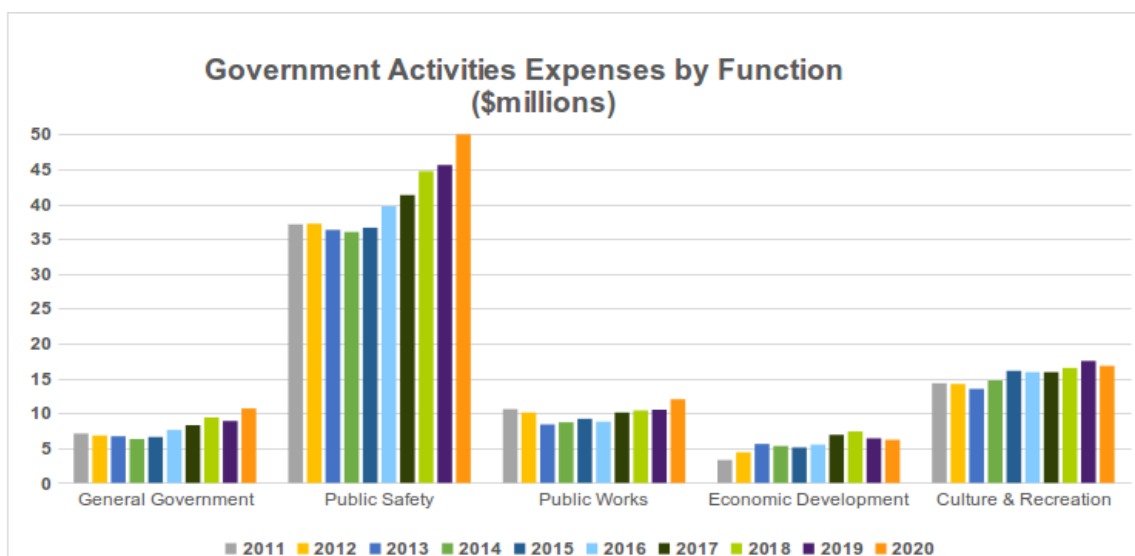
Of all GA taxes, only property taxes can be increased by the City, because all other tax rates are set at the maximum levies or the City does not control the revenue. This impacts the City's ability to generate new revenue.

GA Expenses - As presented in the Comparative Summary above, Total GA Expenses grew \$7 million from \$89 million to \$96 million, or 8%, compared to FY19 growth of less than 1%.

The following graph presents GA Expenses by Function over the past ten years, which helps to identify trends. A "Function" is a grouping of similar activities, e.g., the Public Safety Function includes police and fire rescue activities and the Culture & Recreation Function includes library and recreation/parks/arts.

- Most Functions experienced modest growth over the past ten years, except for Public Safety, which grew faster, because of police and fire rescue positions added over the past four years of the Public Safety Staffing Plan. About 52% of total GA expenses relate to Public Safety services, which is slightly higher than the FY19 percentage of 50.5% and the FY11 percentage of 50.7%.
- Most expense growth relates to salary and benefit costs, because personnel costs generally comprise 75-85% of GA expenses.

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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 64% of GA expenses were paid for with general revenue, which means 36% were paid for with program revenue, mostly charges for services.

It's normal to pay most GA expenses with General Revenue (mostly taxes), because user charges are impractical to charge and collect for many services such as, police, fire/rescue, and library services. Some GA expenses can be recovered through user charges, such as stormwater (Public Works) and recreation.

Governmental Activities (\$ in millions)

Function	Total Expense	Program Revenue	Net Expense	
General Government	\$ 10.7	\$ 4.9	\$ 5.8	55%
Public Safety	50.0	14.2	35.8	72%
Public Works	12.0	5.9	6.1	51%
Economic Development	6.2	5.4	0.8	13%
Culture & Recreation	16.8	3.8	13.0	78%
Total	\$ 95.7	\$ 34.2	\$ 61.5	64%

- Economic Development reported the lowest net expense percentage, primarily because of program revenue generated by construction permits, construction inspections and housing grants.
- Public Works reported the second-lowest net expense percentage, primarily because of program revenue generated by stormwater fees, which are sufficient to pay normal stormwater operating costs and smaller capital costs.

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- Culture and Recreation (library and recreation, parks and arts) reported the highest net expense percentage, because most recreation, parks and library services are provided free of charge or charges are only intended to recover direct costs.

Most program revenue is generated by recreation fees, which declined \$2 million, due to the pandemic. Adding back the \$2 million in fees would have decreased the net expense percentage to 65%, which would have then become the second-highest net expense percentage after Public Safety.

- Public Safety (police and fire rescue) reported the second-highest net expense. Public Safety usually reports the highest net expense, because fees are difficult to assess and collect for most public safety services. The majority of Public Safety Program Revenue (\$9.9million) is related to Fire/EMS fees received from Pinellas County for providing fire service in unincorporated areas of the county and for providing county-wide EMS.



Police fines generate about \$250,000 of revenue annually, which is less than 1% of police related expenses. Fines are used to encourage compliance with the law, not to generate revenue.

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 BTA metrics include:

- Charges for services revenue remained flat, because all rates remained the same.
- Wastewater and Solid Waste revenues are not growing significantly, because the City is virtually at build-out and re-development is insignificant relative to the existing base. Wastewater revenue also declines 20% when properties are annexed, because the surcharge is removed.

BTA expenses increased 4.6%, mostly due to normal personnel cost increases.

- All BTA expenses are normally paid with program revenue (mostly user charges).
- Golf Course revenue was \$122,000 lower than the prior year (12%), due to mostly to the partial course closure and decreased play in general, due to the pandemic.

Additional information and further BTA discussion is provided in the Enterprise Fund section of the MD&A.

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

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

- Governmental Funds' report a *"small-picture"* and a short-term focus using the modified accrual basis of accounting.
- A short-term focus is best suited to reporting results of "tax and spend" decisions, which are typically of greater interest to the public than results of longer-term operational decisions.
- All other funds and both government-wide activities use full-accrual accounting (*"big picture"* focus).

General Fund. The General Fund is the City's largest fund and 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 from prior years and is similar to "equity" in the private sector. Fund balance is an indicator of financial strength, fiscal flexibility and long-term resiliency.

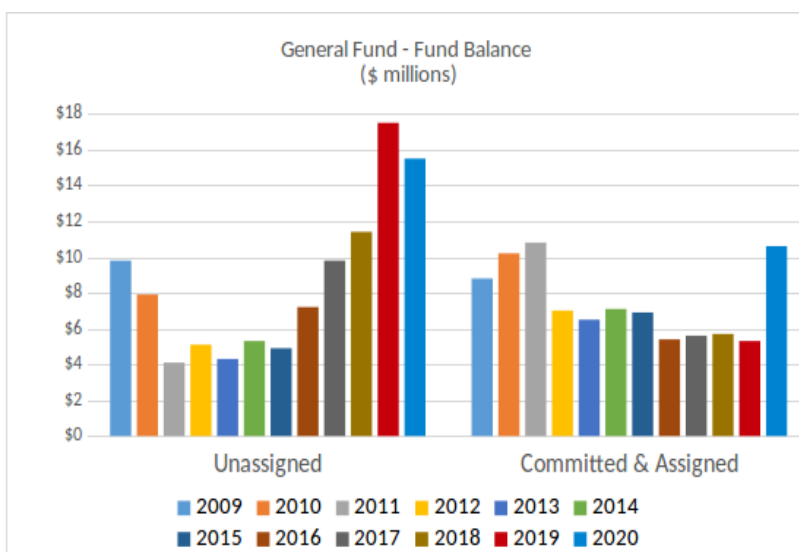
Fund balance is reported in sub-categories prescribed by the GASB:

- *Unassigned fund balance* is available for appropriation and is often called a "rainy-day" reserve or emergency reserve, because it can be used if revenue declines or expenses increase.
- *Committed or assigned fund balance* is designated for certain purposes and is not available for any appropriation unless the commitment or assignment is removed, which may not be possible.

The following graph presents the General Fund's major fund balance categories since FY09, including the Great Recession and lengthy recovery in order to reveal trends.

Unassigned Fund Balance.

- All of the unassigned fund balance is available for appropriation.
- Unassigned fund balance declined after FY09, due to the Great Recession and lengthy recovery, but has increased over the past several years as the economy improved.
- The FY20 unassigned fund balance decline is related to no growth in total revenue, due to the pandemic, and normal expenditure growth, mostly for personnel costs.



Committed & Assigned Fund Balance. All amounts were assigned. A portion of the General Fund's fund balance is always "assigned" for encumbrances (unfilled purchase orders) and to balance the following year's budget, because estimated revenues are always less than appropriations.

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- The assignment for outstanding purchase orders (POs) was \$1.2 million in FY20 and \$1.6 in FY19. Outstanding POs represent a claim against the current budget; therefore, fund balance is assigned to pay the POs in the following year. Unfulfilled POs are returned to fund balance.
- The assignment for the next year's budget has decreased since FY11 as budgets were tightened.
- \$6.8 million was assigned for the FY21 budget and \$1.3 million was assigned for the FY 20 budget, which represented 8.2% and 1.5% of appropriations, respectively.



The \$6.8 million assigned fund balance for the following year's budget is higher than all other years, mostly because of \$4 million in capital projects that were deferred from FY 20 to FY21, due to the unknown effects of the pandemic.

- \$2.7 million and \$2.3 million was assigned for earned vacation leave in the last two years, respectively. Earned vacation cannot be recorded as a liability in governmental funds, because it is not a current liability; therefore, an assignment of fund balance is recorded to reflect the potential impact on fund balance if the unpaid leave was paid-out. Long-term liabilities for earned vacation leave are recorded in proprietary funds and at the government-wide level.

Fund Balance Policy. The City Commission's fund balance policy establishes a minimum and a target "unrestricted" fund balance, which is defined by the Government Finance Officers Association (GFOA) as a combination of committed, assigned and unassigned fund balances. The GFOA's recommendation is a minimum financial cushion that is equal to roughly two months or 17% of the annual budget.

The GFOA does not recommend a maximum fund balance, because every government is unique, but governments are encouraged to establish a "target" fund balance, based on characteristics, including: economic stability, exposure to disasters, and desired 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 revenue or expenditures
- As a percentage of the next year's budgeted revenue or expenditures



Q: How much of an Unrestricted fund balance should the General Fund maintain?

A: Selecting a "one size fits all" target fund balance is difficult, because all governments and all funds are 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, if needed
- 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, if needed

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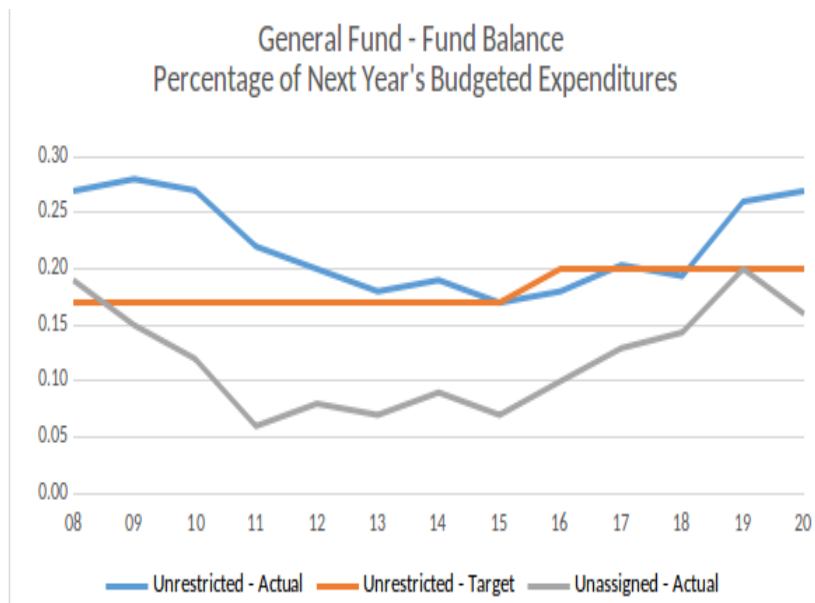
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- Many expenditures are variable or semi-variable and could be reduced, if needed
- Elected officials have demonstrated a willingness to reduce expenditures, if needed
- The General Fund pays no debt service costs and debt could be issued, if needed
- The local economy is relatively stable
- The City has an average level of risk aversion and maintains adequate insurance coverage

Relative Fund Balance - The following graph presents the General Fund's fund balance as a percentage of the following year's expenditure budgets since the start of the Great Recession.

- Higher percentages create a greater ability for additional appropriations, if needed.
- Budgets were tighter after FY10, due to budget cuts, which reduced flexibility to cut expenditures.
- The FY20 fund balance provides an adequate cushion for most economic downturns or disasters.
- A "normal" fund balance can never compensate for major downturns/disasters.
- State Statutes only require that total fund balance not be negative.



The unassigned fund balance is at its second highest level since 2010 and the unrestricted fund balance is above the Target. This strengthens the City's financial flexibility relative to other years.



Much of the unrestricted fund balance is not available to appropriate, because it is assigned for other purposes; therefore, the unassigned fund balance is a better measure of a true emergency reserve, because it is all available to appropriate.

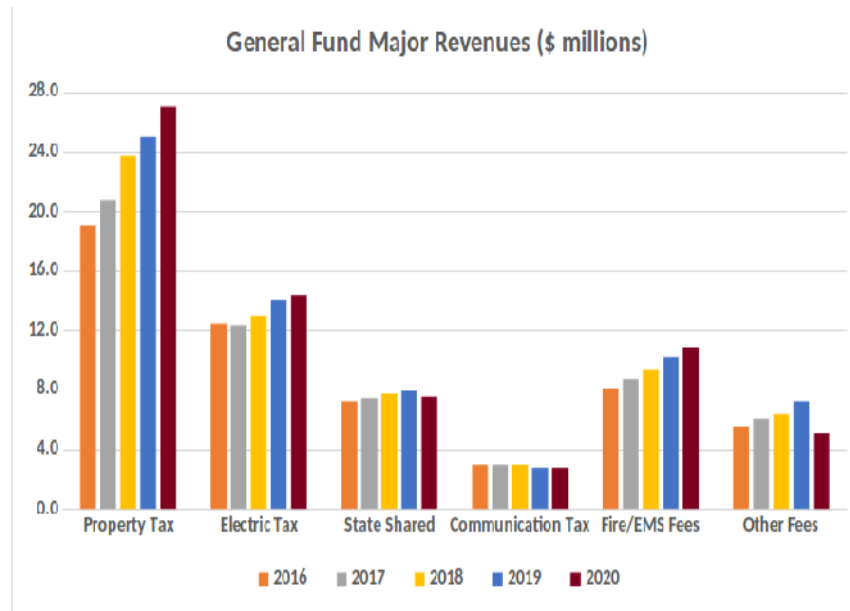
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General Fund Revenue. The following graph presents the General Fund's Major Revenues for the past five years. Major revenues typically comprise 80%-85% of total General Fund revenue.

- Total major revenue growth in FY20 was only \$400,000 even with \$2 million of property tax growth.
- The graph shows low growth, except for property taxes and Fire/EMS fees.
- Property tax grew 8%, due mostly to valuation increases from the housing market. Annexation & construction were 1% of the 8%.
- The property tax was reduced from 5.7413 mills to 5.62 (-2.5%).



Only Property Tax and Other Fees can be increased unilaterally by the City, subject to legal restrictions (property taxes) and market conditions (fees). Most other revenues are uncontrollable, because tax rates are set at the maximum amounts allowed by agreement or law.

- The Electric Tax base had been declining, due mostly to greater conservation, including solar and 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).
- State Shared revenues declined slightly, due to the pandemic's affect on sales tax.
- Communications Services Tax (CST) revenue declined \$200,000 (6.8%) in FY19, but stabilized in FY20, most likely because people were consuming more on-line services during the pandemic. Growth has been restricted due to competition, lower charges for bundled services, and more customers moving to Internet-based services ("cutting the cord"), all of which reduce the tax base. Most Florida governments have experienced similar declines. Current projections include no growth.



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

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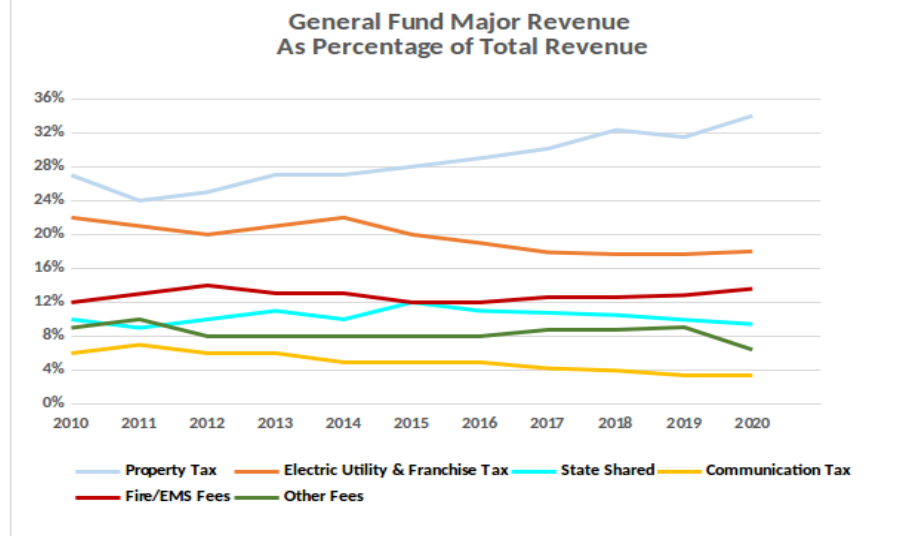
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Revenue Diversification. The following graph presents the General Fund's Major Revenues as a percentage of total General Fund revenue, which helps to identify trends in diversification.

There have been changes; however, the General Fund's major revenues remain fairly well diversified.

- Property tax reliance has increased from 27% in FY10 to 34% in FY20; a 26% increase.
- Most major revenues are uncontrollable, so greater reliance may be placed on property taxes in the future.
- The property tax millage increased from 4.3113 in FY10 to 5.62 in FY20. With a ten mill cap and new state restrictions, there is less flexibility to increase the millage.



Q. Is it "OK" to rely on Property Taxes for 34% of the General Fund's total revenue?



A. Yes, but... greater reliance on any revenue means there will be a greater impact if anything happens to that revenue. For example, a 20% revenue loss in a revenue that generates 10% of total revenue results in a 2% loss in total revenue. A 20% loss in a revenue that generates 34% of total revenue results in a 6.8% loss in total revenue. The main concern isn't the 34% today; the main concern is the trend.

- Reliance on CST declined the most; a 50% decrease. Projections indicate no growth in CST over the next five years; therefore, CST revenue is likely to continue to decline as a percentage of total revenue.
- Electric Utility and Franchise Tax reliance declined by about four percentage points since FY10 while State Shared Revenue reliance has remained about the same. These revenues are not controllable by the City and are highly dependent on consumer behavior and weather conditions.
- Reliance on Fire/EMS fees paid by the County has grown by 2 percentage points, due to growth in the Fire/EMS budget and the related contractual fees paid by the county.
- Reliance on Other Fees has remained near 9%, excluding the \$2 million reduction this year, due to the pandemic. Other fees have been increased due to cost increases and market conditions.

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General Fund Expenditures and Encumbrances. The following table compares the General Fund's total expenditures plus year-end encumbrances to the final budget.

Year-end encumbrances are a claim against the current budget; therefore, encumbrances are combined with expenditures to determine a departments' total budget variance. Amounts re-budgeted in the following year explain a portion of any under-budget variance.

Most departments typically under-spend their budget by 5%, due to personnel vacancies. All departments were under-budget and under-budget variances of greater than 10% are discussed below.

General Fund - FY 2020
Actual to Budget Comparison

Department	Exp.	Enc.	Total Expended & Encumbered	Final Budget	Variance Under (Over) \$	Variance Under (Over) %	Re-budget in FY 2021
Police	\$ 24,006	\$ 173	\$ 24,179	\$ 25,003	\$ 824	3.3%	\$ -
Fire Rescue	20,465	185	20,650	21,850	\$ 1,200	5.5%	-
Rec., Parks & Arts	10,290	299	10,589	16,830	\$ 6,241	37.1%	3,900
Public Works	4,573	31	4,604	5,569	\$ 965	17.3%	-
Library	3,733	428	4,161	4,174	\$ 13	0.3%	-
Information Technology	3,604	-	3,604	4,092	\$ 488	11.9%	-
Administration	3,204	1	3,205	3,407	\$ 202	5.9%	-
Community Development	2,336	8	2,344	2,910	\$ 566	19.5%	-
Finance	961	-	961	1,187	\$ 226	19.0%	-
Human Resources	850	-	850	1,040	\$ 190	18.3%	-
Engineering	787	34	821	844	\$ 23	2.7%	-
Legislative	365	-	365	410	\$ 45	11.0%	-
General Operating	1,262	-	1,262	1,371	\$ 109	8.0%	-
Total	\$ 76,436	\$ 1,159	\$ 77,595	\$ 88,687	\$ 11,092	12.5%	\$ 3,900

- *Recreation, Parks & Arts:* \$3.9 million in capital projects were re-budgeted, due to uncertainty over of the pandemic (new Parks building, fencing replacements and CPPAC renovations). Operating costs were down approximately \$700,000 in contractual service costs, due to closed facilities and canceled programs, performances and events from mid-March through May. Additional operational cost savings were generated in utilities, part-time salaries, supplies other variable costs.
- *Public Works:* The Streets Division deferred \$400,000 in capital equipment and capital projects in response to the pandemic, which will be re-budgeted later, so savings are temporary
- *Information Technology:* Position vacancy savings were \$121,000 and, due to the staffing shortages, several projects were not completed saving \$115,000. Some projects will be re-budgeted later, so part of the savings is temporary.

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- *Community Development:* The Covid business continuity grant program was reduced, because services were provided by other agencies, which produced savings of \$190,000. The City received a reimbursement from the Pinellas Planning Council for the US19/Roosevelt area plan, resulting in \$50,000 savings. Lien foreclosure costs were under-budget \$60,000 and professional services were \$90,000 under-budget, due to lower than expected activity.
- *Finance:* A part-time office specialist position was not filled (\$25,000 savings) and two temporary positions budgeted to assist with the ERP system implementation were not filled for the entire year (\$75,000 savings). Last minute budget changes resulted in double-budgeting two temporary positions for the ERP implementation project (\$122,000 savings), which also occurred in HR.
- *Human Resources:* Two temporary positions budgeted to assist with the ERP system implementation were not filled for the entire year (\$50,000 savings). Last minute budget changes resulted in double-budgeting two temporary positions for the ERP implementation project (\$122,000 savings), which also occurred in Finance.
- *Legislative:* Canceled conferences and training saved \$14,000 and canceled City Commission events such as the Advisory Board dinner also saved \$14,000. Staff turnover saved \$13,000.

Local Option Sales Tax Fund (LOST). A one-cent Local Option Sales Tax ("Penny for Pinellas") was approved through voter referendum for a ten year period beginning February 1990 and has been extended for three additional ten-year periods. FY20 was the last partial year of "Penny Three", which ended on December 31, 2019. Penny Four began on January 1, 2020 for another ten years.

LOST 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. Revenue cannot be used for operating costs. Major expenditures are listed below.

LOST Fund - FY20 Expenditure Summary

Debt Service - Community Center & Highland Recreation	\$ 1,764,000
Public safety vehicles	1,601,000
Road construction	524,000
Parking lot - Central Park Performing Arts Center	343,000
Playground equipment - SW Recreation & Highland Rec.	235,000
Other expenditures and transfers	97,000
Total expenditures and transfers	<u>\$ 4,564,000</u>



The LOST Fund's fund balance increased by \$4.1 million, due to normal expenditure variability. Fund balance could be zero without concern, because the fund pays no operating costs and expenditures are easy to project. So, a higher or lower fund balance in this fund is not an indication of financial strength or weakness.

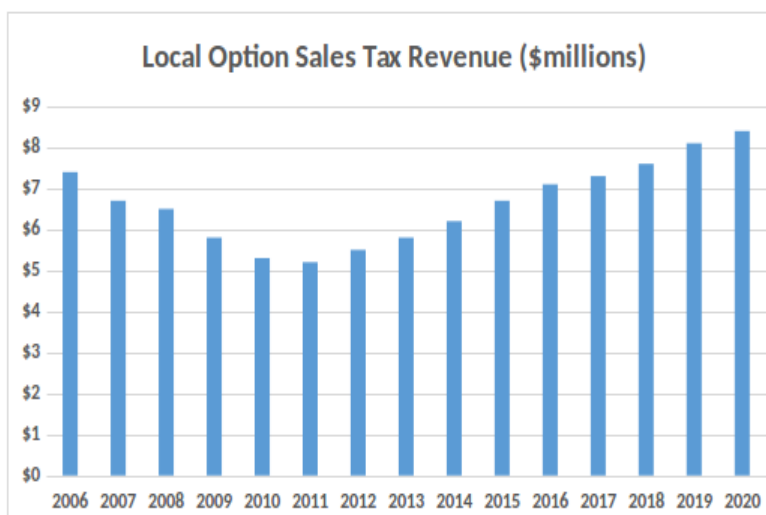
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The following graph presents LOST revenue, including the year prior to the Great Recession. Note that the fourth-highest year was FY06, which shows the impact of the Great Recession.

- FY20 LOST revenue was \$87,000 above budget (1%) and \$300,000 above the prior year (3%).
- The FY20 increase was due to a 10% increase in the allocation formula, effective Jan. 1, 2020 (3/4 of the year) at the start of "Penny Four".
- The City's latest population estimate was incorporated into the new formula.
- Without the new formula, revenue would have declined 5%, due to the pandemic.



LOST revenue did not return to the FY06 level (highest amount up until then) until FY18. The initial Penny Three revenue estimate for the ten years ending December 31, 2019 was \$90 million compared to actual revenue of \$65 million.

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 a Target Area.

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

https://www.largo.com/services/residents/housing_assistance/index.php

Combined Housing Assistance Funds (\$ in thousands)

	SHIP	HOME	CDBG	NSP2	PCH	Total 2020	Total 2019
Revenue & transfers	<u>\$ 915</u>	<u>\$ 420</u>	<u>\$ 612</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 1,954</u>	<u>\$ 1,563</u>
Expenditures & transfers	<u>391</u>	<u>420</u>	<u>612</u>	<u>-</u>	<u>1</u>	<u>1,423</u>	<u>1,309</u>
Net revenue (expenditures)	<u>524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>531</u>	<u>255</u>
Beginning fund balance	<u>792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 56</u>	<u>848</u>	<u>593</u>
Ending fund balance	<u>\$ 1,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 1,379</u>	<u>\$ 848</u>
Loans outstanding @ 9/30	<u>\$ 5,169</u>	<u>\$ 3,684</u>	<u>\$ 1,937</u>	<u>\$ 48</u>	<u>\$ 671</u>	<u>\$ 11,509</u>	<u>\$ 12,013</u>

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Housing assistance provided, 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.

The SHIP Fund's main revenue was originally from a new state documentary stamp tax enacted specifically to provide additional low-income housing assistance; however, the State Legislature redirected all revenue to other state programs during the Great Recession and most of the recovery. The Legislature has restored some of the funding since then and about 27% of FY20 SHIP revenue was from the documentary stamp tax and 70% was from loan repayments (FY19 revenue percentages were 25%/70%).

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 zero in HOME, CDBG, PCH and NSP2, because grant revenue is received on a reimbursement basis. Loan repayments can create fund balance if they are not expended by year end.

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	
	2020	2019	2020	2019	2020	2019
Operating revenue	\$ 23.0	\$ 22.9	\$ 13.4	\$ 13.0	\$ 0.9	\$ 1.0
Operating expenses	21.1	21.3	13.3	12.4	1.2	1.1
Operating income (loss)	1.9	1.6	-	0.6	(0.3)	-
Change in net position	\$ 2.1	\$ 3.3	\$ 0.7	\$ 0.9	\$-0.2	\$ 0.0
Ending total net position	\$ 119.7	\$ 117.6	\$ 13.8	\$ 13.0	\$ 1.9	\$ 2.1
Ending unrestricted net position	\$ 21.4	\$ 27.1	\$ 7.4	\$ 6.9	\$ 0.2	\$ 0.3



User charges in all three enterprise funds remain competitive with similar utility providers throughout the state and service levels remain high. For example, many residents who request to be annexed into the City site the City's exceptional solid waste services as a reason for annexing. The Golf Course receives consistently high reviews from surveys.

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Wastewater Fund. An annual 10% rate increase was approved for FY21, FY22 and FY23, which will be the first increases since FY07. Rates have remained steady, due to efficiency improvements, delayed construction of several large planned projects and collection system improvements that have reduced flows and related collection/treatment costs.

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

Solid Waste Fund. Solid Waste rates remained the same in FY20. A 20% rate increase was implemented in FY19, which was the first increase since FY07. Rates have remained low, due to improved route management and no tipping fee increases until FY19, which comprise about 30% of operating costs.

Annual tipping fee increases of 6% have been announced for the foreseeable future and tight recycling markets have resulted in higher disposal costs for most recycled materials. Disposal costs increased \$400,000 from FY19, or 11%, primarily related to fee increases plus a strong housing construction sector.



World-wide changes in the recycled materials markets have resulted in having to pay to dispose of most recycled materials. Planned tipping fee increases, higher recycled materials disposal charges and lower recycled material sales revenue will affect future rates.

Golf Course Fund. The \$240,000 negative change in net position (a net loss) was partly due to a revenue decrease of \$120,000 related to a partial closure of the course during the early months of the pandemic and lower rounds played after the course reopened with safety restrictions. Expenses increased \$100,000, or 9.6%, due mostly to personnel costs and repairs and maintenance.

The administrative charge for HR, IT and Finance services is still being waived, due to lower actual and projected revenue. Rates, promotions and other marketing efforts are continuously reviewed and adjusted to increase revenue, subject to market conditions.

The City has conducted an extensive community outreach initiative to gather community input, including on-line surveys, social media, virtual-meetings and emails. A significant amount of community input was received and is being analyzed by City staff and an outside consulting firm. A final report on the community's input is expected in the spring of 2021 along with potential uses or changes for the course.



The Golf Course consistently reports a positive cash flow, which is sufficient to pay all cash expenses and minor capital costs. When major capital improvements are required, alternative funding will likely be required, as was the case with the \$2 million Golf Course refurbishment in 2007, which was paid with the Penny for Pinellas.

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CAPITAL ASSETS & LONG-TERM DEBT

Capital Assets. The City's capital assets are summarized in the table below. Governmental Activities include capital assets generated by governmental funds and internal service funds. Business-type Activities include capital assets related to the City's three enterprise funds.

The only significant changes are in BTA construction in progress and improvements other than buildings related to wastewater projects, including the "middle plant" project. Continued investment in the wastewater system is outlined in the City's Capital Improvements Program and Long-term Financial Plan, which are available on largo.com. Additional capital asset information is also included in Note IV.C.

<u>Capital Assets</u>	Government-wide Activities (\$ millions)					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 25	\$ 25	\$ 3	\$ 3	\$ 28	\$ 28
Construction in progress	18	15	62	125	79	141
Buildings and improvements	82	82	7	7	89	89
Improvements other than buildings	76	66	208	137	284	203
Machinery and equipment	44	43	23	23	67	66
Intangibles	1	1	-	-	1	1
Total capital assets	246	233	303	295	548	527
Less accumulated depreciation	(98)	(92)	(104)	(126)	(202)	(218)
Net capital assets	\$ 148	\$ 141	\$ 199	\$ 169	\$ 346	\$ 310

Capital assets are depreciated using the straight-line method over their estimated useful lives. Total capital assets were less than 50% depreciated at the end of FY20 (40% GA and 34% BTA), which indicates a positive financial condition. 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 largo.com.

Long-term debt. The cornerstone of the City's strong financial condition is its conservative debt policy. Details on long-term debt are included in Note IV.F. The following table summarizes all long-term debt.

<u>Long-term Debt</u>	Activities (\$ millions)					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Community Center loan	\$ -	\$ 0.7	\$ -	\$ -	\$ -	\$ 0.7
Highland Recreation Complex loan	-	1.1	-	-	-	1.1
New ERP System loan	2.5	-	-	-	-	-
Wastewater system loans	-	-	103.3	80.8	103.3	80.8
Total loans	2.5	1.8	103.3	80.8	103.3	82.6
Police & fire pension plan unfunded liability	41.5	36.5	-	-	41.5	36.5
Compensated absences (earned vacation)	3.0	2.5	0.6	0.5	3.6	3.0
Other post-employment benefits (health)	14.3	10.3	3.2	2.3	17.5	12.6
Other long-term liabilities (risk fund claims)	2.3	1.6	-	-	2.3	1.6
Total long-term debt	\$ 63.5	\$ 52.7	\$ 107.1	\$ 83.6	\$ 168.1	\$ 136.3

The City uses a pay-as-you-go strategy for recurring capital purchases, such as police cars, fire trucks, garbage trucks, etc. and recurring purchases are staggered to smooth costs. For example, 25 police

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cars are purchased annually rather than financing 125 police cars every five years. One exception is for golf carts, which are leased together to provide a uniform and enhanced customer experience.

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 borrowing capacity should be reserved for future 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.

Debt pros:

- Debt allocates the cost of large, long-lived capital assets among present and future customers/taxpayers who will benefit from their use.
- Debt smooths payments for large non-recurring capital purchases that would otherwise necessitate large revenue increases to purchase them and then large revenue decreases afterwards.
- Some capital assets are too expensive to pay for all at once, so not borrowing may jeopardize public health and safety and result in higher future costs and other unintended consequences.

Debt cons:

- Debt creates fixed payments for future taxpayers and customers that reduces financial flexibility.
- Debt reduces future borrowing capacity for emergencies or to seize opportunities.
- Debt reduces the ability for future taxpayers and customers to spend resources as they see fit.



The Town of Largo grew rapidly through the 1920s boom. The agriculturally-based community was known for its locally grown *Black Diamond Grapefruit*, but was hit hard by a freeze in the latter part of the 20s and then by the Great Depression.

Due to bonded infrastructure debt issued during the boom times, the now City of Largo was forced to contract to its 1905 boundaries and returned to the Town of Largo.

According to the 1933 audit report by James R. Dyer, Public Accountant: *"The attached Balance Sheet, in my opinion, correctly reflects the true financial condition of the City of Largo, Florida, as of the day it went out of existence."* Assets \$403,043 (no cash), liabilities \$1,030,576 (bonds), negative Net Worth (deficit) \$627,533.

The 1934 Balance Sheet reported \$52,900 of bonded debt.



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Fun Fact - If you drive through Largo, every City asset you see is paid for, except wastewater assets. That includes every building, park, playground, police car and fire truck; *everything*.

Largo has a long history of *paying it forward*, which helps to make the City of Largo *the Community of Choice in Tampa Bay*.

- The City has no general obligation debt outstanding. The ERP loan was taken for the purchase of a new city-wide ERP system that will handle all HR, purchasing and finance functions.



Fun Fact - Final payments were made this year on the Community Center and Highland Recreation Center loans. Both loans were repaid in less than ten years.

- Business-type Activities debt has been issued for construction of four major wastewater projects, three of which were required by a state consent order. The Wastewater system is the only enterprise fund with long-term debt, excluding the OPEB and compensated absence liabilities.
- Wastewater system debt was taken through the Florida Department of Environmental Protection (DEP) for projects that expand and improve the collection system, disinfection system, plant head-works and all three treatment trains. Loan draws are taken after payments are made, which reduces costs. The projects' final cost of \$140 million will double the system's net capital assets.



Fun Fact - The average interest rate on State DEP wastewater loans is less than 1%, which will produce at least \$25 million of net savings over conventional borrowing.

An indicator of the City's sound debt policy is debt outstanding compared to the depreciated value (book value) of capital assets. The table below shows percentages of the City's capital assets that are financed.

	Capital Assets (\$ millions)					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Net capital assets (NCA)	\$ 147.5	\$ 141.1	\$ 198.7	\$ 168.8	\$ 346.2	\$ 309.9
Less related debt	(2.5)	(1.8)	(103.4)	(80.8)	(105.9)	(82.6)
Net Investment in NCA	\$ 145.0	\$ 139.3	\$ 95.3	\$ 88.0	\$ 240.3	\$ 227.3
Portion of NCA financed	1.7%	1.3%	52%	48%	31%	27%



Only 1.7% of governmental capital assets are financed, which is a key component of the City's strong financial condition.

The percentage of Business-type Activities capital assets financed (wastewater) is higher than Governmental Activities, but is reasonable and is paid by user fees.

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Other Long-term Liabilities

- *Compensated absences.* Long-term liabilities are recorded for unused vacation leave in the government-wide statements and in proprietary fund statements. Assignments of fund balance are recorded in governmental funds, because these amounts represent long-term obligations and cannot be recorded as liabilities. Payment is required for unused vacation leave when employees separate from service, unlike sick leave, which has no cash value.
- *Other Post-employment Benefits (OPEB).* The City does not pay any portion of retiree healthcare insurance costs; however, under state law, retirees may choose to remain on the City's health plan by paying the same premiums charged to current employees, which results in an "implicit" health care subsidy under GASB standards. The actuarially-calculated implicit subsidy must be recorded as a long-term liability (an OPEB liability). "Other" refers to other than pension liabilities.

The implicit subsidy is an estimate of the increased healthcare costs related to retirees who remain in the health plan above the normal costs related to regular employees. This estimated extra cost could theoretically be avoided if retirees were not in the health plan.

The OPEB liability is not funded by the City, because it is not an explicit subsidy that requires payments to be made to the health plan, as is the pension liability, which is being funded. Most local governments only fund explicit OPEB liabilities where actual payments are being made into a health plan for retirees.

The OPEB liability increased significantly in FY20, due to the general increases in healthcare costs, both currently and projected, as well as significantly lower interest rates, which are used to discount the OPEB liability to current dollars. The lower the discount rate, the higher the liability, and vice versa.

Police Officers and Firefighters Pension Liabilities

Most local government pension plans are financially worse-off than before the Great Recession, including Largo's plan. Higher liabilities have been created by lower investment earnings and lower projected earnings, which has been experienced by most pension plans throughout the country.

Since the annual Actuarial Valuation Report is normally issued after the CAFR is issued, the City has elected to report information from the immediately prior Valuation Report, as allowed by the GASB.

Additional pension information is in Note V.C and in Required Supplementary Information after the Notes.

- 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 funded ratios fell to 68% for states and 72% for local governments by 2016.
- Most of the cause of declining funded ratios is due to relatively low investment earnings from fixed income investments, which have experienced historically low returns for most of the past decade.
- Part of the cause of declining funded ratios is also attributable to actuarial assumption changes, including decreasing the investment return assumption and increasing the longevity assumption to reflect longer average retiree lives.
- Largo's Police and Fire Pension Board has proactively adopted assumption changes based on actuarial recommendations; therefore, the plan's net pension liability is more realistic compared to plan's that have been slower to adopt recommendations. For example, the pension Board has lowered the assumed rate of return several times over the past several years.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2020

The unfunded pension liability is highly dependent on the assumed investment return as well as the actual return over time. For example, a 1 percentage point investment return difference in the assumed return can significantly change the unfunded liability, as is shown below in what is called a sensitivity analysis.

Sensitivity Analysis - Unfunded Pension Liability

<u>1% decrease</u>	<u>Current Rate & Liability</u>	<u>1% increase</u>
5.75%	6.75%	7.75%
\$63.8 million	\$41.5 million	\$23.0 million

The following table presents key 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 Ten Years				
2010	62%	\$(48)	\$ 4.3	33%
2011 ²	59%	\$(53)	\$ 4.2	37%
2012	67%	\$(44)	\$ 3.8	32%
2013	74%	\$(35)	\$ 3.8	29%
2014	78%	\$(32)	\$ 3.5	27%
2015	74%	\$(39)	\$ 4.1	30%
2016	71%	\$(48)	\$ 5.0	32%
2017	75%	\$(41)	\$ 4.8	29%
2018	79%	\$(37)	\$ 4.9	28%
2019	77%	\$(42)	\$ 5.3	30%

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

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

Generally speaking, the farther a funded ratio is below 100% the weaker the plan (@ 100% assets = liabilities). The ratio's trend is also an important indicator of financial strength, among other factors. The City's police and fire pension costs were approximately 6% of the total FY20 General Fund Budget.

The funded ratio trend has been relatively low over the past ten years, primarily because of lower actual and projected investment returns. Over the past ten years, the investment return assumption was reduced from 8.33% to 7.5% and then to 6.75%, based on actuarial recommendations. The life expectancy assumption has also been increased to reflect longer retiree lives, which also increases costs.

CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2020



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 will increase the total pension liability and annual contributions.

The long-term goal of most pension plans is to reach a 100% funded ratio, which is when plan assets equal plan liabilities. Another important factor about the funded ratio is the trend, because it shows whether progress is being made toward fully funding the Plan. For example, a 70% funded ratio that has been heading upward for several years is better than a 70% ratio that has remained static.

GASB standards require that any unfunded pension liability (called a net liability) or surplus (net 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).



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

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

Actuarial Valuation Date	Total Pension Assets	Total Pension Liability	Unfunded Pension Liability
10/01/19	\$141 million	\$184 million	\$42 million
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



As of the most recent actuarial valuation report, the City's required pension contribution increased 2% of pay, due mostly to lower investment returns. The funded ratio also decreased by 2 percentage points to 77% (23% under-funded), which means the plan had accumulated 77 cents in assets for every \$1 of pension liabilities.

The net pension liability changes mostly because of investment performance and the actuarial assumed return. 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.

CITY OF LARGO, FLORIDA

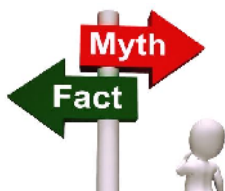
Management's Discussion and Analysis

September 30, 2020



If the pension plan was fully funded, the City's pension contribution would decline by about half, or about \$2.5 million a year for the next 30 years, which is the unfunded liability's amortization period.

Actuarial Myth Busting



A myth began circulating in 2006 that a funded ratio of 80% was considered financially good.

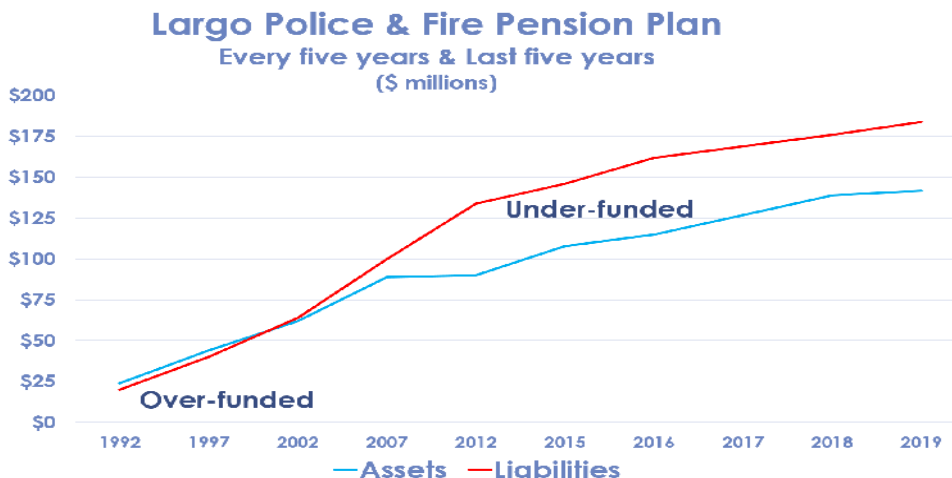
The myth has persisted and has become accepted by lay people, pension boards and even investment professionals, so the American Academy of Actuaries (AAA) issued a formal statement denouncing the myth.

According to the AAA:

- No funding level should be used as a line between financially healthy and unhealthy plans.
- A funded ratio's long-term trend is as important as the actual ratio, e.g., being at 80% and trending upward is better than being at 80% and trending downward.
- 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 financial resources.
- An 80% ratio **should not** be used to identify a plan as being in good or poor financial health.



The City's pension plan funded ratio has been below 100% since 2002 and has been below 80% since 2008. The \$42 million unfunded pension liability is almost half of the FY20 General Fund budget.



CITY OF LARGO, FLORIDA

Management's Discussion and Analysis

September 30, 2020

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 ongoing Covid-19 pandemic. The City's capital assets are in good condition and reasonable replacement provisions have been made in the City's long-term financial plan. The local housing market remains strong and unemployment is relatively low.

Next Year's Budget and Rates. Factors above were considered in preparing the FY21 budget.

- The FY21 property tax rate was held steady at 5.62, which was above the "rolled-back" rate; therefore, it generated a "tax increase" according to state law.
- The FY21 rate, plus growth in taxable values of 8.2%, are projected to generate an additional \$2.2 million above FY20.
- The FY21 millage rate 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.
- Solid waste, stormwater and wastewater fees are projected to increase in FY22, but remain reasonable and competitive compared to similar utility providers.

Long-term Projections. Most City tax rates are at maximum levies, except property taxes, so growth in most tax revenue is dependent on growth in the tax base. 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 Penny Four's ten-years.

The Legislature, Governor and many voters continue to express a desire for lower taxes and more local government revenue restrictions, even though Florida has one of the lowest tax burdens of all 50 states.

The significant budget reductions made during and after the Great Recession means it is unlikely that additional budget reductions can be made 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.

Financial information aside, the City's largest assets are its employees. The City's ongoing High Performance Organization (HPO) initiative seeks to engage employees at every level to develop a culture of excellence that will improve financial and non-financial results by focusing on what really matters most to the City organization and ultimately, the Largo community. While the HPO initiative is still in process, results are apparent in more streamlined business processes, better decision making, clearer communication, more effective collaboration and an overall improvement in employee morale.

With a highly-engaged and motivated workforce, the City will work diligently in the year ahead 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 the 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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 66,722,095	\$ 31,591,650	\$ 98,313,745
Receivables:			
Taxes	1,955,193	-	1,955,193
Interest	319,870	280,166	600,036
Accounts, net	1,587,441	6,059,517	7,646,958
Intergovernmental	2,493,921	60,184	2,554,105
Prepaid items and inventories	841,363	977,402	1,818,765
Restricted cash and investments	-	8,615,741	8,615,741
Other assets	1,209,669	-	1,209,669
Notes and loans receivable	11,509,445	-	11,509,445
Capital assets, net:			
Land	25,257,552	2,824,038	28,081,590
Building and improvements	90,548,200	125,135,166	215,683,366
Machinery and equipment	13,553,746	9,045,471	22,599,217
Intangible assets	588,248	206,692	794,940
Construction in progress	17,561,519	61,525,192	79,086,711
Total assets	234,148,262	246,321,219	480,469,481
Deferred outflows of resources			
Pension contributions paid subsequent to the measurement date	6,201,704	-	6,201,704
Deferred outflows - pension plan	7,219,323	-	7,219,323
Deferred outflows - OPEB	2,651,607	596,090	3,247,697
Total deferred outflows of resources	16,072,634	596,090	16,668,724
Liabilities			
Accounts and accrued interest payable	3,525,153	3,636,894	7,162,047
Accrued payroll and vacation	2,360,102	345,065	2,705,167
Due to other governments	265,976	-	265,976
Deposits	145,727	-	145,727
Unearned revenue and deposits	6,759,108	125,336	6,884,444
Noncurrent liabilities:			
Due within one year	3,085,237	4,874,592	7,959,829
Due in more than one year	4,663,266	99,002,640	103,665,906
Net pension liability	41,469,485	-	41,469,485
Total OPEB liability	14,264,460	3,206,592	17,471,052
Total liabilities	76,538,514	111,191,119	187,729,633
Deferred inflows of resources			
Business tax collected in advance	431,242	-	431,242
Deferred inflows - pension plan	4,707,058	-	4,707,058
Total deferred inflows of resources	5,138,300	-	5,138,300
Net position			
Net investment in capital assets	145,009,265	95,457,959	240,467,224
Restricted for:			
Wastewater purposes	-	10,820,172	10,820,172
Capital funded by local sales tax	9,881,110	-	9,881,110
Economic development	17,354,641	-	17,354,641
Technology improvement	743,616	-	743,616
Public works	7,368,907	-	7,368,907
Recreation, parks, arts, public safety	4,790,185	-	4,790,185
Unrestricted	(16,603,642)	29,448,059	12,844,417
Total net position	\$ 168,544,082	\$ 135,726,190	\$ 304,270,272

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, 2020

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	\$ 10,723,170	\$ 3,839,921	\$ 1,034,201	\$ -	\$ (5,849,048)	\$ -	\$ (5,849,048)
Public safety	50,010,708	12,492,977	1,744,230	8,280	(35,765,221)	-	(35,765,221)
Public works	11,987,598	5,753,248	164,057	-	(6,070,293)	-	(6,070,293)
Economic development	6,194,305	4,051,911	618,551	720,401	(803,442)	-	(803,442)
Culture and recreation	16,814,851	3,531,030	143,843	95,124	(13,044,854)	-	(13,044,854)
Interest and fees	2,795	-	-	-	(2,795)	-	(2,795)
Total governmental activities	95,733,427	29,669,087	3,704,882	823,805	(61,535,653)	-	(61,535,653)
Business-Type Activities							
Wastewater	22,472,042	22,978,720	10,555	273,254	-	790,487	790,487
Solid Waste	13,374,286	13,351,364	192,897	-	-	169,975	169,975
Golf Course	1,183,935	913,381	421	-	-	(270,133)	(270,133)
Total Business-Type Activities	37,030,263	37,243,465	203,873	273,254	-	690,329	690,329
Total primary government	\$ 132,763,690	\$ 66,912,552	\$ 3,908,755	\$ 1,097,059	(61,535,653)	690,329	(60,845,324)
General revenues:							
Property tax					27,592,857	-	27,592,857
Utility tax					9,787,962	-	9,787,962
Sales tax					9,405,787	-	9,405,787
Communication services tax					2,707,956	-	2,707,956
Franchise taxes					6,425,945	-	6,425,945
State shared revenue					8,494,072	-	8,494,072
Investment earnings					1,113,270	1,188,094	2,301,364
Miscellaneous					1,768,195	485,375	2,253,568
Total general revenues					67,296,042	1,673,469	68,969,511
Change in net position					5,760,391	2,363,798	8,124,187
Net position - beginning					162,783,691	133,362,392	296,146,083
Net position - ending					\$ 168,544,082	\$ 135,726,190	\$ 304,270,270

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

CITY OF LARGO, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2020

	<u>General</u>	<u>Local Option Sales Tax</u>	<u>SHIP</u>
Assets			
Cash and investments	\$ 26,902,532	\$ 8,428,390	\$ 1,331,655
Accrued interest	120,631	35,452	6,069
Receivables:			
Taxes	1,955,193	-	-
Accounts, billed	167,790	-	23,775
Accounts, unbilled	-	-	-
Special assessments	-	-	-
Due from other governments	538,903	1,247,547	-
Grants	-	-	-
Other	201,135	-	-
Due from other funds	267,764	343,000	-
Property held for resale	-	-	-
Other assets	182,005	-	-
Notes and loans receivable	-	-	5,169,219
Total assets	<u>\$ 30,335,953</u>	<u>\$ 10,054,389</u>	<u>\$ 6,530,718</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable	\$ 853,154	\$ 140,564	\$ 41,108
Accrued payroll	2,165,916	-	2,883
Due to other governments	188,396	-	512
Due to other funds	-	-	-
Deposits	161,272	-	-
Unearned revenue	181,995	32,715	-
Total liabilities	<u>3,550,733</u>	<u>173,279</u>	<u>44,503</u>
Deferred inflows			
Business tax collected in advance	431,242	-	-
Unavailable revenue	-	-	5,170,146
Total deferred inflows	<u>431,242</u>	<u>-</u>	<u>5,170,146</u>
Fund balances:			
Nonspendable	219,213	-	-
Restricted	-	9,881,110	1,316,069
Assigned	10,623,734	-	-
Unassigned	15,511,031	-	-
Total fund balances	<u>26,353,978</u>	<u>9,881,110</u>	<u>1,316,069</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 30,335,953</u>	<u>\$ 10,054,389</u>	<u>\$ 6,530,718</u>

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

HOME	CDBG	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 23,048,772	\$ 59,711,349
-	-	122,914	285,066
-	-	-	1,955,193
27,166	-	610,448	829,179
-	-	447,510	447,510
-	-	14,604	14,604
-	-	198,873	1,985,323
353,621	126,448	-	480,069
-	-	-	201,135
-	-	189,000	799,764
-	-	1,009,669	1,009,669
-	-	-	182,005
3,684,442	1,936,832	718,952	11,509,445
<u>\$ 4,065,229</u>	<u>\$ 2,063,280</u>	<u>\$ 26,360,742</u>	<u>\$ 79,410,311</u>
\$ 86,809	\$ 72,745	\$ 1,792,226	\$ 2,986,606
435	2,415	113,354	2,285,003
77,068	-	-	265,976
216,475	51,288	532,000	799,763
-	-	272	161,544
3,684,442	1,936,832	277,675	6,113,659
<u>4,065,229</u>	<u>2,063,280</u>	<u>2,715,527</u>	<u>12,612,551</u>
-	-	-	431,242
-	-	479,527	5,649,673
-	-	479,527	6,080,915
-	-	-	219,213
-	-	23,067,921	34,265,100
-	-	97,767	10,721,501
-	-	-	15,511,031
-	-	23,165,688	60,716,845
<u>\$ 4,065,229</u>	<u>\$ 2,063,280</u>	<u>\$ 26,360,742</u>	<u>\$ 79,410,311</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, 2020

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

Ending fund balance - governmental funds	\$ 60,716,845
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	147,292,676
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds.	28,529
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.	4,293,680
Deferred outflows of resources from pension expenses subsequent to measurement date of net pension liability.	6,201,704
Net deferred outflows of resources resulting from net pension liability	2,512,265
Net deferred outflows of resources resulting from net OPEB liability	2,580,393
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,502,486)
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.	(58,261,233)
Special assessment liens receivable are not financial resources in the current period and therefore are reported as deferred revenues in the funds.	32,035
Unavailable revenue is not a financial resource in the current period and therefore is not reported as such in the funds.	5,649,673
Net position of governmental activities	<u>\$ 168,544,082</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, 2020

	<u>General</u>	<u>Local Option Sales Tax</u>	<u>SHIP</u>
Revenues			
Taxes	\$ 40,147,154	\$ 8,401,849	\$ -
Licenses and permits	6,435,334	-	-
Intergovernmental	11,429,444	8,280	247,818
Charges for services	15,881,912	-	-
Fines	794,133	-	-
Interfund charges	3,919,140	-	-
Contributions and donations	118,095	-	-
Investment earnings	611,071	81,305	27,872
Other	426,531	489	639,618
Total revenues	<u>79,762,814</u>	<u>8,491,923</u>	<u>915,308</u>
Expenditures			
Current:			
General government	9,155,524	-	-
Public safety	44,411,751	674	-
Public works	4,329,170	-	-
Economic development	3,053,691	-	391,480
Culture and recreation	13,417,364	-	-
Capital outlay	1,496,695	2,703,071	-
Debt service:			
Principal	-	1,752,001	-
Interest	-	11,505	-
Total expenditures	<u>75,864,195</u>	<u>4,467,251</u>	<u>391,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,898,619</u>	<u>4,024,672</u>	<u>523,828</u>
Other Financing Sources/(Uses)			
Transfers in	11,400	-	-
Transfers out	(574,100)	(96,600)	-
Capital project loan	-	-	-
Sale of capital assets	217,766	179,343	-
Net other financing sources (uses)	<u>(344,934)</u>	<u>82,743</u>	<u>-</u>
Net change in fund balances	<u>3,553,685</u>	<u>4,107,415</u>	<u>523,828</u>
Fund balance - beginning	<u>22,800,293</u>	<u>5,773,695</u>	<u>792,241</u>
Fund balance - ending	<u>\$ 26,353,978</u>	<u>\$ 9,881,110</u>	<u>\$ 1,316,069</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>
\$ -	\$ -	\$ 989,558	\$ 49,538,561
-	-	2,501,821	8,937,155
419,545	370,280	1,998,197	14,473,564
-	-	5,760,589	21,642,501
-	-	-	794,133
-	-	-	3,919,140
-	-	141,535	259,630
-	9,036	438,454	1,167,738
-	232,485	118,995	1,418,118
<u>419,545</u>	<u>611,801</u>	<u>11,949,149</u>	<u>102,150,540</u>
-	-	-	9,155,524
-	-	5,805	44,418,230
-	-	3,997,543	8,326,713
419,545	611,801	2,284,640	6,761,157
-	-	182,191	13,599,555
-	-	11,932,118	16,131,884
-	-	-	1,752,001
-	-	-	11,505
<u>419,545</u>	<u>611,801</u>	<u>18,402,297</u>	<u>100,156,569</u>
-	-	(6,453,148)	1,993,971
-	-	812,600	824,000
-	-	(153,300)	(824,000)
-	-	2,500,000	2,500,000
-	-	57,621	454,730
<u>-</u>	<u>-</u>	<u>3,216,921</u>	<u>2,954,730</u>
-	-	(3,236,227)	4,948,701
-	-	26,401,915	55,768,144
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,165,688</u>	<u>\$ 60,716,845</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, 2020

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

Net change in fund balances - total governmental funds	\$ 4,948,701
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.	6,483,840
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.	(116,564)
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.	(2,970,428)
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.	1,752,001
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.	(4,020,421)
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>(316,738)</u>
Change in net position of governmental activities (statement of activities)	<u>\$ 5,760,391</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 39,733,800	\$ 39,733,800	\$ 40,147,154	\$ 413,354
Licenses and permits	6,632,500	6,632,500	6,435,334	(197,166)
Intergovernmental	11,554,300	11,554,300	11,429,444	(124,856)
Charges for services	17,973,700	17,973,700	15,881,912	(2,091,788)
Fines	363,500	743,500	794,133	50,633
Interfund charges	4,391,700	4,391,700	3,919,140	(472,560)
Contributions and donations	111,100	111,100	118,095	6,995
Investment earnings	200,000	200,000	611,071	411,071
Other	391,600	391,600	426,531	34,931
Total revenues	<u>81,352,200</u>	<u>81,732,200</u>	<u>79,762,814</u>	<u>(1,969,386)</u>
EXPENDITURES				
General government	9,924,200	10,302,395	9,155,524	1,146,871
Public safety	45,442,100	45,843,413	44,411,751	1,431,662
Public works	4,819,000	4,891,167	4,329,170	561,997
Economic development	3,062,200	3,697,354	3,053,691	643,663
Culture and recreation	15,942,100	16,452,589	13,417,364	3,035,225
Capital outlay	6,439,100	6,925,074	1,496,695	5,428,379
Total expenditures	<u>85,628,700</u>	<u>88,111,992</u>	<u>75,864,195</u>	<u>12,247,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,276,500)</u>	<u>(6,379,792)</u>	<u>3,898,619</u>	<u>10,278,411</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,400	11,400	11,400	-
Transfers out	(574,100)	(574,100)	(574,100)	-
Capital project loan	3,500,000	3,500,000	-	(3,500,000)
Sale of capital assets	50,000	50,000	217,766	167,766
Total other financing uses	<u>2,987,300</u>	<u>2,987,300</u>	<u>(344,934)</u>	<u>(3,332,234)</u>
Net change in fund balance	<u>\$ (1,289,200)</u>	<u>\$ (3,392,492)</u>	<u>3,553,685</u>	<u>\$ 6,946,177</u>
Fund Balance - beginning			<u>22,800,293</u>	
Fund Balance - ending			<u>\$ 26,353,978</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 8,315,000	\$ 8,315,000	\$ 8,401,849	\$ 86,849
Intergovernmental	205,000	205,000	8,280	(196,720)
Investment earnings	50,000	50,000	81,305	31,305
Other	-	-	489	489
Total revenues	<u>8,570,000</u>	<u>8,570,000</u>	<u>8,491,923</u>	<u>(78,077)</u>
EXPENDITURES				
Public safety	-	-	674	(674)
Public works	193,200	193,200	-	193,200
Capital outlay	8,464,700	9,946,398	2,703,071	7,243,327
Debt service:				
Principal	1,752,000	1,752,000	1,752,001	(1)
Interest	23,800	23,800	11,505	12,295
Total expenditures	<u>10,433,700</u>	<u>11,915,398</u>	<u>4,467,251</u>	<u>7,448,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,863,700)</u>	<u>(3,345,398)</u>	<u>4,024,672</u>	<u>7,370,070</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	96,600	96,600	(96,600)	(193,200)
Sale of capital assets	100,000	100,000	179,343	79,343
Net other financing sources (uses)	<u>196,600</u>	<u>196,600</u>	<u>82,743</u>	<u>(113,857)</u>
Net change in fund balance	<u>\$ (1,667,100)</u>	<u>\$ (3,148,798)</u>	<u>4,107,415</u>	<u>\$ 7,256,213</u>
Fund Balance - beginning			<u>5,773,695</u>	
Fund Balance - ending			<u>\$ 9,881,110</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 233,000	\$ 233,000	\$ 247,818	\$ 14,818
Investment earnings	10,000	10,000	27,872	17,872
Other	190,000	609,000	639,618	30,618
Total revenues	<u>433,000</u>	<u>852,000</u>	<u>915,308</u>	<u>63,308</u>
EXPENDITURES				
Current:				
Economic development	433,000	930,289	391,480	538,809
Total expenditures	<u>433,000</u>	<u>930,289</u>	<u>391,480</u>	<u>538,809</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (78,289)</u>	523,828	<u>\$ 602,117</u>
Fund Balance - beginning			<u>792,241</u>	
Fund Balance - ending			<u>\$ 1,316,069</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 690,400	\$ 690,400	\$ 419,545	\$ (270,855)
Total revenues	<u>690,400</u>	<u>690,400</u>	<u>419,545</u>	<u>(270,855)</u>
EXPENDITURES				
Current:				
Economic development	690,400	733,150	419,545	313,605
Total expenditures	<u>690,400</u>	<u>733,150</u>	<u>419,545</u>	<u>313,605</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (42,750)</u>	-	<u>\$ 42,750</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 858,400	\$ 1,188,400	\$ 370,280	\$ (818,120)
Investment earnings	5,000	5,000	9,036	4,036
Other	245,000	245,000	232,485	(12,515)
Total revenues	<u>1,108,400</u>	<u>1,438,400</u>	<u>611,801</u>	<u>(826,599)</u>
EXPENDITURES				
Current:				
Economic development	<u>1,108,400</u>	<u>1,582,265</u>	<u>611,801</u>	<u>970,464</u>
Total expenditures	<u>1,108,400</u>	<u>1,582,265</u>	<u>611,801</u>	<u>970,464</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (143,865)</u>	<u>-</u>	<u>\$ 143,865</u>
Fund Balance - beginning			<u>-</u>	
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, 2020

	Business-type Activities-Enterprise Funds				Internal Service Funds
	Wastewater Utility	Solid Waste Utility	Nonmajor Golf Course	Total	
Assets					
Current assets					
Cash and investments	\$ 23,813,638	\$ 6,836,788	\$ 567,190	\$ 31,217,616	\$ 7,384,779
Restricted-Cash and investments	8,615,741	-	-	8,615,741	-
Accrued interest receivable	222,433	32,267	2,813	257,513	34,804
Restricted-Accrued interest receivable	22,653	-	-	22,653	-
Accounts receivable, billed, net	1,913,534	1,275,665	-	3,189,199	-
Accounts receivable, unbilled, net	2,043,907	766,166	-	2,810,073	-
Other receivables	49,738	64,983	5,708	120,429	95,013
Inventories, at cost	970,065	-	5,337	975,402	77,339
Other assets	-	-	2,000	2,000	782,019
Total current assets	37,651,709	8,975,869	583,048	47,210,626	8,373,954
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	205,781,715	60,057	2,019,839	207,861,611	78,291
Machinery and equipment	9,587,913	12,743,845	495,263	22,827,021	491,328
Intangible assets	223,029	16,520	-	239,549	13,784
Less accumulated depreciation	(93,508,831)	(7,330,061)	(2,972,648)	(103,811,540)	(366,813)
Construction in progress	61,443,293	81,899	-	61,525,192	-
Capital assets, net	190,769,753	6,349,986	1,616,820	198,736,559	216,590
Total noncurrent assets	190,769,753	6,349,986	1,616,820	198,736,559	216,590
Total assets	228,421,462	15,325,855	2,199,868	245,947,185	8,590,544
Deferred outflows					
Deferred outflow-OPEB	356,087	208,038	31,965	596,090	71,215
Total deferred outflows	356,087	208,038	31,965	596,090	71,215
Liabilities					
Current liabilities					
Accounts payable	3,164,663	314,823	41,144	3,520,630	564,065
Accrued payroll and vacation	209,322	120,372	15,371	345,065	74,330
Accrued interest payable	116,264	-	-	116,264	-
Estimated claims payable, current portion	-	-	-	-	12,000
Long-term debt, current portion	4,513,625	-	-	4,513,625	-
Other	30,771	-	94,565	125,336	-
Total current liabilities	8,034,645	435,195	151,080	8,620,920	650,395
Noncurrent liabilities					
Unearned revenue	-	-	-	-	661,662
Estimated claims and contracts payable	-	-	-	-	2,238,000
Compensated absences	205,878	130,940	24,149	360,967	32,383
Total OPEB Liability	1,915,450	1,119,150	171,992	3,206,592	383,032
Long-term debt	98,889,068	89,735	23,837	99,002,640	28,573
Total noncurrent liabilities	101,010,396	1,339,825	219,978	102,570,199	3,343,650
Total liabilities	109,045,041	1,775,020	371,058	111,191,119	3,994,045
Deferred inflows					
Total deferred inflows	-	-	-	-	-
Net Position					
Net investment in capital assets	87,491,154	6,349,986	1,616,819	95,457,959	216,589
Restricted for wastewater connection purposes	10,820,172	-	-	10,820,172	-
Unrestricted	21,421,182	7,408,887	243,956	29,074,025	4,451,125
Total net position	\$ 119,732,508	\$ 13,758,873	\$ 1,860,775	135,352,156	\$ 4,667,714
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.				374,034	
NET POSITION BUSINESS-TYPE ACTIVITIES				<u>\$ 135,726,190</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, 2020

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Wastewater Utility	Solid Waste Utility	Nonmajor Golf Course	Total	
Operating revenues					
Charges for services	\$ 21,369,687	\$ 13,313,201	\$ 881,770	\$ 35,564,658	\$ 17,029,353
Charges for effluent water	1,497,208	-	-	1,497,208	-
Sales of reclaimed materials	111,825	38,163	-	149,988	-
Pro shop sales	-	-	31,611	31,611	-
Total operating revenues	<u>22,978,720</u>	<u>13,351,364</u>	<u>913,381</u>	<u>37,243,465</u>	<u>17,029,353</u>
Operating expenses					
Personnel services	7,165,892	4,101,665	532,499	11,800,056	1,545,905
Cost of goods sold	-	-	41,166	41,166	846,172
Contractual services	672,945	3,931,522	13,220	4,617,687	516,579
Supplies	1,449,303	458,387	188,216	2,095,906	72,131
Repairs and maintenance	1,541,048	61,721	79,485	1,682,254	20,688
Utilities	2,362,413	55,635	68,942	2,486,990	11,090
Professional services	213,860	26,435	30	240,325	471,386
Fuel	73,206	409,049	5,757	488,012	6,759
Charges by the Fleet Services Fund	94,600	1,099,951	10,200	1,204,751	20,000
Charges by the General Fund	2,068,090	1,201,450	-	3,269,540	162,400
Charges by the Risk Management Fund	383,400	140,100	17,100	540,600	20,600
Depreciation and amortization	4,903,566	1,739,877	145,775	6,789,218	27,540
Claims	-	-	-	-	2,835,388
Insurance	-	-	-	-	11,208,108
Other	182,830	120,717	72,056	375,603	82,755
Total operating expenses	<u>21,111,153</u>	<u>13,346,509</u>	<u>1,174,446</u>	<u>35,632,108</u>	<u>17,847,501</u>
Operating income or (loss)	<u>1,867,567</u>	<u>4,855</u>	<u>(261,065)</u>	<u>1,611,357</u>	<u>(818,148)</u>
Nonoperating revenues (expenses)					
Investment earnings	1,056,203	118,958	12,933	1,188,094	144,977
Interest expense	(613,425)	-	-	(613,425)	-
Gain or loss on disposal of capital assets	20,889	490,769	-	511,658	14,140
Grants	10,555	192,897	421	203,873	-
Debt service costs	(528,025)	-	-	(528,025)	-
Other	45,671	(71,908)	(46)	(26,283)	85,588
Net non-operating revenues (expenses)	<u>(8,132)</u>	<u>730,716</u>	<u>13,308</u>	<u>735,892</u>	<u>244,705</u>
Income or (loss) before transfers and contributions	<u>1,859,435</u>	<u>735,571</u>	<u>(247,757)</u>	<u>2,347,249</u>	<u>(573,443)</u>
Transfers and contributions					
Capital contributions - impact fees	273,254	-	-	273,254	-
Total transfers and contributions	<u>273,254</u>	<u>-</u>	<u>-</u>	<u>273,254</u>	<u>-</u>
Change in net position	<u>2,132,689</u>	<u>735,571</u>	<u>(247,757)</u>	<u>2,620,503</u>	<u>(573,443)</u>
Total net position - beginning	<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>
Total net position - ending	<u>\$ 119,732,508</u>	<u>\$ 13,758,873</u>	<u>\$ 1,860,775</u>	<u>\$ 135,352,156</u>	<u>\$ 4,667,714</u>
Change in Net Position of Proprietary Funds				\$ 2,620,503	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(256,705)	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES				<u>\$ 2,363,798</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, 2020

	Business-type Activities-Enterprise Funds				Internal Service Funds
	Wastewater Utility	Solid Waste Utility	Nonmajor Golf Course	Total	
Operating activities					
Cash received from customers	\$ 23,284,258	\$ 13,855,605	\$ 979,377	\$ 38,119,240	\$ 16,778,027
Cash received from internal departments	-	-	-	-	1,439,500
Cash paid to employees	(6,612,272)	(3,728,263)	(478,127)	(10,818,662)	(1,443,235)
Cash paid to vendors	(9,701,776)	(6,955,616)	(566,995)	(17,224,387)	(16,645,152)
Cash paid for internal services	(2,451,490)	(1,341,550)	(17,100)	(3,810,140)	(206,500)
Net cash provided by (used in) operating activities	4,518,720	1,830,176	(82,845)	6,266,051	(77,360)
Non-capital financing activities					
Cash received from granting agencies	10,555	192,897	421	203,873	-
Net cash provided by (used in) non-capital financing activities	10,555	192,897	421	203,873	-
Capital and related financing activities					
Contributed capital and grants	273,254	-	-	273,254	-
Loan proceeds	26,401,273	-	-	26,401,273	-
Sale of capital assets	67,316	500,200	-	567,516	99,728
Acquisition of capital assets	(34,820,464)	(1,954,926)	-	(36,775,390)	(66,930)
Debt issuance costs	(528,025)	-	-	(528,025)	-
Principal repayment on long-term debt	(4,056,631)	-	-	(4,056,631)	-
Interest payments on long-term debt	(618,414)	-	-	(618,414)	-
Net cash provided by (used in) capital and related financing activities	(13,281,691)	(1,454,726)	-	(14,736,417)	32,798
Investing activities					
Investment earnings	1,309,555	142,031	16,344	1,467,930	174,056
Net cash provided by investing activities	1,309,555	142,031	16,344	1,467,930	174,056
Net increase (decrease) in cash and investments	(7,442,861)	710,378	(66,080)	(6,798,563)	129,494
Cash and investments					
Beginning of year	39,872,240	6,126,410	633,270	46,631,920	7,255,285
End of year	\$ 32,429,379	\$ 6,836,788	\$ 567,190	\$ 39,833,357	\$ 7,384,779
Reconciliation of operating income (loss) to net cash provided by/(used in) operating activities					
Operating income (loss)	\$ 1,867,567	\$ 4,855	\$ (261,065)	\$ 1,611,357	\$ (818,148)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Other non operating revenue/(expenses)	45,671	(71,908)	(46)	(26,283)	-
Depreciation and amortization	4,903,567	1,739,875	145,774	6,789,216	27,540
(Increase) decrease in assets and increase (decrease) in liabilities:					
Accounts receivable	(159,231)	23,065	(3,879)	(140,045)	(18,350)
Inventories	(65,297)	-	-	(65,297)	21,046
Prepaid expenses and other assets	-	-	-	-	(62,379)
Accounts payable	(2,276,501)	(35,516)	5,032	(2,306,985)	30,908
Accrued payroll and vacation	205,159	169,805	23,083	398,047	91,729
Deposits	(2,215)	-	-	(2,215)	-
Unearned revenue	-	-	8,256	8,256	32,294
Estimated claims payable	-	-	-	-	618,000
Total adjustments	2,651,153	1,825,321	178,220	4,654,694	740,788
Net cash provided by (used in) operating activities	\$ 4,518,720	\$ 1,830,176	\$ (82,845)	\$ 6,266,051	\$ (77,360)

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, 2020

	Pension Trust Funds
Assets	
Cash and investments	\$ 20,151,138
Accrued receivable	148,847
Accrued interest receivable	2,497
Due from other funds	48,598
Investments, at fair value:	
Loans receivable	1,199,462
U.S. Treasury & U.S. Agency securities	6,742,031
Corporate bonds	8,309,771
Mutual funds	98,886,097
Common stock	74,584,855
Total assets	<u>210,073,296</u>
Liabilities	
Due to employee investment accounts	9,865,372
Due to other funds	48,598
Total liabilities	<u>9,913,970</u>
Net position	
Restricted for:	
Pension benefits	<u>200,159,326</u>
Total net position	<u><u>\$ 200,159,326</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, 2020

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 6,375,832
Plan members	2,683,144
State	1,372,907
Forfeitures added	73,030
Service buy back	52,387
Interest on loan paybacks	61,789
Total contributions	<u>10,619,089</u>
Investment earnings:	
Net increase (decrease) in investment value	12,932,615
Interest and dividends	2,220,162
	<u>15,152,777</u>
Less investment costs	<u>(697,831)</u>
Net investment earnings	<u>14,454,946</u>
Net additions	<u>25,074,035</u>
Deductions:	
Benefits	13,086,887
Refund of contributions	200,495
Loans transferred out	107,748
Administrative	242,799
Forfeitures	97,196
Insurance	68,602
Total deductions	<u>13,803,727</u>
Change in net position	11,270,308
Total net position - beginning	<u>188,889,018</u>
Total net position - ending	<u><u>\$ 200,159,326</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

September 30, 2020



NOTES TO FINANCIAL STATEMENTS

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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 2020.

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. In addition, the management of the primary government has operational responsibility for this entity. 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
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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
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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, net position (fund equity), deferred inflow and deferred outflow

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
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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
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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 \$613,425 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	15 - 75
Buildings and building improvements	10 - 40
Improvements other than buildings	15 - 30
Machinery and heavy equipment	10 - 30
Vehicles	3 - 12
Intangible assets	5 - 10
Office and computer equipment	3 - 5

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
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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 \$50,958,631 of restricted net position, of which \$10,820,172 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
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(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
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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	\$ 2,500,000
Accrued interest payable	<u>2,486</u>
Net adjustment to decrease Fund Balance - total governmental funds to arrive at Net Position - governmental activities	<u><u>\$ 2,502,486</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	\$ 41,469,485
Compensated absences	2,910,320
OPEB liability	<u>13,881,428</u>
Net adjustment to decrease Fund Balance - total governmental funds to arrive at Net Position - governmental activities	<u><u>\$ 58,261,233</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
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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:

Construction in progress and land increases	\$ 13,743,441
Depreciable fixed asset additions (gross)	13,078,714
Decreases in construction in progress	(11,367,077)
Increases in accumulated depreciation	<u>(8,971,238)</u>
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ 6,483,840</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>\$ 116,564</u>
Net adjustment to decrease Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ 116,564</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	\$ (468,514)
Loan proceeds that do not provide current resources	(2,500,000)
Change in utility taxes receivable:	(3,076)
Change in special assessments receivable	<u>1,162</u>
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ (2,970,428)</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
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Debt principal repayment	\$ 1,752,001
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ 1,752,001</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	\$ (2,219,897)
Adjustment to long-term compensated absences	(479,850)
Change in accrued interest	8,710
Adjustment for OPEB liability	<u>(1,329,384)</u>
Net adjustment to increase Net Changes in Fund Balances - total governmental funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ (4,020,421)</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets. An annual budget is prepared for all governmental funds, with the exception of the Neighborhood Stabilization Program 2 fund in FY 2020. 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	\$ 862,500
Construction Services	4,000
Stormwater	4,000
CDBG	330,000
SHIP	419,000
Transportation Capital Projects	80,000

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.

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Notes to the Financial Statements
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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, 2020.

New Accounting Pronouncements. For fiscal year 2020, 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", No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period and Implementation Guide No. 2018-1, "Implementation Guidance Update-2018".

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 into the City's 2020 financial statements; however, there was no effect on beginning net position.

Implementation Guide No. 2018-1 provides guidance that clarifies, explains, or elaborates on GASB statements. These changes were incorporated in the City's 2020 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 2021 and FY2022. The statements include:

- Statement No. 84, "Fiduciary Activities"
- Statement No. 90, "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61"
- Implementation Guide No. 2019-2, "Fiduciary Activities"
- Statement No. 87, "Leases"
- Statement No. 91, "Conduit Debt Obligations"
- Implementation Guide No. 2019-1, "Implementation Guidance Update-2019"
- Implementation Guide No. 2019-3, "Leases".

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

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Notes to the Financial Statements
September 30, 2020

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

City of Largo

As of September 30, 2020 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		
US Treasuries	\$ 15,170	\$ 14,406	\$ 6,171	\$ 35,747	31.5%	1
US GSE (1)						
FHLB	3,023	-	7,496	10,519	9.3%	2
FFCB	-	-	9,019	9,019	7.9%	2
FAMCA	-	-	2,009	2,009	1.8%	2
Certificates of Deposit	10,000	9,000	3,000	22,000	19.4%	N/A
Demand Deposits (2)	14,444	-	-	14,444	12.7%	N/A
Money Market Deposit	9,001	-	-	9,001	7.9%	N/A
LGIT	10,717	-	-	10,717	9.5%	2
	<u>\$ 62,355</u>	<u>\$ 23,406</u>	<u>\$ 27,695</u>	<u>\$ 113,456</u>	<u>100.0%</u>	
% of Total	<u>55.0%</u>	<u>20.6%</u>	<u>24.4%</u>	<u>100.0%</u>		

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

(2) Total balance reflects actual bank balances at September 30, 2020 including \$6,017,274 in bank to book reconciling items

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.

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.

City of Largo, Florida
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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 laddered (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 Statue 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:

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.

City of Largo, Florida
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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, 2020, the carrying amount of the City's deposits with financial institutions was \$53,178,528 and the total of the bank balances was \$47,161,254. 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, 2020
U.S. Treasury Obligations	50%	31.5%
U.S. Agencies and Instrumentalities	40%	19.0%
Time Deposits and Savings Accounts (Public Depositories)	40%	19.4%
Checking Accounts (Public Depositories)	20%	12.7%
Government Investment Pools	20%	9.5%
Money Market Funds	20%	7.9%
% of Total		100%

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

At September 30, 2020, the General and Executive Management 401(a) Plans invested in the following cash and investments:

	Balance at 09/30/20	Credit Rating	General	Executive	Concentration Total	Fair Value Level
Investments Measured at Net Asset Value (NAV)						
Mutual Funds						
Domestic Common Stock Funds	\$ 18,365,294	Not Reported	35.7%	49.1%	36.8%	N/A
International Common Stock Funds	3,269,310		6.7%	4.5%	6.5%	N/A
Fixed Income Fund (Bonds)	3,008,003	Not Reported	6.5%	0.9%	6.0%	N/A
Asset Allocation (Stocks & Fixed Inc.)	15,161,011		30.6%	27.5%	30.4%	N/A
Other	409,426		0.9%	0.1%	0.8%	N/A
Total Investments Measured at NAV	40,213,044					
Investments at Amortized Cost						
Cash and Cash Equivalents	9,728,347	Not Reported	19.6%	17.9%	19.5%	N/A
Total Investments Measured at Amortized Cost	9,728,347					
Total Cash & Investments	\$ 49,941,391		100%	100%	100%	
Per Fiduciary Statement of Net Position:						
Executive Employees' Retirement	\$ 4,117,808					
General Employees' Retirement	45,823,583					
Total Cash & Investments	\$ 49,941,391					

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

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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.

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Notes to the Financial Statements
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Police Officers' and Firefighters' Retirement

At September 30, 2020, the Police Officers' and Firefighter's Retirement System invested in the following cash and investments:

	Balance at 09/30/20	Credit Rating (Moody's)	Weighted Average Maturity (Years)	Concentration	Fair Value Level
Investments at Fair Value Level					
U.S. Treasury Securities			7.04		
U.S. Treasury Bonds	\$ 567,419	Aaa		0.36%	1
U.S. Treasury Notes	2,164,682	Aaa		1.37%	1
U.S. Treasury Bonds	318,384	Aaa		0.20%	2
U.S. Treasury Notes	410,892	Aaa		0.26%	2
U.S. Government Sponsored Agencies			25.83		
Federal Home Loan Mortgage Corp.	823,443	Aaa		0.52%	2
Federal National Mortgage Assoc.	2,039,952	Aaa		1.29%	2
Government National Mortgage Assoc.	115,858	Aaa		0.07%	2
Municipal Obligations	66,414	Aaa		0.04%	2
Collateralized Mortgage Obligations	212,295	Aaa		0.13%	2
Collateralized Mortgage Obligations	22,693	A3		0.01%	2
Corporate Obligations			12.05		
Bonds	103,907	Aaa		0.07%	1
Bonds	108,156	Aa2		0.07%	1
Bonds	393,783	Aa3		0.25%	1
Bonds	644,212	A1		0.41%	1
Bonds	2,212,280	A2		1.40%	1
Bonds	2,632,204	A3		1.66%	1
Bonds	113,074	AA1		0.07%	1
Bonds	1,519,941	Baa1		0.96%	1
Bonds	284,207	Baa2		0.18%	1
Bonds	219,335	NR		0.14%	1
Foreign Bonds	78,672	Ba2		0.05%	1
Domestic Common Stock	70,405,743			44.50%	1
Foreign Common Stock	4,179,113			2.64%	1
Real Estate Investment Trusts	12,872,623			8.14%	3
Total Investments at Fair Value Level	102,509,282				
Investments at Net Asset Value (NAV)					
Real Estate Investment Trusts	61,145			0.04%	N/A
Mutual Funds					
Domestic Common Stock Funds	17,405,410			11.00%	N/A
Foreign Common Stock Funds	5,115,257			3.23%	N/A
Fixed Income Funds	5,285,730			3.34%	N/A
Balanced Funds (Stocks & Fixed)	17,932,888			11.34%	N/A
Total Investments at NAV	45,800,430				
Investments at Amortized Cost					
Stable Value Fund	7,100,026			4.49%	N/A
Government Money Market	2,794,417			1.77%	N/A
Total Investments at Amortized Cost	9,894,443				
Total Cash & Investments	\$ 158,204,155			100.00%	

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Notes to the Financial Statements
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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, 2020, 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, 2020, 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 fair 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, 2020, 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.

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Notes to the Financial Statements
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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, 2020, the cash balance in the fund was \$528,347.

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. Notes 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
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C. Capital Assets

1. Capital asset activity

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 25,257,552	\$ -	\$ -	\$ 25,257,552
Construction in progress	15,185,155	13,743,441	11,367,077	17,561,519
Total non-depreciable capital assets	40,442,707	13,743,441	11,367,077	42,819,071
Depreciable/Amortizable capital assets:				
Building	81,949,983	28,700	-	81,978,683
Improvements other than buildings	66,019,012	9,762,476	10,437	75,771,051
Machinery and equipment	43,255,380	3,144,141	2,536,363	43,863,158
Intangible	981,670	210,327	-	1,191,997
Total depreciable/amortizable capital assets	192,206,045	13,145,644	2,546,800	202,804,889
Less accumulated depreciation/amortization for:				
Building	27,596,654	2,295,807	-	29,892,461
Improvements other than buildings	34,473,513	2,845,997	10,437	37,309,073
Machinery and equipment	29,070,791	3,658,420	2,419,799	30,309,412
Intangible	405,194	198,555	-	603,749
Total accumulated depreciation/amortization	91,546,152	8,998,779	2,430,236	98,114,695
Net depreciable/amortizable capital assets	100,659,893	4,146,865	116,564	104,690,194
Net governmental activities capital assets	\$ 141,102,600	\$ 17,890,306	\$ 11,483,641	\$ 147,509,265

City of Largo, Florida
Notes to the Financial Statements
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Non-depreciable capital assets:				
Land	\$ 2,824,038	\$ -	\$ -	\$ 2,824,038
Construction in progress	125,479,459	34,394,128	98,348,395	61,525,192
Total non depreciable capital assets	128,303,497	34,394,128	98,348,395	64,349,230
Depreciable/amortizable capital assets				
Building and improvements	7,270,688	-	-	7,270,688
Improvements other than buildings	136,528,225	97,691,276	26,357,916	207,861,585
Machinery and equipment	22,690,357	2,833,323	2,696,633	22,827,047
Intangible	34,459	205,090	-	239,549
Total depreciable/amortizable capital assets	166,523,729	100,729,689	29,054,549	238,198,869
Less accumulated depreciation/amortization for:				
Building and improvements	2,468,951	162,717	-	2,631,668
Improvements other than building	109,664,533	4,041,996	26,341,090	87,365,439
Machinery and equipment	13,878,597	2,560,550	2,657,571	13,781,576
Intangible	8,902	23,955	-	32,857
Total accumulated depreciation/amortization	126,020,983	6,789,218	28,998,661	103,811,540
Net depreciable/amortizable capital assets	40,502,746	93,940,471	55,888	134,387,329
Net business type activities capital assets	168,806,243	128,334,599	98,404,283	198,736,559

2. Depreciation and amortization expense

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

Governmental activities		Business-type activities	
General government	\$ 1,221,943	Wastewater	\$ 4,903,566
Economic development	243,461	Solid waste	1,739,877
Public safety	2,212,124	Golf course	145,775
Public works	2,834,351		-
Culture and recreation	2,459,359		-
Internal service funds charged to various functions	27,541		-
Total depreciation/amortization expense	\$ 8,998,779		\$ 6,789,218

City of Largo, Florida
Notes to the Financial Statements
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3. Construction commitments

The City has active construction projects as of September 30, 2020. 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
WWRF Biological treatment improvements	\$ 35,110,671	\$ 19,312,101
WWRF New Operations building wastewater treatment facility plant	5,238,419	4,596,072
Sanitary sewer – Lift station sub basin 1	2,679,719	3,854,226
Sanitary sewer overflow prevention – Lift station basin 28	751,990	2,833,879
Sanitary sewer overflow prevention – Lift station basin 12	1,440,444	2,077,413
Sanitary sewer overflow prevention – Lift station basin 16	1,002,592	604,122
WWRF Biosolids process improvements and building hardening	225,698	1,615,639
Rosery Rd phase 1 – Missouri Ave to Eagle Lake Park	6,559,586	2,171,875
Downtown multimodal improv. and rehab Clw/Lgo Rd to Missouri Ave	3,525,284	643,196
Total	<u><u>\$ 56,534,403</u></u>	<u><u>\$ 37,708,523</u></u>

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 transactions

Receivable Fund	Payable Fund	Total Amount	Purpose
General (major)	HOME (major)	\$ 216,475	Awaiting receipt of housing-related receivable
General (major)	CDBG (major)	51,289	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
		<u><u>\$ 799,764</u></u>	

City of Largo, Florida
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2. Interfund transfers

Transfer from	Transfer to	Total Amount	Purpose
General	Construction Services	\$ 90,000	For permitting software
General	Technology Capital Projects	484,100	For ERP Software and Implementation
Program Special Revenue	General	11,400	For cost of school resource officers
County Gas Tax	Transportation Capital Projects	26,800	For Rosery Road improvement project
Transportation Impact Fee	Transportation Capital Projects	45,900	For Rosery Road improvement project
Stormwater	Technology Capital Projects	34,600	For ERP Software and Implementation
LOST	Transportation Capital Projects	96,600	For Rosery Road improvement project
Construction Services	Technology Capital Projects	34,600	For ERP Software and Implementation
	Total	<u>\$ 824,000</u>	

E. Leases

The City leases office and other equipment under non-cancelable operating leases. Total costs for such leases were \$158,475 for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30	Amount
2021	\$ 158,475
2022	150,217
Total	<u>\$ 308,692</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 and #4 loans (SRL#3 and SRL#4) issued in May, 2016 and December 2019, respectively. The bonds are paid solely from the net revenues of the wastewater utility system and are payable through June 2036, and September 2041, respectively. Net revenues for the current year were \$9,045,901.

The SRL#3 loan agreement is for drawdowns totaling \$78,094,524 and were used to provide financing for the wet weather system expansion and upgrades. The total amount borrowed as of September 30, 2020 is \$80,795,431 including capitalized interest and a 2% loan service cost. Repayments on the loan began in December 2018.

City of Largo, Florida
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The SRL #4 loan agreement is for drawdowns totalling \$26,401,272 and is for biological treatment plant upgrades. The total amount borrowed as of September 30, 2020 is \$26,967,234. Repayments on the loan are to begin in May 2022.

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 and assist with the payoff of an outstanding wastewater loan. The loans were paid off in October 2019. For the current year, principal and interest paid were \$1,494,239 and total Penny for Pinellas sales tax revenues were \$8,401,849.

The City has pledged a portion of half-cent sales tax revenues to repay the \$10,000,000 JP Morgan Chase loan issued in January 2012 and the \$2,500,000 Regions loan issued in July 2020 . Proceeds of the JP Morgan Chase loan were used to construct a new recreation facility and the loan is payable through January 2020. The loan was paid off in October 2019. For the current year, principal and interest paid were \$668,807 and total half-cent sales tax revenues were \$5,194,402. Proceeds for the Regions loan were used to pay for the ERP (Enterprise Resource Planning) Software implementation. No payments have been made on this loan as of September 30, 2020.

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.

City of Largo, Florida
Notes to the Financial Statements
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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:					
Regions Bank (Debt Service and Technology Capital Projects Fund) Interest rate 1.18%. Balance Due July 30, 2025	\$ -	\$ 2,500	\$ -	\$ 2,500	\$ 488
Chase Bank (Loan Option Sales Tax Fund) Interest rate 2.090462%. Balance Due January 1, 2020	663	-	663	-	-
Chase Bank (Local Option Sales Tax Fund) Interest rate 2.078308%. Balance Due January 1, 2020	467	-	467	-	-
TD Bank (Loan Option Sales Tax Fund) Interest rate 3.443%. Balance Due January 1, 2020	620	-	620	-	-
Net pension liability	36,518	17,452	12,501	41,469	-
Compensated absences	2,473	2,646	2,148	2,971	2,148
Total OPEB liability	10,306	3,959	-	14,265	-
Property/Liability and Workers Compensation	1,560	960	330	2,190	438
City Commissioner/ Police Chief annuity payable	88	-	-	88	12
Total Governmental activities debt	<u>\$ 52,695</u>	<u>\$ 27,517</u>	<u>\$ 16,729</u>	<u>\$ 63,483</u>	<u>\$ 3,086</u>
Business-type Activities:					
Chase Bank (Local Option Sales Tax Fund) Interest rate 1.71%. Balance Due January 1, 2020	\$ 207	\$ -	\$ 207	\$ -	\$ -
State revolving loan #3; Interest rates 1.07%, 0.46% and 0.43% Collateralized by sewer net revenue (Includes 2% loan service fee) Balance due June 15, 2036	80,795	-	4,483	76,312	4,514
State revolving loan #4; Interest rates 1.24%, 0% and 0.69% Collateralized by sewer net revenue (Includes 2% loan service fee) Balance due September 15, 2041	-	26,967	-	26,967	-
Compensated absences	514	446	361	599	361
Total OPEB liability	2,320	886	-	3,206	-
Net business-type activities debt	<u>\$ 83,836</u>	<u>\$ 28,299</u>	<u>\$ 5,051</u>	<u>\$ 107,084</u>	<u>\$ 4,875</u>

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.

City of Largo, Florida
Notes to the Financial Statements
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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
2021	\$ 488,222	\$ 27,427	\$ 515,649
2022	494,091	21,558	515,649
2023	499,947	15,702	515,649
2024	505,872	9,776	515,648
2025	511,868	3,781	515,649
Total	\$ 2,500,000	\$ 78,244	\$ 2,578,244

Business-type Activities Debt Service Requirements

FY	SRL #3		SRL #4		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2021	\$ 4,513,625	\$ 549,908	\$ -	\$ -	\$ 4,513,625	\$ 549,908	\$ 5,063,533
2022	4,546,398	517,135	1,317,859	63,931	5,864,257	581,066	6,445,323
2023	4,579,449	484,084	1,321,024	60,766	5,900,473	544,850	6,445,323
2024	4,612,780	450,753	1,324,196	57,594	5,936,976	508,347	6,445,323
2025	4,646,395	417,138	1,327,376	54,414	5,973,771	471,552	6,445,323
2026-2030	23,746,309	1,571,356	6,684,847	224,103	30,431,156	1,795,459	32,226,615
2031-2035	24,630,761	686,903	6,765,500	143,450	31,396,261	830,353	32,226,614
2036-2040	5,035,648	27,884	6,847,126	61,824	11,882,774	89,708	11,972,482
2041	-	-	1,379,307	2,483	1,379,307	2,483	1,381,790
Total	\$ 76,311,365	\$ 4,705,161	\$ 26,967,235	\$ 668,565	\$ 103,278,600	\$ 5,373,726	\$ 108,652,326

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

G. Fund equity

Governmental fund balances reported on the fund financial statements at September 30, 2020 include the following:

	General	LOST	SHIP	HOME	CDBG	Nonmajor Funds	Total
Nonspendable:							
Deposits	\$ 39,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,510
Prepaid	1,000	-	-	-	-	-	1,000
Receivables	178,703	-	-	-	-	-	178,703
Restricted:							
Capital improvements and public works	-	9,881,110	-	-	-	15,619,847	25,500,957
Economic development	-	-	1,316,069	-	-	2,705,530	4,021,599
Public safety programs	-	-	-	-	-	632,877	632,877
Youth and adult library/recreation programs	-	-	-	-	-	462,337	462,337
Parkland dedication	-	-	-	-	-	3,647,329	3,647,329
Assigned:							
Subsequent year's operations	7,889,984	-	-	-	-	-	7,889,984
Accrued employee benefits	2,733,750	-	-	-	-	-	2,733,750
Other purposes	-	-	-	-	-	97,767	97,767
Unassigned	15,511,032	-	-	-	-	-	15,511,032
	<u>\$ 26,353,979</u>	<u>\$ 9,881,110</u>	<u>\$ 1,316,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,165,687</u>	<u>\$ 60,716,845</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, 2020 are as follows:

Major governmental funds:	
General	\$ 1,157,261
Local Option Sales Tax	2,184,012
SHIP	188,883
Total Major Funds	<u>3,530,156</u>
Non-major governmental funds	<u>3,611,332</u>
Total Encumbrances	<u>\$ 7,141,488</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, 2020

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, 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
Plus: Incurred claims and reserve adjustments	725,000	235,000	960,000
Less: Paid claims and reserve adjustments	(150,000)	(180,000)	(330,000)
Claims reserve, September 30, 2020	\$ 1,725,000	\$ 465,000	\$ 2,190,000

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 fair 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, 2020

Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2020

	Executive Employees' Retirement	General Employees' Retirement	Police Officers' and Firefighters' Retirement	General Employees' Disability	Total
Assets					
Cash and Investments	\$ 736,946	\$ 8,991,400	\$ 9,894,445	\$ 528,347	\$ 20,151,138
Accrued interest receivable	-	-	-	2,497	2,497
Due from other funds	-	-	148,847	48,598	197,445
Loans receivable	-	1,199,462	-	-	1,199,462
U.S. Treasury securities & agencies	-	-	6,742,031	-	6,742,031
Corporate bonds	-	-	8,309,771	-	8,309,771
Mutual funds	3,380,862	36,832,183	58,673,052	-	98,886,097
Common stock	-	-	74,584,855	-	74,584,855
Total Assets	<u>4,117,808</u>	<u>47,023,045</u>	<u>158,353,001</u>	<u>579,442</u>	<u>210,073,296</u>
Liabilities					
Due to employee investment accounts	-	48,598	9,816,774	-	9,865,372
Due to other funds	-	48,598	-	-	48,598
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>97,196</u>	<u>9,816,774</u>	<u>-</u>	<u>9,913,970</u>
Net position					
Restricted for:					
Participant benefits	4,117,808	46,925,849	148,536,227	579,442	200,159,326
Total net position	<u>\$ 4,117,808</u>	<u>\$ 46,925,849</u>	<u>\$ 148,536,227</u>	<u>\$ 579,442</u>	<u>\$ 200,159,326</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended September 30, 2020

	Executive Employees' Retirement	General Employees' Retirement	Police Officers' and Firefighters' Retirement	General Employees' Disability	Total
Additions					
Contributions:					
Employer	\$ 130,854	\$ 1,416,181	\$ 4,828,797	\$ -	\$ 6,375,832
Plan members	87,236	1,180,478	1,415,430	-	2,683,144
Other contributions	-	-	1,372,907	-	1,372,907
Forfeitures	-	24,432	-	48,598	73,030
Service purchase contributions	-	-	52,387	-	52,387
Rollover contributions	-	-	-	-	-
Interest on loans repaid	-	61,789	-	-	61,789
Total contributions	218,090	2,682,880	7,669,521	48,598	10,619,089
Investment earnings:					
Net increase/(decrease) in investment value	452,149	4,148,561	8,328,953	2,952	12,932,615
Interest and dividends	-	-	2,212,579	7,583	2,220,162
	452,149	4,148,561	10,541,532	10,535	15,152,777
Less investment expense	-	(104,176)	(593,655)	-	(697,831)
Net investment earnings	452,149	4,044,385	9,947,877	10,535	14,454,946
Net additions	670,239	6,727,265	17,617,398	59,133	25,074,035
Deductions					
Benefits	221,515	2,960,447	9,904,925	-	13,086,887
Refund of contributions	-	-	200,495	-	200,495
Loans transferred out	-	107,748	-	-	107,748
Administrative	-	-	242,799	-	242,799
Forfeitures deduction	-	97,196	-	-	97,196
Insurance	-	-	-	68,602	68,602
Total deductions	221,515	3,165,391	10,348,219	68,602	13,803,727
Change in net position	448,724	3,561,874	7,269,179	(9,469)	11,270,308
Total net position – beginning	3,669,084	43,363,975	141,267,048	588,911	188,889,018
Total net position - ending	\$ 4,117,808	\$ 46,925,849	\$ 148,536,227	\$ 579,442	\$ 200,159,326

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

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	
	2017	2018
Active employees	253	260
Retirees and beneficiaries currently receiving normal & disability benefits	197	205
Terminated employee's entitled to benefits, but not yet receiving benefits	17	19
DROP participants receiving benefits into their DROP accounts	27	27
Total plan membership	<u>494</u>	<u>511</u>

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, 2020

- 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, 2020 were \$4,828,797 and \$1372,907, 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 \$1,415,430. 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, 2020

Net Pension Liability. The net pension liability was measured as of October 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2018.

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, 2018
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, 2018 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, 2020

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 and actual asset allocation as of September 30, 2019:

Asset Class	Target Allocation	Actual Allocation
Domestic equities		
Small Cap Blend	10.0%	9.4%
Large Cap Growth	20.0%	23.9%
Large Cap Value	20.0%	18.2%
International equities		
Developed markets	5.0%	3.3%
Emerging markets	7.5%	10.0%
Fixed income	30.0%	26.1%
Real estate	7.5%	9.1%
	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, 2020

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, 2019 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weighted Average
Domestic equities		
Small Cap Blend	7.25%	(0.33)%
Small Cap Growth	7.50%	1.51%
Small Cap Value	7.50%	(0.04)%
International equities		
Developed markets	7.25%	0.20%
Emerging markets	8.00%	0.06%
Fixed income	4.25%	5.99%
Real estate	6.25%	0.65%
Total		8.04%

Rate of return. For the year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.83%. 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, 2020

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, 2018	\$ 184,686,240	\$ 148,167,738	\$ 36,518,502
Changes for the year:			
Service cost	3,745,192	-	3,745,192
Interest	12,390,538	-	12,390,538
Benefit changes	460,888	-	460,888
Difference between actual & expected experience	855,066	-	855,066
Assumption changes	-	-	-
Contributions - employer	-	4,729,194	(4,729,194)
Contributions - employer (through state)	-	1,317,528	(1,317,528)
Contributions - member	-	1,352,821	(1,352,821)
Net investment income	-	5,295,628	(5,295,628)
Benefit payments	(9,552,428)	(9,552,428)	-
Refunds	(183,392)	(183,392)	-
Administrative expense	-	(194,470)	194,470
Other	-	-	-
Net changes	7,715,864	2,764,881	4,950,983
Balance at of September 30, 2019	\$ 192,402,104	\$ 150,932,619	\$ 41,469,485

Amounts reported in the table above include liabilities reported in the Statement of Fiduciary Net Position. The plans fiduciary net position as a percentage of total pension liability is 78.45%.

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%
\$ 63,769,044	\$ 41,469,485	\$ 22,980,396

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

Pension expense, Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2020 the City recognized pension expense of \$8,421,601. At September 30, 2020, 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	\$ 1,083,813	\$ 25,783
Changes in assumptions	2,439,284	-
Net difference between projected and actual earnings on pension plan investments	3,696,226	4,681,275
Employer contributions made subsequent to the measurement date	6,201,704	-
Total	<u>\$ 13,421,027</u>	<u>\$ 4,707,058</u>

Deferred outflows of resources related to the Plan, including \$6,201,704 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, 2021. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ended September 30:	
2021	\$ 1,403,456
2022	(284,128)
2023	357,349
2024	1,035,588
2025 and thereafter	-
	<u>\$ 2,512,265</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 public hearing is held. The Plan does not issue a stand-alone financial report and is not included in

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

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:

	FY2019	FY2020
Active employees (vested and non-vested)	496	512
Disabled participants currently receiving benefits	15	17
Total	511	529

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

	Class I	Class II	Class III
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, 2020

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:

	FY2019	FY2020
Active employees (vested and non-vested)	496	512
Retired and terminated members maintaining balances	258	270
Total	<u>754</u>	<u>782</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 the City is required to contribute 6% of covered salary. During FY 2020, actual contributions were \$1,180,478 from employees and \$1,416,181 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 \$87,236 from employees and \$130,854 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

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

with interest determined at the time of the loan.
Changes in total plan assets during the year were as follows:

	Fair Value
Net plan assets, October 1, 2019	\$ 34,107,176
Employee contributions	1,424,878
Employer contributions	7,985
Rollover contributions	390,764
Loan repayments	31,448
Earnings (losses)	3,061,323
Distributions	(2,500,205)
Loans redeemed	(117,317)
Net plan assets, September 30, 2020	<u>\$ 36,406,052</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, 2019	\$ 56,170
Employee Contributions	-
Earnings/(Loss)	(8)
Distributions	(242)
Net Plan Assets, September 30, 2020	<u>\$ 55,920</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, 2020.

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

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

continue to participate in the City's fully insured health plan for medical and prescription drug 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 37 retired participants and dependents receiving health benefits and 658 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, 2020. The measurement period for the OPEB cost was October 1, 2019 to September 30, 2020. The City's total OPEB liability is \$17,471,052.

Changes in the Total Net OPEB Liability is as follows:

	Fiscal Year ending September 30, 2020
Total OPEB Liability	
Service cost	\$ 1,457,553
Expected interest growth	296,803
Demographic experience	233,663
Benefit payments and refunds	(431,205)
Assumption changes	3,288,038
Total change in net OPEB liability	4,844,852
Total OPEB liability, beginning	12,626,200
Total OPEB liability, ending	\$ 17,471,052

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 2.14%, 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 1.14%	Current Single Discount Rate 2.14%	1% Increase 3.14%
\$ 19,471,558	\$ 17,471,052	\$ 15,732,292

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 7% 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

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

current healthcare cost trend rates (sensitivity range):

Trend rates minus 1%	Current Healthcare Cost Trend Rate 7% graded down to 5%	Trend rates plus 1%
<u>\$ 15,206,431</u>	<u>\$ 17,471,052</u>	<u>\$ 20,199,153</u>

OPEB expense, Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended September 30, 2020 the City recognized OPEB expense of \$1,666,494. At September 30, 2020, the City reported \$3,247,697 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:

2021 \$	343,343
2022	343,343
2023	343,343
2024	343,343
2025 and thereafter	1,874,325
	<u>\$ 3,247,697</u>

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

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

Valuation Date	October 1, 2019
Discount rate	2.14% per annum
Salary increases	3.00% per annum
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 7.0% for the 2019/2020 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 2019/2020 fiscal year at age 62, the assumed monthly subsidy is \$775 for the retiree and \$575 for the retiree's spouse under the core plan, \$450 for the retiree and \$350 for the retiree's spouse under the high-deductible plan and \$500 for the retiree and \$375 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 PUB-2010 Mortality Table (without income adjustments) with full generational improvements in mortality using Scale MP-2018.
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.

C. Contingent Liabilities

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.

City of Largo, Florida
Notes to the Financial Statements
September 30, 2020

D. Tax Abatements

The City entered 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, 2020, the City abated property taxes totaling \$14,279 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. Subsequent Events

COVID-19, a novel coronavirus and a global health emergency reached the state of Florida in March 2020. Vaccine distribution has begun, however, interruptions to business has persisted. This pandemic will continue to have an impact on expenditures and future revenues. The full effects of this cannot be determined at this time.

City of Largo, Florida
Required Supplementary Information
September 30, 2020

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

	2015	2016	2017	2018	2019	2020
Service cost	\$ 2,575	\$ 2,572	\$ 2,778	\$ 3,080	\$ 3,572	\$ 3,745
Interest	11,080	11,499	11,916	12,269	12,066	12,391
Difference between expected and actual experience	(427)	-	(1,057)	1,429	11	855
Changes in benefit terms	-	-	-	-	-	461
Changes of assumptions	-	-	-	8,537 *	-	-
Benefit payments, including refunds of employee contributions	(7,325)	(7,965)	(9,478)	(8,981)	(12,291)	(9,736)
Other	5	-	-	-	-	-
Net change in total pension liability	5,908	6,106	4,159	16,334	3,358	7,716
Total pension liability-beginning	148,821	154,729	160,835	164,994	181,328	184,686
Total pension liability-ending	154,729	160,835	164,994	181,328	184,686	192,402
Plan fiduciary net position						
Contributions-employer	\$ 4,591	\$ 5,025	\$ 4,648	\$ 5,373	\$ 6,262	\$ 6,047
Contributions-employee	706	940	1,208	1,272	1,414	1,353
Net investment income	10,838	497	9,877	15,043	13,052	5,296
Benefit payments, including refunds of employee contributions	(7,325)	(7,965)	(9,478)	(8,980)	(12,291)	(9,736)
Other	-	-	-	-	54	-
Administrative expense	(154)	(149)	(134)	(155)	(230)	(195)
Net change in fiduciary net position	8,656	(1,652)	6,121	12,553	8,261	2,765
Plan fiduciary net position-beginning	114,230	122,885	121,233	127,354	139,907	148,168
Plan fiduciary net position-ending	122,886	121,233	127,354	139,907	148,168	150,933
Net pension liability	\$ 31,843	\$ 39,602	\$ 37,640	\$ 41,421	\$ 36,518	\$ 41,469
Plan fiduciary net position as a percentage of the total pension liability	79.42%	75.38%	77.19%	77.16%	80.23%	78.45%
Covered payroll	12,456	13,311	13,660	15,419	16,315	16,910
Net pension liability as a percentage of covered payroll	255.64%	297.51%	275.55%	268.64%	223.83%	245.23%

Notes to Schedule:

Data unavailable prior to 2015 because it was not required by GASB Standards. Subsequent years will be added as available.

City of Largo, Florida
Required Supplementary Information
September 30, 2020

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

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 4,987	\$ 5,025	\$ 4,648	\$ 5,373	\$ 6,261	\$ 6,047	\$ 6,202
Contributions in relation to the actuarially determined contribution	4,591*	5,025**	4,648	5,373	6,261	6,047	6,202
Covered payroll	12,624	12,733	13,660	15,419	16,315	16,776	17,016
Contributions as a percentage of covered payroll	36.4%	39.5%	34.0%	34.8%	38.4%	36.0%	36.4%

* -This is an adjusted 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 City's contribution requirement for the 2015 fiscal year.

Notes to Schedule:

Valuation Date: October 1, 2018

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 members of the Florida Retirement System (FRS) in the actuarial valuation as of July 1, 2018 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 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.

See Discussion of Valuation results in the October 1, 2018 Actuarial Valuation Report dated April 5, 2019 and the Actuarial Impact Statement dated June 25, 2019.

POLICE OFFICERS AND FIREFIGHTERS PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS

	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return	10.66%	0.33%	9.09%	13.43%	10.29%	3.83%

Notes to Schedule: Data unavailable prior to 2015 because it was not required 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)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service cost	\$ 876	886	1,458
Expected interest growth	410	439	297
Demographic experience	-	-	233
Difference between expected and actual experience	-	-	-
Change in assumptions and other inputs	-	-	-
Benefit payments and refunds	(267)	(326)	(431)
Assumption changes	-	78	3,288
Net change in total OPEB liability	<u>1,019</u>	<u>1,077</u>	<u>4,845</u>
Total OPEB liability, beginning	10,530	11,549	12,626
Total OPEB liability, ending	<u>\$ 11,549</u>	<u>12,626</u>	<u>17,471</u>
Covered employee payroll	\$ 31,235	31,235	40,022
Total OPEB liability as a percentage of covered employee payroll	36.98%	40.42%	43.65%

Note: Information is required to be presented for 10 year, but data was not available prior to 2018 because it was not required by GASB Statements. Subsequent years will be added as available.



COMMUNITY REDEVELOPMENT AGENCY

CITY OF LARGO, FLORIDA
Largo Community Redevelopment Agency
Balance Sheet
September 30, 2020

Assets

Cash and investments	\$ 2,261,176
Receivables	
Accrued interest	10,729
Property held for resale	1,009,669
Total assets	<u>\$ 3,281,574</u>

Liabilities

Accounts payable	\$ 167,313
Accrued payroll	1,519
Due to other funds	532,000
Total liabilities	<u>700,832</u>

Fund balances

Restricted	<u>2,580,742</u>
Total fund balances	<u>2,580,742</u>
Total liabilities and fund balances	<u>\$ 3,281,574</u>

CITY OF LARGO, FLORIDA
Largo Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscaly Year Ended September 30, 2020

Revenues

Taxes	\$ 605,938
Intergovernmental	580,485
Investment earnings	64,001
Sale of property held for resale	-
Other	<u>2,828</u>
Total revenues	<u>1,253,252</u>

Expenditures

Current:	
Economic development	157,533
Capital outlay	<u>2,864,379</u>
Total expenditures	<u>3,021,912</u>

Net change in fund balance (1,768,660)

Fund balance - beginning	<u>4,349,402</u>
Fund balance - ending	<u><u>\$ 2,580,742</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, 2020

	Original Budget	Final Budget	Actual	Final Budget Variances Positive (Negative)
Revenues				
Taxes	\$ 39,733,800	\$ 39,733,800	\$ 40,147,154	\$ 413,354
Licenses and permits	6,632,500	6,632,500	6,435,334	(197,166)
Intergovernmental	11,554,300	11,554,300	11,429,444	(124,856)
Charges for services	17,973,700	17,973,700	15,881,912	(2,091,788)
Fines	363,500	743,500	794,133	50,633
Interfund charges	4,391,700	4,391,700	3,919,140	(472,560)
Contributions and donations	111,100	111,100	118,095	6,995
Investment earnings	200,000	200,000	611,071	411,071
Other	391,600	391,600	426,531	34,931
Total revenues	<u>81,352,200</u>	<u>81,732,200</u>	<u>79,762,814</u>	<u>(1,969,386)</u>
Expenditures				
Current:				
Administration	3,273,800	3,307,251	3,126,995	180,256
Community Development	3,062,200	3,697,850	3,053,691	644,159
General government	443,600	750,154	687,651	62,503
Public Works	4,819,000	4,890,671	4,329,170	561,501
Finance	1,191,300	1,187,300	961,283	226,017
Fire Rescue	20,912,800	21,131,833	20,465,471	666,362
Human Resources	1,047,700	1,039,700	849,822	189,878
Information Technology	3,561,700	3,607,737	3,164,662	443,075
Legislative	406,100	410,253	365,111	45,142
Library	3,618,100	3,659,115	3,354,487	304,628
Police	24,529,300	24,711,580	23,946,280	765,300
Recreation, Parks & Arts	12,324,000	12,793,474	10,062,877	2,730,597
Capital outlay	6,439,100	6,925,074	1,496,695	5,428,379
Total expenditures	<u>85,628,700</u>	<u>88,111,992</u>	<u>75,864,195</u>	<u>12,247,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,276,500)</u>	<u>(6,379,792)</u>	<u>3,898,619</u>	<u>10,278,411</u>
Other Financing Sources (Uses)				
Transfers in	11,400	11,400	11,400	-
Transfers out	(574,100)	(574,100)	(574,100)	-
Capital project loan	3,500,000	3,500,000	-	(3,500,000)
Sale of capital assets	50,000	50,000	217,766	167,766
Total other financing sources (uses)	<u>2,987,300</u>	<u>2,987,300</u>	<u>(344,934)</u>	<u>(3,332,234)</u>
Net change in fund balance	<u>\$ (1,289,200)</u>	<u>\$ (3,392,492)</u>	<u>3,553,685</u>	<u>\$ 6,946,177</u>
Fund balance - beginning			<u>22,800,293</u>	
Fund balance - ending			<u>\$ 26,353,978</u>	

City of Largo, Florida
Nonmajor Governmental Funds
September 30, 2020

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, 2020

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.

Technology Capital Projects Fund accounts for long-term funding of major technology capital projects. In 2020 it was created for the Enterprise Resource Planning (ERP) replacement project.

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Funds
September 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 20,450,599	\$ 2,598,173	\$ 23,048,772
Receivables:			
Accrued interest	112,768	10,146	122,914
Accounts, billed	610,448	-	610,448
Accounts, unbilled	447,510	-	447,510
Special assessments	14,604	-	14,604
Due from other governments	164,962	33,911	198,873
Due from other funds	189,000	-	189,000
Property held for resale	1,009,669	-	1,009,669
Notes and loans receivable	718,952	-	718,952
Total assets	<u>\$ 23,718,512</u>	<u>\$ 2,642,230</u>	<u>\$ 26,360,742</u>
Liabilities			
Accounts payable	\$ 744,065	\$ 1,048,161	\$ 1,792,226
Accrued payroll	113,354	-	113,354
Due to other funds	532,000	-	532,000
Deposits	272	-	272
Unearned revenue	277,675	-	277,675
Total liabilities	<u>1,667,366</u>	<u>1,048,161</u>	<u>2,715,527</u>
Deferred inflows			
Unavailable revenue	479,527	-	479,527
Total deferred inflows	<u>479,527</u>	<u>-</u>	<u>479,527</u>
Fund Balances			
Restricted	21,473,852	1,594,069	23,067,921
Assigned	97,767	-	97,767
Total fund balances	<u>21,571,619</u>	<u>1,594,069</u>	<u>23,165,688</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 23,718,512</u>	<u>\$ 2,642,230</u>	<u>\$ 26,360,742</u>

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Funds
Fiscal Year Ended September 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 989,558	\$ -	\$ 989,558
Licenses and permits	2,501,821	-	2,501,821
Intergovernmental	1,998,197	-	1,998,197
Charges for services	5,760,589	-	5,760,589
Contributions and donations	141,535	-	141,535
Investment earnings	367,209	71,245	438,454
Other	23,174	95,821	118,995
Total revenues	<u>11,782,083</u>	<u>167,066</u>	<u>11,949,149</u>
Expenditures			
Current:			
Public safety	5,805	-	5,805
Public works	3,997,543	-	3,997,543
Economic development	2,284,640	-	2,284,640
Culture and recreation	182,191	-	182,191
Capital outlay	4,647,297	7,284,821	11,932,118
Total expenditures	<u>11,117,476</u>	<u>7,284,821</u>	<u>18,402,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>664,607</u>	<u>(7,117,755)</u>	<u>(6,453,148)</u>
Other financing sources (uses)			
Transfers in	90,000	722,600	812,600
Transfers out	(153,300)	-	(153,300)
Capital project loan	-	2,500,000	2,500,000
Sale of capital assets	57,621	-	57,621
Total other financing sources (uses)	<u>(5,679)</u>	<u>3,222,600</u>	<u>3,216,921</u>
Net change in fund balances	658,928	(3,895,155)	(3,236,227)
Fund balances - beginning	<u>20,912,691</u>	<u>5,489,224</u>	<u>26,401,915</u>
Fund balances - ending	<u>\$ 21,571,619</u>	<u>\$ 1,594,069</u>	<u>\$ 23,165,688</u>

CITY OF LARGO, FLORIDA
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2020

	County Gas Tax	Transportation Impact Fee	Multimodal Impact Fee	Construction Services	Stormwater
Assets					
Cash and investments	\$ 1,146,533	\$ 1,741,663	\$ 1,152,652	\$ 6,745,773	\$ 2,615,383
Receivables:					
Accrued interest	22,620	8,264	5,417	32,012	11,643
Accounts, billed	-	-	25,530	10,698	567,945
Accounts, unbilled	-	-	-	-	447,510
Special assessments	14,604	-	-	-	-
Due from other governments	164,038	-	-	-	-
Due from other funds	-	-	-	-	-
Property held for resale	-	-	-	-	-
Notes and loans receivable	-	-	-	-	-
Total assets	<u>\$ 1,347,795</u>	<u>\$ 1,749,927</u>	<u>\$ 1,183,599</u>	<u>\$ 6,788,483</u>	<u>\$ 3,642,481</u>
Liabilities					
Accounts payable	\$ 43,029	\$ 95,950	\$ 215,658	\$ 46,152	\$ 120,766
Accrued payroll	-	-	-	38,557	73,278
Due to other funds	-	-	-	-	-
Deposits	-	-	-	272	-
Unearned revenue	38,250	-	-	-	-
Total liabilities	<u>81,279</u>	<u>95,950</u>	<u>215,658</u>	<u>84,981</u>	<u>194,044</u>
Deferred inflows					
Unavailable revenue	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Restricted	1,266,516	1,653,977	967,941	6,703,502	3,448,437
Assigned	-	-	-	-	-
Total fund balances	<u>1,266,516</u>	<u>1,653,977</u>	<u>967,941</u>	<u>6,703,502</u>	<u>3,448,437</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,347,795</u>	<u>\$ 1,749,927</u>	<u>\$ 1,183,599</u>	<u>\$ 6,788,483</u>	<u>\$ 3,642,481</u>

Community Redevelopment Agency	PCH	Program Special Revenue	Trees	Parkland Dedication	Neighborhood Stabilization Program 2	Total Nonmajor Special Revenue Funds
\$ 2,261,176	\$ 62,552	\$ 1,238,233	\$ 748,722	\$ 2,712,912	\$ 25,000	\$ 20,450,599
10,729	-	5,775	3,547	12,761	-	112,768
-	-	-	6,275	-	-	610,448
-	-	-	-	-	-	447,510
-	-	-	-	-	-	14,604
-	-	924	-	-	-	164,962
-	-	-	-	189,000	-	189,000
1,009,669	-	-	-	-	-	1,009,669
-	671,177	-	-	-	47,775	718,952
<u>\$ 3,281,574</u>	<u>\$ 733,729</u>	<u>\$ 1,244,932</u>	<u>\$ 758,544</u>	<u>\$ 2,914,673</u>	<u>\$ 72,775</u>	<u>\$ 23,718,512</u>
\$ 167,313	\$ -	\$ 4,309	\$ 25,888	\$ -	\$ 25,000	\$ 744,065
1,519	-	-	-	-	-	113,354
532,000	-	-	-	-	-	532,000
-	-	-	-	-	-	272
-	191,650	-	-	-	47,775	277,675
700,832	191,650	4,309	25,888	-	72,775	1,667,366
-	479,527	-	-	-	-	479,527
-	479,527	-	-	-	-	479,527
2,580,742	62,552	1,142,856	732,656	2,914,673	-	21,473,852
-	-	97,767	-	-	-	97,767
2,580,742	62,552	1,240,623	732,656	2,914,673	-	21,571,619
<u>\$ 3,281,574</u>	<u>\$ 733,729</u>	<u>\$ 1,244,932</u>	<u>\$ 758,544</u>	<u>\$ 2,914,673</u>	<u>\$ 72,775</u>	<u>\$ 23,718,512</u>

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Fiscal Year Ended September 30, 2020

	<u>County Gas Tax</u>	<u>Transportation Impact Fee</u>	<u>Multimodal Impact Fee</u>	<u>Construction Services</u>	<u>Stormwater</u>
Revenues					
Taxes	\$ -	\$ -	\$ 230,281	\$ -	\$ -
Licenses and permits	-	-	-	2,501,821	-
Intergovernmental	1,003,938	-	-	-	164,057
Charges for services	-	-	-	-	5,753,248
Contributions and donations	-	-	-	-	-
Investment earnings	20,308	35,834	18,765	115,809	29,242
Other	724	498	-	-	11,236
Total revenues	<u>1,024,970</u>	<u>36,332</u>	<u>249,046</u>	<u>2,617,630</u>	<u>5,957,783</u>
Expenditures					
Current					
Public safety	-	-	-	-	-
Public works	94,245	-	-	-	3,903,298
Economic development	371,090	-	-	1,755,367	-
Culture and recreation	-	-	-	-	-
Capital outlay	<u>938,757</u>	<u>256,620</u>	<u>-</u>	<u>28,591</u>	<u>472,495</u>
Total expenditures	<u>1,404,092</u>	<u>256,620</u>	<u>-</u>	<u>1,783,958</u>	<u>4,375,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(379,122)</u>	<u>(220,288)</u>	<u>249,046</u>	<u>833,672</u>	<u>1,581,990</u>
Other financing sources/(uses)					
Transfers in	-	-	-	90,000	-
Transfers out	(26,800)	(45,900)	-	(34,600)	(34,600)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,621</u>
Total other financing sources/(uses)	<u>(26,800)</u>	<u>(45,900)</u>	<u>-</u>	<u>55,400</u>	<u>23,021</u>
Net change in fund balances	<u>(405,922)</u>	<u>(266,188)</u>	<u>249,046</u>	<u>889,072</u>	<u>1,605,011</u>
Fund balances - beginning	<u>1,672,438</u>	<u>1,920,165</u>	<u>718,895</u>	<u>5,814,430</u>	<u>1,843,426</u>
Fund balances - ending	<u>\$ 1,266,516</u>	<u>\$ 1,653,977</u>	<u>\$ 967,941</u>	<u>\$ 6,703,502</u>	<u>\$ 3,448,437</u>

Community Redevelopment Agency	PCH	Program Special Revenue	Trees	Parkland Dedication	Neighborhood Stabilization Program 2	Total Nonmajor Special Revenue Funds
\$ 605,938	\$ -	\$ -	\$ 46,950	\$ 106,389	\$ -	\$ 989,558
-	-	-	-	-	-	2,501,821
580,485	-	249,717	-	-	-	1,998,197
-	-	7,341	-	-	-	5,760,589
-	-	141,535	-	-	-	141,535
64,001	-	19,065	15,089	49,096	-	367,209
2,828	7,888	-	-	-	-	23,174
1,253,252	7,888	417,658	62,039	155,485	-	11,782,083
-	-	5,805	-	-	-	5,805
-	-	-	-	-	-	3,997,543
157,533	650	-	-	-	-	2,284,640
-	-	94,742	87,449	-	-	182,191
2,864,379	-	-	86,455	-	-	4,647,297
3,021,912	650	100,547	173,904	-	-	11,117,476
(1,768,660)	7,238	317,111	(111,865)	155,485	-	664,607
-	-	-	-	-	-	90,000
-	-	(11,400)	-	-	-	(153,300)
-	-	-	-	-	-	57,621
-	-	(11,400)	-	-	-	(5,679)
(1,768,660)	7,238	305,711	(111,865)	155,485	-	658,928
4,349,402	55,314	934,912	844,521	2,759,188	-	20,912,691
\$ 2,580,742	\$ 62,552	\$ 1,240,623	\$ 732,656	\$ 2,914,673	\$ -	\$ 21,571,619

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ 1,135,000	\$ 1,135,000	\$ 1,003,938	\$ (131,062)
Investment earnings	40,000	40,000	20,308	(19,692)
Other	-	-	724	724
Total revenues	<u>1,175,000</u>	<u>1,175,000</u>	<u>1,024,970</u>	<u>(150,030)</u>
Expenditures				
Current:				
Public works	50,000	172,428	94,245	78,183
Economic development	395,000	395,006	371,090	23,916
Capital outlay	49,000	1,370,954	938,757	432,197
Total expenditures	<u>494,000</u>	<u>1,938,388</u>	<u>1,404,092</u>	<u>534,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>681,000</u>	<u>(763,388)</u>	<u>(379,122)</u>	<u>384,266</u>
Other Financing Sources/(Uses)				
Transfers out	<u>(26,800)</u>	<u>(26,800)</u>	<u>(26,800)</u>	-
Total other financing sources (uses)	<u>(26,800)</u>	<u>(26,800)</u>	<u>(26,800)</u>	-
Net change in fund balance	<u>\$ 654,200</u>	<u>\$ (790,188)</u>	<u>(405,922)</u>	<u>\$ 384,266</u>
Fund Balance - beginning			<u>1,672,438</u>	
Fund Balance - ending			<u>\$ 1,266,516</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Investment earnings	\$ 42,900	\$ 42,900	\$ 35,834	\$ (7,066)
Other	<u>-</u>	<u>-</u>	<u>498</u>	<u>498</u>
Total revenues	<u>42,900</u>	<u>42,900</u>	<u>36,332</u>	<u>(6,568)</u>
Expenditures				
Public works	-	-	-	-
Capital outlay	<u>262,800</u>	<u>852,459</u>	<u>256,620</u>	<u>595,839</u>
Total expenditures	<u>262,800</u>	<u>852,459</u>	<u>256,620</u>	<u>595,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(219,900)</u>	<u>(809,559)</u>	<u>(220,288)</u>	<u>589,271</u>
Other Financing Sources/(Uses)				
Transfers out	<u>(45,900)</u>	<u>(45,900)</u>	<u>(45,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>(45,900)</u>	<u>(45,900)</u>	<u>(45,900)</u>	<u>-</u>
Net change in fund balance	<u>\$ (265,800)</u>	<u>\$ (855,459)</u>	<u>(266,188)</u>	<u>\$ 589,271</u>
Fund Balance - beginning			<u>1,920,165</u>	
Fund Balance - ending			<u>\$ 1,653,977</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 207,200	\$ 207,200	\$ 230,281	\$ 23,081
Investment earnings	8,800	8,800	18,765	9,965
Total revenues	<u>216,000</u>	<u>216,000</u>	<u>249,046</u>	<u>33,046</u>
Expenditures				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>216,000</u>	<u>216,000</u>	<u>249,046</u>	<u>33,046</u>
Net change in fund balance	<u>\$ 216,000</u>	<u>\$ 216,000</u>	249,046	<u>\$ 33,046</u>
Fund Balance - beginning			<u>718,895</u>	
Fund Balance - ending			<u>\$ 967,941</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Licenses and permits	\$ 1,900,000	\$ 1,900,000	\$ 2,501,821	\$ 601,821
Investment earnings	45,000	45,000	115,809	70,809
Total revenues	<u>1,945,000</u>	<u>1,945,000</u>	<u>2,617,630</u>	<u>672,630</u>
Expenditures				
Current:				
Economic development	1,939,600	1,948,601	1,755,367	193,234
Capital outlay	-	30,026	28,591	1,435
Total expenditures	<u>1,939,600</u>	<u>1,978,627</u>	<u>1,783,958</u>	<u>194,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,400</u>	<u>(33,627)</u>	<u>833,672</u>	<u>867,299</u>
Other Financing Sources/(Uses)				
Transfers in	90,000	90,000	90,000	-
Transfers out	<u>(34,600)</u>	<u>(34,600)</u>	<u>(34,600)</u>	-
Total other financing sources (uses)	<u>55,400</u>	<u>55,400</u>	<u>55,400</u>	-
Net change in fund balance	<u>\$ 60,800</u>	<u>\$ 21,773</u>	889,072	<u>\$ 867,299</u>
Fund Balance - beginning			<u>5,814,430</u>	
Fund Balance - ending			<u>\$ 6,703,502</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Stormwater Fund
Fiscal Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ 177,200	\$ 177,200	\$ 164,057	\$ (13,143)
Charges for services	5,737,400	5,737,400	5,753,248	15,848
Investment earnings	40,000	40,000	29,242	(10,758)
Other	-	-	11,236	11,236
Total revenues	<u>5,954,600</u>	<u>5,954,600</u>	<u>5,957,783</u>	<u>3,183</u>
Expenditures				
Current:				
Public works	5,612,400	5,847,074	3,903,298	1,943,776
Capital outlay	985,400	1,712,306	472,495	1,239,811
Total expenditures	<u>6,597,800</u>	<u>7,559,380</u>	<u>4,375,793</u>	<u>3,183,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(643,200)</u>	<u>(1,604,780)</u>	<u>1,581,990</u>	<u>3,186,770</u>
Other Financing Sources/(Uses)				
Transfers out	(34,600)	(34,600)	(34,600)	-
Sale of capital assets	50,000	50,000	57,621	7,621
Total other financing sources (uses)	<u>15,400</u>	<u>15,400</u>	<u>23,021</u>	<u>7,621</u>
Net change in fund balance	<u>\$ (627,800)</u>	<u>\$ (1,589,380)</u>	<u>1,605,011</u>	<u>\$ 3,194,391</u>
Fund Balance - beginning			<u>1,843,426</u>	
Fund Balance - ending			<u>\$ 3,448,437</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 605,700	\$ 605,700	\$ 605,938	\$ 238
Intergovernmental	1,763,500	1,763,500	580,485	(1,183,015)
Investment earnings	35,000	35,000	64,001	29,001
Other	-	-	2,828	2,828
Total revenues	<u>2,404,200</u>	<u>2,404,200</u>	<u>1,253,252</u>	<u>(1,150,948)</u>
Expenditures				
Economic development	269,900	269,900	157,533	112,367
Capital outlay	<u>2,243,600</u>	<u>5,298,105</u>	<u>2,864,379</u>	<u>2,433,726</u>
Total expenditures	<u>2,513,500</u>	<u>5,568,005</u>	<u>3,021,912</u>	<u>2,546,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,300)</u>	<u>(3,163,805)</u>	<u>(1,768,660)</u>	<u>1,395,145</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>\$ (109,300)</u>	<u>\$ (3,163,805)</u>	<u>(1,768,660)</u>	<u>\$ 1,395,145</u>
Fund Balance - beginning			<u>4,349,402</u>	
Fund Balance - ending			<u>\$ 2,580,742</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Other	\$ 7,900	\$ 7,900	\$ 7,888	\$ (12)
Total revenues	<u>7,900</u>	<u>7,900</u>	<u>7,888</u>	<u>(12)</u>
Expenditures				
Current:				
Economic development	<u>25,500</u>	<u>25,500</u>	<u>650</u>	<u>24,850</u>
Total expenditures	<u>25,500</u>	<u>25,500</u>	<u>650</u>	<u>24,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,600)</u>	<u>(17,600)</u>	<u>7,238</u>	<u>24,838</u>
Net change in fund balance	<u>\$ (17,600)</u>	<u>\$ (17,600)</u>	<u>7,238</u>	<u>\$ 24,838</u>
Fund Balance - beginning			<u>55,314</u>	
Fund Balance - ending			<u>\$ 62,552</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental	\$ 96,000	\$ 96,000	\$ 249,717	\$ 153,717
Charges for services	15,400	15,400	7,341	(8,059)
Contributions and donations	154,500	154,500	141,535	(12,965)
Investment earnings	9,500	9,500	19,065	9,565
Total revenues	<u>275,400</u>	<u>275,400</u>	<u>417,658</u>	<u>142,258</u>
Expenditures				
Current:				
Public safety	53,500	54,963	5,805	49,158
Economic development	5,000	5,000	-	5,000
Culture and recreation	250,800	250,800	94,742	156,058
Capital outlay	43,000	43,000	-	43,000
Total expenditures	<u>352,300</u>	<u>353,763</u>	<u>100,547</u>	<u>253,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,900)</u>	<u>(78,363)</u>	<u>317,111</u>	<u>395,474</u>
Other Financing Sources/(Uses)				
Transfers out	<u>(11,400)</u>	<u>(11,400)</u>	<u>(11,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,400)</u>	<u>(11,400)</u>	<u>(11,400)</u>	<u>-</u>
Net change in fund balance	<u>\$ (88,300)</u>	<u>\$ (89,763)</u>	<u>305,711</u>	<u>\$ 395,474</u>
Fund Balance - beginning			<u>934,912</u>	
Fund Balance - ending			<u>\$ 1,240,623</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Tree Fund
Fiscal Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 125,000	\$ 125,000	\$ 46,950	\$ (78,050)
Investment earnings	7,000	7,000	15,089	8,089
Total revenues	<u>132,000</u>	<u>132,000</u>	<u>62,039</u>	<u>(69,961)</u>
Expenditures				
Culture and recreation	145,000	237,905	87,449	150,456
Capital outlay	218,000	310,061	86,455	223,606
Total expenditures	<u>363,000</u>	<u>547,966</u>	<u>173,904</u>	<u>374,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(231,000)</u>	<u>(415,966)</u>	<u>(111,865)</u>	<u>304,101</u>
Net change in fund balance	<u>\$ (231,000)</u>	<u>\$ (415,966)</u>	<u>(111,865)</u>	<u>\$ 304,101</u>
Fund Balance - beginning			<u>844,521</u>	
Fund Balance - ending			<u>\$ 732,656</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 100,000	\$ 100,000	\$ 106,389	\$ 6,389
Investment earnings	16,900	16,900	49,096	32,196
Total revenues	<u>116,900</u>	<u>116,900</u>	<u>155,485</u>	<u>38,585</u>
Expenditures				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>116,900</u>	<u>116,900</u>	<u>155,485</u>	<u>38,585</u>
Net change in fund balance	<u>\$ 116,900</u>	<u>\$ 116,900</u>	155,485	<u>\$ 38,585</u>
Fund Balance - beginning			<u>2,759,188</u>	
Fund Balance - ending			<u>\$ 2,914,673</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, 2020

	<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, 2020

	<u>Transportation Capital Projects</u>	<u>Technology Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets			
Cash and investments	\$ 1,432,498	\$ 1,165,675	\$ 2,598,173
Receivables:			
Accrued interest	7,172	2,974	10,146
Due from other governments	<u>33,911</u>	<u>-</u>	<u>33,911</u>
Total assets	<u><u>\$ 1,473,581</u></u>	<u><u>\$ 1,168,649</u></u>	<u><u>\$ 2,642,230</u></u>
Liabilities			
Accounts payable	\$ 623,128	\$ 425,033	\$ 1,048,161
Total Liabilities	<u>623,128</u>	<u>425,033</u>	<u>1,048,161</u>
Fund balances			
Restricted	<u>850,453</u>	<u>743,616</u>	<u>1,594,069</u>
Total fund balances	<u>850,453</u>	<u>743,616</u>	<u>1,594,069</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 1,473,581</u></u>	<u><u>\$ 1,168,649</u></u>	<u><u>\$ 2,642,230</u></u>

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Fiscal Year Ended September 30, 2020

	Transportation Capital Projects	Technology Capital Projects	Total Nonmajor Capital Projects Funds
Revenues			
Investment earnings	\$ 71,245	\$ -	\$ 71,245
Other	95,821	-	95,821
Total revenues	<u>167,066</u>	<u>-</u>	<u>167,066</u>
Expenditures			
Current:			
General government	-	2,309,684	2,309,684
Public works	4,975,137	-	4,975,137
Total expenditures	<u>4,975,137</u>	<u>2,309,684</u>	<u>7,284,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,808,071)</u>	<u>(2,309,684)</u>	<u>(7,117,755)</u>
Other financing sources/(uses)			
Transfers in	169,300	553,300	722,600
Capital project loan	-	2,500,000	2,500,000
Total other financing sources/(uses)	<u>169,300</u>	<u>3,053,300</u>	<u>3,222,600</u>
Net change in fund balances	(4,638,771)	743,616	(3,895,155)
Fund balances - beginning	<u>5,489,224</u>	<u>-</u>	<u>5,489,224</u>
Fund balances - ending	<u><u>\$ 850,453</u></u>	<u><u>\$ 743,616</u></u>	<u><u>\$ 1,594,069</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variances Positive (Negative)</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 71,245	\$ 71,245
Other	-	-	95,821	95,821
Total revenues	-	-	167,066	167,066
EXPENDITURES				
Capital outlay	175,000	6,288,941	4,975,137	1,313,804
Total expenditures	175,000	6,288,941	4,975,137	1,313,804
Excess (deficiency) of revenues over (under) expenditures	<u>(175,000)</u>	<u>(6,288,941)</u>	<u>(4,808,071)</u>	<u>1,480,870</u>
OTHER FINANCING SOURCES/(USES)				
Transfers in	175,000	175,000	169,300	(5,700)
Total other financing sources/(uses)	175,000	175,000	169,300	(5,700)
Net change in fund balance	<u>\$ -</u>	<u>\$ (6,113,941)</u>	<u>(4,638,771)</u>	<u>\$ 1,475,170</u>
Fund Balance - beginning			<u>5,489,224</u>	
Fund Balance - ending			<u>\$ 850,453</u>	

CITY OF LARGO, FLORIDA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Technology Capital Projects
Fiscal Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variances Positive (Negative)</u>
EXPENDITURES				
Capital outlay	\$ 3,200,000	\$ 3,280,000	\$ 2,309,684	\$ 970,316
Total expenditures	<u>3,200,000</u>	<u>3,280,000</u>	<u>2,309,684</u>	<u>970,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,200,000)</u>	<u>(3,280,000)</u>	<u>(2,309,684)</u>	<u>970,316</u>
OTHER FINANCING SOURCES/(USES)				
Transfers in	-	-	553,300	553,300
Capital project loan	<u>3,200,000</u>	<u>3,200,000</u>	<u>2,500,000</u>	<u>(700,000)</u>
Total other financing sources/(uses)	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,053,300</u>	<u>(146,700)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (80,000)</u>	743,616	<u>\$ 823,616</u>
Fund Balance - beginning			<u>-</u>	
Fund Balance - ending			<u>\$ 743,616</u>	

INTERNAL SERVICE FUNDS

City of Largo, Florida
Internal Service Funds
September 30, 2020

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, 2020

	Fleet Services	Risk Management	Total
Assets			
Current assets			
Cash and investments	\$ 1,305,099	\$ 6,079,680	\$ 7,384,779
Accrued interest receivable	5,738	29,066	34,804
Other receivables	-	95,013	95,013
Inventories, at cost	77,339	-	77,339
Prepaid expenses and deposits	-	782,019	782,019
Total current assets	<u>1,388,176</u>	<u>6,985,778</u>	<u>8,373,954</u>
Capital assets			
Improvements other than buildings	78,291	-	78,291
Machinery and equipment	491,328	-	491,328
Intangible assets	1,723	12,061	13,784
Less accumulated depreciation	<u>(362,491)</u>	<u>(4,322)</u>	<u>(366,813)</u>
Total capital assets	<u>208,851</u>	<u>7,739</u>	<u>216,590</u>
Deferred Outflows			
Deferred outflow-OPEB	<u>51,781</u>	<u>19,434</u>	<u>71,215</u>
Total assets	<u>1,648,808</u>	<u>7,012,951</u>	<u>8,661,759</u>
Liabilities			
Current liabilities			
Accounts payable	117,996	446,069	564,065
Accrued payroll and vacation	33,465	40,865	74,330
Estimated claims payable, current portion	-	12,000	12,000
Total current liabilities	<u>151,461</u>	<u>498,934</u>	<u>650,395</u>
Noncurrent liabilities			
Unearned revenue	-	661,662	661,662
Estimated claims and contracts payable	-	2,238,000	2,238,000
Compensated absences	23,564	8,819	32,383
Total OPEB Liability	278,499	104,533	383,032
Long-term debt	<u>27,179</u>	<u>1,394</u>	<u>28,573</u>
Total noncurrent liabilities	<u>329,242</u>	<u>3,014,408</u>	<u>3,343,650</u>
Total liabilities	<u>480,703</u>	<u>3,513,342</u>	<u>3,994,045</u>
Net position			
Net investment in capital assets	208,850	7,739	216,589
Unrestricted	<u>959,255</u>	<u>3,491,870</u>	<u>4,451,125</u>
Total net position	<u>\$ 1,168,105</u>	<u>\$ 3,499,609</u>	<u>\$ 4,667,714</u>

CITY OF LARGO, FLORIDA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Fiscal Year Ended September 30, 2020

	<u>Fleet Services</u>	<u>Risk Management</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 2,577,687	\$ 14,451,666	\$ 17,029,353
Total operating revenues	<u>2,577,687</u>	<u>14,451,666</u>	<u>17,029,353</u>
Operating expenses			
Personnel services	1,035,334	510,571	1,545,905
Cost of goods sold	846,172	-	846,172
Contractual services	320,534	196,045	516,579
Supplies	66,711	5,420	72,131
Repairs and maintenance	20,688	-	20,688
Utilities	11,090	-	11,090
Professional services	2,683	468,703	471,386
Fuel	6,759	-	6,759
Charges by the Fleet Services Fund	20,000	-	20,000
Charges by the General Fund	140,800	21,600	162,400
Charges by the Risk Management Fund	20,600	-	20,600
Depreciation and amortization	26,334	1,206	27,540
Claims	-	2,835,388	2,835,388
Insurance	-	11,208,108	11,208,108
Other	36,431	46,324	82,755
Total operating expenses	<u>2,554,136</u>	<u>15,293,365</u>	<u>17,847,501</u>
Operating income (loss)	<u>23,551</u>	<u>(841,699)</u>	<u>(818,148)</u>
Nonoperating revenues			
Investment earnings	20,793	124,184	144,977
Gain or loss on disposal of capital assets	14,140	-	14,140
Other, net	85,588	-	85,588
Total nonoperating revenues	<u>120,521</u>	<u>124,184</u>	<u>244,705</u>
Change in net position	144,072	(717,515)	(573,443)
Total net position - beginning, as restated	<u>1,024,033</u>	<u>4,217,124</u>	<u>5,241,157</u>
Total net position - ending	<u>\$ 1,168,105</u>	<u>\$ 3,499,609</u>	<u>\$ 4,667,714</u>

CITY OF LARGO, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended September 30, 2020

	<u>Fleet Services</u>	<u>Risk Management</u>	<u>Total</u>
Operating activities			
Cash received from customers	\$ 3,625,912	\$ 13,152,115	\$ 16,778,027
Cash received from internal departments	-	1,439,500	1,439,500
Cash paid to employees	(932,664)	(510,571)	(1,443,235)
Cash paid to vendors	(2,459,550)	(14,185,602)	(16,645,152)
Cash paid for internal services	(184,900)	(21,600)	(206,500)
Net cash provided by (used in) operating activities	<u>48,798</u>	<u>(126,158)</u>	<u>(77,360)</u>
Capital and related financing activities			
Sale of capital assets	99,728	-	99,728
Acquisition of capital assets	(66,930)	-	(66,930)
Net cash provided by (used in) capital and related financing activities	<u>32,798</u>	<u>-</u>	<u>32,798</u>
Investing activities			
Investment earnings	24,617	149,439	174,056
Net cash provided by investing activities	<u>24,617</u>	<u>149,439</u>	<u>174,056</u>
Net increase (decrease) in cash investments	<u>106,213</u>	<u>23,281</u>	<u>129,494</u>
Cash and investments			
Beginning of year	<u>1,198,886</u>	<u>6,056,399</u>	<u>7,255,285</u>
End of year	<u><u>\$ 1,305,099</u></u>	<u><u>\$ 6,079,680</u></u>	<u><u>\$ 7,384,779</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 23,551	\$ (841,699)	\$ (818,148)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	26,334	1,206	27,540
(Increase)/decrease in assets and increase/(decrease) in liabilities:			
Accounts receivable	-	(18,350)	(18,350)
Inventories	21,046	-	21,046
Prepaid expenses and other assets	-	(62,379)	(62,379)
Accounts payable	(74,138)	105,046	30,908
Accrued payroll and vacation	52,005	39,724	91,729
Unearned revenue	-	32,294	32,294
Estimated claims payable	-	618,000	618,000
Total adjustments	<u>25,247</u>	<u>715,541</u>	<u>740,788</u>
Net cash provided by (used in) operating activities	<u><u>\$ 48,798</u></u>	<u><u>\$ (126,158)</u></u>	<u><u>\$ (77,360)</u></u>

SUPPLEMENTARY INFORMATION

CITY OF LARGO, FLORIDA
Supplemental to Financial Statements
September 30, 2020

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	\$ 16,423,479	\$ 1,993,733	\$ 2,991,936
Other Funding Sources			
EMS	5,078,659	672,295	1,186,582
EMS and Fire Rescue Vehicles	8,280	-	-
Hazmat	14,747	-	-
Tech Rescue and CME Reimbursement	104,130	13,784	24,329
Covid Transportation Reimbursement	1,013	-	-
State Pension	488,519	65,136	97,704
City of Belleair Bluffs	325,983	-	-
Town of Belleair	-	618,822	-
Fire Inspections Fees	98,015	-	-
Plan Review Fees	280,179	-	-
State Education Incentive	44,870	6,011	8,627
Total Other Funding Sources	6,444,395	1,376,048	1,317,242
Net Outlay by Contractor	9,979,084	617,685	1,674,694
Pinellas County Percentage of District	14.38%	64.03%	74.12%
Total Pinellas County Share	1,434,992	395,504	1,241,283
Amount Paid to City by Pinellas County	1,267,729	427,154	1,281,040
Total Due to Pinellas County (overexpended)	\$ (167,263)	\$ 31,650	\$ 39,757

CITY OF LARGO, FLORIDA
Schedule of Revenue and Expenditures and Changes in Reserves -
Largo Fire and Emergency Medical Services
Fiscal Year Ended September 30, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenue						
County:						
Fire	\$ 1,454,600	\$ 1,267,729	\$ (186,871)	\$ 1,084,200	\$ 1,234,381	\$ 150,181
EMS	5,085,500	5,078,659	(6,841)	5,174,320	4,783,538	(390,782)
Capital Contribution	205,000	8,280	(196,720)	194,000	272,027	78,027
State:						
Pension contribution	437,100	488,519	51,419	466,500	462,315	(4,185)
Education incentive	41,800	44,870	3,070	44,200	39,152	(5,048)
Hazmat, Tech Rescue, CME and Other reimbursement	124,100	119,890	(4,210)	130,000	185,712	55,712
Municipality:						
Belleair Bluffs mgmt. contract	330,300	325,983	(4,317)	317,600	317,559	(41)
Town of Belleair mgmt. contract	-	-	-	-	-	-
Current	10,748,632	9,089,549	(1,659,083)	8,120,253	7,220,756	(899,497)
Total revenue	<u>18,427,032</u>	<u>16,423,479</u>	<u>(2,003,553)</u>	<u>15,531,073</u>	<u>14,515,440</u>	<u>(1,015,633)</u>
Expenditures						
General Fund:						
Salaries and benefits	14,090,200	13,446,054	644,146	13,305,200	12,844,644	460,556
Operating	1,937,526	2,034,646	(97,120)	2,009,871	1,520,843	489,028
Capital outlay	619,500	-	619,500	25,000	11,500	13,500
Local Option Sales Tax Fund:						
Capital outlay	1,779,806	942,779	837,027	191,002	138,453	52,549
Total expenditures	<u>18,427,032</u>	<u>16,423,479</u>	<u>2,003,553</u>	<u>15,531,073</u>	<u>14,515,440</u>	<u>1,015,633</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Largo Fire Reserve:			2020			2019
Reserved fund balance at beginning of year			\$ 2,120,430			\$ 1,425,830
Changes to reserves			615,000			694,600
Reserved fund balance at end of year			<u>\$ 2,735,430</u>			<u>\$ 2,120,430</u>

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas.
FY2020 and FY2019 reductions were \$49,409 and \$0, respectively, 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, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenue						
County:						
Fire	\$ 425,200	\$ 427,154	\$ 1,954	\$ 583,800	\$ 368,909	\$ (214,891)
EMS	665,100	672,295	7,195	646,790	623,240	(23,550)
Capital Contribution	-	-	-	-	-	-
State:						
Pension contribution	58,300	65,136	6,836	62,200	61,642	(558)
Education incentive	5,400	6,011	611	5,800	5,622	(178)
Hazmat, Tech Rescue and CME reimbursement	17,000	13,784	(3,216)	-	17,696	17,696
Municipality:						
Town of Belleair mgmt contract	626,000	618,822	(7,178)	604,300	601,691	(2,609)
Current	301,179	190,531	(110,648)	75,499	250,916	175,417
Total revenue	<u>2,098,179</u>	<u>1,993,733</u>	<u>(104,446)</u>	<u>1,978,389</u>	<u>1,929,716</u>	<u>(48,673)</u>
Expenditures						
General Fund:						
Salaries and benefits	1,788,900	1,748,505	40,395	1,691,800	1,699,886	(8,086)
Operating	267,079	245,228	21,851	281,589	229,830	51,759
Capital outlay	42,200	-	42,200	5,000	-	5,000
Local Option Sales Tax Fund:						
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,098,179</u>	<u>1,993,733</u>	<u>104,446</u>	<u>1,978,389</u>	<u>1,929,716</u>	<u>48,673</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Belleair Bluffs Fire Reserve:			2020			2019
Reserved fund balance at beginning of year			\$ 533,870			\$ 420,690
Changes to reserves			91,000			113,180
Reserved fund balance at end of year			<u>\$ 624,870</u>			<u>\$ 533,870</u>

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas. FY2019 and FY2020 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, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenue						
County:						
Fire	\$ 1,313,400	\$ 1,281,040	\$ (32,360)	\$ 795,300	\$ 1,191,895	\$ 396,595
EMS	1,172,400	1,186,582	14,182	646,790	1,062,026	415,236
Capital contribution	-	-	-	775,000	581,653	(193,347)
State:						
Pension contribution	87,500	97,704	10,204	93,300	92,463	(837)
Education incentive	7,800	8,627	827	8,000	8,098	98
Hazmat, Tech Rescue and CME reimbursement	28,900	24,329	24,329	-	30,155	30,155
Municipality:						
Current	495,428	393,654	(101,774)	1,380,927	687,691	(693,236)
Total revenue	<u>3,105,428</u>	<u>2,991,936</u>	<u>(113,492)</u>	<u>3,699,317</u>	<u>3,653,981</u>	<u>(45,336)</u>
Expenditures						
General Fund:						
Salaries and benefits	2,766,500	2,728,168	38,332	2,585,900	2,612,357	(26,457)
Operating	282,628	263,768	18,860	308,968	255,686	53,282
Capital outlay	56,300	-	56,300	5,000	-	5,000
Local Option Sales Tax Fund:						
Capital outlay	-	-	-	799,449	785,938	13,511
Total expenditures	<u>3,105,428</u>	<u>2,991,936</u>	<u>113,492</u>	<u>3,699,317</u>	<u>3,653,981</u>	<u>45,336</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>2020</u>			<u>2019</u>
Changes to reserves			\$ 1,371,540			\$ 957,110
Reserved fund balances at end of year			-			414,430
			<u>\$ 1,371,540</u>			<u>\$ 1,371,540</u>

Notes:

Fire revenues are shown at gross. Actual amounts received may be reduced for overpayment by the County of Pinellas.
FY2019 and FY2020 reductions were \$0 for previous year overpayments.
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 Position by Component
Schedule B	Changes in Net Position
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.

SCHEDULE A

**CITY OF LARGO, FLORIDA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	2011	2012	2013	2014	2015 (1)	2016	2017	2018	2019	2020
Governmental activities:										
Net invested in capital assets	\$ 113,640	\$ 113,597	\$ 117,811	\$ 122,265	\$ 122,159	\$ 124,369	\$ 126,873	\$ 134,422	\$ 139,175	\$ 144,793
Restricted	26,783	35,520	34,495	33,541	37,313	41,783	40,747	36,719	39,309	40,138
Unrestricted	20,745	11,033	9,690	11,350	(20,187)	(20,472)	(18,660)	(19,373)	(15,700)	(16,387)
Total governmental activities net position	<u>161,168</u>	<u>160,150</u>	<u>161,996</u>	<u>167,156</u>	<u>139,285</u>	<u>145,680</u>	<u>148,960</u>	<u>151,768</u>	<u>162,784</u>	<u>168,544</u>
Business-type activities:										
Net invested in capital assets	53,805	58,868	61,381	65,018	78,180	99,029	88,411	78,869	88,010	95,390
Restricted	11,532	11,866	12,386	7,406	8,390	8,992	9,114	9,378	10,388	10,820
Unrestricted	35,308	32,509	36,621	42,270	33,892	17,516	30,241	39,573	34,964	29,516
Total business-type activities net position	<u>100,645</u>	<u>103,243</u>	<u>110,388</u>	<u>114,694</u>	<u>120,462</u>	<u>125,537</u>	<u>127,766</u>	<u>127,820</u>	<u>133,362</u>	<u>135,726</u>
Primary government:										
Net invested in capital assets	167,445	172,465	179,192	187,283	200,339	223,398	215,284	213,291	227,185	240,183
Restricted	38,315	47,386	46,881	40,947	45,703	50,775	49,861	46,097	49,697	50,958
Unrestricted	56,053	43,542	46,311	53,620	13,705	(2,956)	11,581	20,200	19,264	13,129
Total primary government net position	<u>\$ 261,813</u>	<u>\$ 263,393</u>	<u>\$ 272,384</u>	<u>\$ 281,850</u>	<u>\$ 259,747</u>	<u>\$ 271,217</u>	<u>\$ 276,726</u>	<u>\$ 279,588</u>	<u>\$ 296,146</u>	<u>\$ 304,270</u>

Notes: (1) FY2015 was the first year the net pension liability was required to be reported, which created a deficit in Unrestricted Net Position. The OPEB liability is also partly responsible for the deficit, because it is an implicit subsidy and is not being funded.

CITY OF LARGO, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	(amounts expressed in thousands)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 7,093	\$ 6,839	\$ 6,736	\$ 6,311	\$ 6,650	\$ 7,567	\$ 8,273	\$ 9,353	\$ 8,937	\$ 10,723
Public safety	37,138	37,160	36,352	35,695	36,685	39,663	41,291	44,690	45,615	50,011
Public Works	10,560	10,106	8,372	8,735	9,253	8,805	10,088	10,388	10,551	11,987
Economic development	3,301	4,375	5,603	5,282	5,121	5,511	6,855	7,362	6,400	6,194
Culture and recreation	14,313	14,202	13,517	14,714	16,118	15,912	15,882	16,548	17,482	16,815
Interest on long-term debt	248	554	516	447	376	298	232	160	78	3
Total governmental activities expenses	72,653	73,236	71,096	71,184	74,203	77,756	82,621	88,501	89,063	95,733
Business-type activities:										
Wastewater	20,632	21,093	17,005	18,647	18,356	19,111	21,238	21,094	21,970	22,472
Solid Waste	10,195	9,703	9,788	10,358	10,586	10,542	11,596	12,149	12,358	13,374
Golf Course	1,003	1,007	969	1,007	996	1,012	1,133	1,065	1,070	1,184
Total business-type activities expenses	31,830	31,803	27,762	30,012	29,938	30,665	33,967	34,308	35,398	37,030
Total primary government expenses	\$ 104,483	\$ 105,039	\$ 98,858	\$ 101,196	\$ 104,141	\$ 108,421	\$ 116,588	\$ 122,809	\$ 124,461	\$ 132,763
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,948	\$ 2,874	\$ 2,864	\$ 3,067	\$ 3,097	\$ 3,172	\$ 3,241	\$ 3,570	\$ 3,762	\$ 3,840
Public safety	8,812	9,131	8,093	8,596	8,282	9,057	9,976	10,756	12,293	12,493
Public works	3,825	4,050	4,498	4,541	4,699	5,869	5,849	5,569	5,686	5,753
Economic development	2,473	2,394	2,619	3,156	3,578	2,921	2,390	3,074	3,906	4,052
Culture and recreation	4,403	4,144	4,181	4,768	4,837	4,642	5,076	5,430	5,432	3,531
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,976	2,352	1,930	2,757	2,594	2,817	3,008	2,531	3,625	3,705
Capital grants and contributions	2,034	2,363	2,083	439	786	1,587	726	1,521	1,493	824
Total governmental activities program revenues	26,471	27,308	26,268	27,324	27,873	30,065	30,266	32,451	36,197	34,198
Business-type activities:										
Charges for services:										
Wastewater	22,253	22,497	22,970	22,290	22,514	22,631	22,900	22,920	22,892	22,979
Solid Waste	10,455	10,186	10,165	10,359	10,452	10,773	11,118	10,960	13,007	13,351
Golf Course	787	874	874	847	872	863	972	945	1,036	913
Operating grants and contributions	57	60	60	73	61	60	99	60	233	204
Capital grants and contributions	216	323	106	47	882	535	387	190	798	273
Total business-type activities program revenues	33,768	33,940	34,175	33,616	34,781	34,862	35,476	35,075	37,966	37,720
Total primary government program revenues	\$ 60,239	\$ 61,248	\$ 60,443	\$ 60,940	\$ 62,654	\$ 64,927	\$ 65,742	\$ 67,526	\$ 74,163	\$ 71,918

CITY OF LARGO, FLORIDA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	(amounts expressed in thousands)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (46,182)	\$ (45,928)	\$ (44,828)	\$ (43,860)	\$ (46,330)	\$ (47,691)	\$ (52,355)	\$ (56,049)	\$ (52,865)	\$ (61,535)
Business-type activities	1,938	2,137	6,413	3,604	4,843	4,197	1,509	767	2,568	690
Total primary government net (expense)/revenue	\$ (44,244)	\$ (43,791)	\$ (38,415)	\$ (40,256)	\$ (41,487)	\$ (43,494)	\$ (50,846)	\$ (55,282)	\$ (50,297)	\$ (60,845)
General Revenues										
Governmental activities:										
Taxes										
Property	\$ 14,545	\$ 14,595	\$ 15,691	\$ 16,568	\$ 17,395	\$ 19,326	\$ 21,026	\$ 24,139	\$ 26,054	\$ 27,593
Utility	7,723	7,224	7,786	8,202	7,991	8,382	8,440	8,676	9,301	9,788
Franchise	6,104	5,777	5,639	6,005	5,989	5,748	5,712	6,118	6,524	6,426
Sales & County Gas Tax	6,134	6,437	6,767	7,143	7,660	8,066	8,283	8,715	9,184	9,406
Communications services	3,772	3,611	3,374	3,139	3,073	2,914	2,871	2,886	2,659	2,708
Shared revenue	6,208	6,771	6,987	7,372	7,854	8,168	8,461	8,736	8,997	8,494
Investment earnings	491	424	331	320	621	463	469	568	1,638	1,113
Miscellaneous	75	72	99	271	394	973	538	1,950	1,050	1,768
Transfers in (out)	(175)	-	-	-	(788)	45	-	-	-	-
Demolition of City property	(455)	-	-	-	-	-	-	-	-	-
Extraordinary/Special Item	-	-	-	-	-	-	(164)	-	(280)	-
Total governmental activities	44,422	44,911	46,674	49,020	50,189	54,085	55,636	61,788	65,127	67,296
Business-type activities										
Investment earnings	554	376	278	313	657	496	443	585	1,737	1,188
Miscellaneous	40	84	455	389	267	427	276	537	50	485
Transfers in (out)	175	-	-	-	-	(45)	-	-	-	-
Demolition of City property	-	-	-	-	-	-	-	-	-	-
Extraordinary/Special Item	-	-	-	-	-	-	-	(1,168)	(59)	-
Total business-type activities	769	460	733	702	924	878	719	(46)	1,728	1,673
Total primary government general revenues	\$ 45,191	\$ 45,371	\$ 47,407	\$ 49,722	\$ 51,113	\$ 54,963	\$ 56,355	\$ 61,742	\$ 66,855	\$ 68,969
Change in Net Position										
Governmental activities	\$ (1,760)	\$ (1,017)	\$ 1,846	\$ 5,160	\$ 3,859	\$ 6,394	\$ 3,281	\$ 5,739	\$ 12,262	\$ 5,761
Business-type activities	2,707	2,597	7,146	4,306	5,767	5,075	2,228	721	4,296	2,363
Total primary government	\$ 947	\$ 1,580	\$ 8,992	\$ 9,466	\$ 9,626	\$ 11,469	\$ 5,509	\$ 6,460	\$ 16,558	\$ 8,124

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>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>	<u>2020</u>
Property tax	\$ 14,545	\$ 14,595	\$ 15,691	\$ 16,567	\$ 17,395	\$ 19,326	\$ 21,026	\$ 24,139	\$ 26,055	\$ 27,593
Utility tax	7,723	7,224	7,786	8,202	7,991	8,382	8,440	8,676	9,301	9,788
Franchise tax	6,104	5,777	5,639	6,005	5,989	5,748	5,712	6,117	6,524	6,426
Sales & County Gas tax	6,134	6,437	6,767	7,143	7,660	8,066	8,283	8,715	9,184	9,406
Communications Services tax	<u>3,772</u>	<u>3,611</u>	<u>3,374</u>	<u>3,139</u>	<u>3,073</u>	<u>2,914</u>	<u>2,871</u>	<u>2,886</u>	<u>2,659</u>	<u>2,708</u>
Total	<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>	<u>\$ 55,921</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)									
	2011	2012(1)	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 147	\$ 80	\$ 56	\$ 49	\$ 49	\$ 95	\$ 59	\$ 73	\$ 116	\$ 219
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	411	-	-	-	-	-	-	-	-	-
Assigned	10,379	7,038	6,516	7,122	6,857	5,375	5,638	5,744	5,158	10,624
Unassigned	4,106	5,143	4,284	5,337	4,925	7,204	9,796	11,284	17,526	15,511
Total General Fund	<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>	<u>\$ 26,354</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special revenue	21,763	36,926	24,909	27,686	31,607	35,324	33,600	30,491	32,869	34,265
Capital projects	4,939	4,302	3,493	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned										
Special revenue	81	96	123	138	135	158	175	128	99	98
Capital projects	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(13)	(4)	-	-	-	-
Total of all other governmental funds	<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>	<u>\$ 34,363</u>

Notes: (1) 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)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 32,482	\$ 31,821	\$ 33,470	\$ 35,102	\$ 36,150	\$ 38,753	\$ 40,611	\$ 44,542	\$ 47,201	\$ 49,538
Licenses and permits	7,502	7,292	7,262	8,151	8,617	7,720	7,190	8,282	9,321	8,937
Shared	10,705	11,997	10,994	11,071	12,079	13,371	13,363	13,905	15,301	14,474
Charges for services	16,441	16,864	16,519	17,476	17,396	19,109	20,444	21,261	23,114	21,643
Fines	567	456	429	424	405	390	403	348	338	794
Interfund charges	2,980	2,950	2,925	3,100	3,128	3,195	3,298	3,647	3,859	3,919
Special assessments	1	1	2	4	1	-	-	-	-	-
Contributions and donations	326	328	484	326	401	312	208	282	356	260
Investment earnings	530	450	299	289	557	417	400	508	1,496	1,168
Other	838	757	702	739	784	1,592	2,414	2,069	1,224	1,418
Total revenues	\$ 72,372	\$ 72,916	\$ 73,086	\$ 76,682	\$ 79,518	\$ 84,859	\$ 88,331	\$ 94,844	\$ 102,210	\$ 102,151
Expenditures										
Current:										
General government	\$ 6,515	\$ 6,110	\$ 6,230	\$ 5,813	\$ 6,045	\$ 6,747	\$ 7,073	\$ 8,380	\$ 7,841	\$ 9,155
Public safety	34,359	34,435	34,255	33,544	35,417	36,487	38,672	41,713	42,932	44,418
Public works	7,132	7,305	7,454	7,333	7,500	7,239	7,931	8,118	8,409	8,327
Economic development	5,985	5,343	4,782	4,570	4,801	5,327	5,955	6,981	6,078	6,761
Culture and recreation	11,956	11,879	11,284	11,908	13,390	13,192	12,828	13,830	14,410	13,600
Capital outlay (1)	11,993	11,438	19,750	9,029	5,602	7,786	11,219	13,830	11,350	16,132
Principal	774	1,952	3,001	3,070	3,141	3,214	3,288	3,365	3,444	1,752
Interest	169	444	534	465	394	321	247	176	100	12
Other debt service costs	-	50	-	-	-	-	-	-	-	-
Total expenditures	\$ 78,883	\$ 78,956	\$ 87,290	\$ 75,732	\$ 76,290	\$ 80,313	\$ 87,213	\$ 96,393	\$ 94,564	\$ 100,157
Excess (deficiency) of revenues over (under) expenditures	\$ (6,511)	\$ (6,040)	\$ (14,204)	\$ 950	\$ 3,228	\$ 4,546	\$ 1,118	\$ (1,549)	\$ 7,646	\$ 1,994
Other Financing Sources (Uses)										
Transfers in	129	261	887	3,796	33	90	-	101	6,143	824
Transfers out	(304)	(261)	(887)	(3,796)	(33)	(45)	-	(101)	(6,143)	(824)
Sale of capital assets	-	-	-	-	-	-	-	-	402	455
Capital project loans	9,750	17,000	-	-	-	-	-	-	-	2,500
Total other financing sources (uses)	9,575	17,000	-	-	-	45	-	-	402	2,955
Special Item – Sale of City Property	-	800	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	3,064	11,760	(14,204)	950	3,228	4,591	1,118	(1,549)	8,048	4,949
Fund Balances - Beginning	38,762	41,826	53,586	39,382	40,332	43,560	48,151	49,269	47,720	55,768
Fund Balances - Ending	<u>\$ 41,826</u>	<u>\$ 53,586</u>	<u>\$ 39,382</u>	<u>\$ 40,332</u>	<u>\$ 43,560</u>	<u>\$ 48,151</u>	<u>\$ 49,269</u>	<u>\$ 47,720</u>	<u>\$ 55,768</u>	<u>\$ 60,717</u>
Debt service as a percentage of non-capital expenditures, excluding transfers, special items and prior period adjustments (1)	1.4%	3.6%	5.2%	5.3%	5.0%	4.9%	4.7%	4.3%	4.3%	2.1%

Note: (1) The capital outlay on this schedule accounts for all capital items including library books (library books are considered capital items 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)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Property Tax	\$ 14,545	\$ 14,595	\$ 15,691	\$ 16,567	\$ 17,395	\$ 19,326	\$ 21,026	\$ 24,139	\$ 26,055	\$ 27,593
Local Option Sales Tax	5,219	5,508	5,820	6,195	6,677	7,055	7,264	7,634	8,069	8,402
Impact Fees	585	271	181	378	382	442	385	603	403	384
Communication Tax	3,772	3,611	3,374	3,139	3,073	2,914	2,871	2,886	2,659	2,708
Utility Tax:										
Electricity	6,427	5,894	6,398	6,764	6,522	6,849	6,846	7,058	7,678	8,128
Water	1,065	1,074	1,116	1,142	1,175	1,250	1,305	1,318	1,349	1,390
Fuel	241	258	267	296	297	290	285	293	283	273
	<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>	<u>9,791</u>
Franchise Tax:										
Electricity	5,904	5,574	5,435	5,782	5,804	5,546	5,507	5,897	6,314	6,225
Gas	200	203	205	223	178	202	204	221	210	201
	<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>	<u>6,426</u>
Total	<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>	<u>\$ 55,304</u>

SCHEDULE G

CITY OF LARGO, FLORIDA
Wastewater Charges
Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential within City (1) (2)										
Fixed Cost										
Single Family Units	\$ 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	\$ 18.80 11,431
Multi-family (duplex, triplex) Units	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	18.80 1,932
High Density (apts., mobile homes, condos) Units	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	14.10 27,764
Variable Charges (4)	2.12	2.12	2.12	2.12	2.12	2.12	2.12	2.30	2.30	2.30
Residential outside City (1) (2)										
Fixed Cost										
Single Family Units	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	23.50 4,466
Multi-family (duplex, triplex) Units	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	23.50 1,172
High Density (apts, mobile homes, condos) Units	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	17.63 4,467
Variable Charges (4)	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.88	2.88	2.88
Commercial within City										
Fixed Charge (3) Units	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	18.80 2,782
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 1,012	31.00 983	31.00 984	31.00 978	31.00 973	31.00 972	31.00 970	23.50 964	23.50 959	23.50 958
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 2011 - 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 - 2020.
- (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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Year (1)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real Property:										
Residential	\$ 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	\$ 4,633,759
Commercial	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	1,634,676
Other	555,376	552,843	425,277	575,387	602,364	662,416	674,253	672,845	692,267	723,899
Personal Property	453,485	445,267	433,694	425,073	406,829	445,876	464,699	413,328	432,364	452,905
Central Assessed Property	512	560	570	602	962	977	1,038	1,027	1,074	1,035
Total Assessed Value	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	7,446,274
Less Tax Exempt Value:										
Homestead	(700,761)	(671,498)	(637,961)	(629,278)	(626,665)	(644,290)	(653,646)	(674,838)	(688,465)	(704,938)
Save Our Home	(155,745)	(77,934)	(43,409)	(95,348)	(250,947)	(439,287)	(547,372)	(629,579)	(744,521)	(829,065)
Governmental	(259,951)	(248,383)	(255,192)	(259,283)	(270,700)	(321,257)	(315,696)	(319,892)	(330,267)	(342,902)
Other	(307,894)	(317,185)	(319,358)	(337,425)	(349,777)	(425,203)	(471,349)	(390,560)	(439,286)	(484,801)
Total Taxable Value	<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>	<u>\$ 5,084,568</u>
Total Direct Tax Rate (2)	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413	5.6200
Estimated Actual Taxable Value	\$ 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	\$ 9,307,843
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	71%	72%	72%	71%	70%	67%	67%	68%	68%	68%

Source: Pinellas County Property Appraiser

- (1) Tax year is calendar year.
- (2) Tax rate is per \$1,000 of taxable value

SCHEDULE I

CITY OF LARGO, FLORIDA
Property Tax Rates
Direct and Overlapping Governments⁽²⁾
Last Ten Fiscal Years
(in Mills, Per \$1,000 Assessed Valuation)

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Year (1)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City of Largo										
General Operating	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413	5.6200
Special Operating	-	-	-	-	-	-	-	-	-	-
Total City of Largo	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413	5.6200
General	4.811	4.811	5.011	5.276	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	0.083	0.083	0.083
Mosquito Control	-	-	-	-	-	-	-	-	-	-
EMS (2)	0.583	0.851	0.916	0.916	0.916	0.916	0.916	0.916	0.916	0.916
Total County	5.456	5.724	5.989	6.254	6.254	6.254	6.254	6.275	6.275	6.275
Other Authorities										
School Board	8.340	8.385	8.302	8.060	7.841	7.770	7.318	7.009	6.727	6.584
Transit Authority (2)	0.560	0.730	0.730	0.730	0.730	0.730	0.750	0.750	0.750	0.750
Water Management										
General	0.377	0.393	0.393	0.382	0.366	0.349	0.331	0.313	0.296	0.280
Anclote Basin	0.260	-	-	-	-	-	-	-	-	-
Juvenile Welfare										
Board	0.792	0.834	0.898	0.898	0.898	0.898	0.898	0.898	0.898	0.898
Planning Council	0.013	0.013	0.013	0.016	0.016	0.016	0.015	0.015	0.015	0.015
Total Other Authorities	10.342	10.355	10.336	10.086	9.851	9.763	9.312	8.985	8.686	8.527
Total All Authorities	20.109	20.638	21.325	21.554	21.299	21.388	20.937	21.001	20.702	20.422

Source: Pinellas County, Florida, Tax Collector's Office

Note: (1) Tax year is calendar year.

(2) 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	2020			2011		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Taxable Value
REAL PROPERTY						
Weingarten Realty Investors	\$ 56,448	1	1.11%	\$ 41,730	2	1.20%
MALF LLC	47,000	2	0.92%	N/A	N/A	N/A
VR Gateway North Holdings Ltd Ptnrshp	46,500	3	0.91%	N/A	N/A	N/A
Largo Medical Center, Inc.	46,047	4	0.90%	61,542	1	1.77%
Clearwater LL LLC	44,600	5	0.88%	N/A	N/A	N/A
Dockside Investors VII LLC	38,225	6	0.75%	N/A	N/A	N/A
BDC Investors III LLC	36,250	7	0.71%	N/A	N/A	N/A
ALUNF LLC	32,500	8	0.64%	N/A	N/A	N/A
I.P. Lease Limited Partnership	32,250	9	0.63%	20,250	4	0.58%
Bishop Pinecrest Owner LLC	31,750	10	0.62%	N/A	N/A	N/A
CNL Retirement	N/A	N/A	N/A	29,000	3	0.83%
Kimco Largo 139 Inc.	N/A	N/A	N/A	19,434	5	0.56%
Chaparral	N/A	N/A	N/A	17,350	6	0.50%
Houle Family LTD Partnership	N/A	N/A	N/A	16,850	7	0.48%
Reserve at Clearwater Land Trust	N/A	N/A	N/A	16,850	8	0.48%
Suntrust Equity Funding	N/A	N/A	N/A	16,661	9	0.48%
Fund VII ML Largo LLC	N/A	N/A	N/A	16,057	10	0.46%
Total Real Property	\$ 411,570		8.09%	\$ 255,724		7.34%
PERSONAL PROPERTY						
Duke Energy Florida (1)	\$ 62,688	1	1.23%	\$ 38,269	1	1.10%
Largo Medical Center, Inc.	23,296	2	0.46%	14,040	4	0.40%
Tech Data	14,215	3	0.28%	8,911	7	0.26%
F&F Productions	11,479	4	0.23%	7,485	9	0.21%
Vistapharm	11,173	5	0.22%	N/A	N/A	N/A
Bright House Networks LLC	10,752	6	0.21%	10,795	5	0.31%
Ion Media Networks Inc.	10,211	7	0.20%	10,620	6	0.30%
Formulated Solutions	10,068	8	0.20%	N/A	N/A	N/A
Frontier Florida LLC	9,243	9	0.18%	N/A	N/A	N/A
Publix Supermarket	8,324	10	0.16%	7,280	10	0.21%
Verizon Florida, LLC	N/A	N/A	N/A	26,016	2	0.75%
Gulfstream Natural Gas System	N/A	N/A	N/A	16,929	3	0.49%
BIC Graphics USA	N/A	N/A	N/A	8,102	8	0.23%
Total Personal Property	\$ 171,449		3.37%	\$ 148,447		4.26%

Notes: (1) Duke Energy Florida was Florida Power Corp in 2011.

SCHEDULE K

CITY OF LARGO, FLORIDA
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Year (4)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Millage rate	4.3113	4.5594	4.9999	5.2139	5.1943	5.3705	5.3705	5.7413	5.7413	5.6200
Gross tax levy (3)	\$ 15,030	\$ 15,077	\$ 16,223	\$ 17,149	\$ 18,010	\$ 20,001	\$ 21,721	\$ 25,053	\$ 26,976	\$ 28,575
Less:										
Discounts—net of penalties(1)	515	524	564	593	636	710	775	894	974	1,036
Refunds/Other	4	1	2	1	5	1	2	-	-	2
Net tax levy	\$ 14,511	\$ 14,552	\$ 15,657	\$ 16,555	\$ 17,369	\$ 19,290	\$ 20,944	\$ 24,159	\$ 26,002	\$ 27,537
Taxes Collected within fiscal year of levy:										
Percentage of net levy	95.7%	96.4%	97.1%	97.6%	97.9%	98.2%	98.2%	98.1%	98.4%	98.0%
Amount	\$ 13,882	\$ 14,026	\$ 15,202	\$ 16,151	\$ 17,002	\$ 18,945	\$ 20,573	\$ 23,693	\$ 25,579	\$ 26,973
Collections of delinquent taxes in subsequent years (3)	569	490	416	393	380	453	446	476	620	N/A
Total collections to date	\$ 14,451	\$ 14,516	\$ 15,618	\$ 16,544	\$ 17,382	\$ 19,398	\$ 21,019	\$ 24,169	\$ 26,199	\$ 26,973
Total percentage of net levy collected to date (2)	99.6%	99.8%	99.8%	99.9%	100.1%	100.6%	100.4%	100.0%	100.8%	98.0%

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.
- (4) Tax Year is calendar year.

SCHEDULE L

CITY OF LARGO, FLORIDA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amounts)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans payable	9,226	24,274	21,273	18,204	15,063	11,849	8,561	5,195	1,750	2,500
Internal borrowing	-	-	-	-	-	-	-	-	-	-
Total governmental activities (1)	9,226	24,274	21,273	18,204	15,063	11,849	8,561	5,195	1,750	2,500
Business-type activities										
Sewer bonds and loans (4)	13,832	9,061	6,871	6,477	3,531	24,364	63,484	75,978	79,386	103,279
Total primary government	<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>	<u>\$ 105,779</u>
Outstanding debt as a percentage of personal income (3)	2.3%	3.6%	2.8%	2.0%	2.1%	3.1%	7.1%	7.3%	6.4%	8.7%
Governmental activities										
Outstanding debt per capita (1)(3)	\$ 119	\$ 312	\$ 271	\$ 229	\$ 187	\$ 145	\$ 104	\$ 62	\$ 21	\$ 30
Business-type activities										
Outstanding debt per capita (2)(3)	128	99	61	57	31	216	580	670	741	968
Total outstanding debt per capita (3)	<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>	<u>\$ 998</u>

Notes: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

- (1) All governmental activities debt prior to FY 2020 was supported by the local option sales tax and half-cent sales tax; therefore, no property tax revenue is utilized for principal or interest repayment. Governmental debt in FY 2020 is primarily being serviced by General Fund revenues with contributions from several other funds, however the half-cent sales tax is the pledged revenue.
- (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 106,680 was used to calculate debt per capita.
- (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 2020 year-end.

SCHEDULE M

CITY OF LARGO, FLORIDA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2020
(amounts expressed in thousands)

Government Unit	Debt Outstanding	Applicable to City of Largo	
		Percent	Amount
City of Largo	\$ 2,500	100%	\$ 2,500
Subtotal, Direct Debt	\$ 2,500	100%	\$ 2,500
Pinellas County School Board (Overlapping) (2)	\$ 14	5.9%(1)	1
Pinellas County School Board Capital Leases (Overlapping) (2)	3,873	5.9%(1)	229
Pinellas County (Overlapping) (2)	12,692	5.9%(1)	749
Pinellas County Capital Leases (Overlapping) (2)	615	5.9%(1)	36
Subtotal, Overlapping Debt	\$ 17,194	5.9%	\$ 1,015
Total Direct and Overlapping Governmental Activities Debt	\$ 19,694		\$ 3,515
Total Direct and Overlapping Governmental Activities Debt Per Capita (2) (3)			\$ 42

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 2019.
- (2) The City of Largo is not responsible for the debt of the County or School Board.
- (3) FY 2019 permanent Largo population is estimated at 84,574.

SCHEDULE N

CITY OF LARGO, FLORIDA
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit (1)	\$ 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	\$ 5,084,568
Total net debt applicable to limit	9,226	24,274	21,273	18,204	15,063	11,849	8,561	5,195	1,750	2,500
Legal debt margin (1)	<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>	<u>\$ 5,082,068</u>
Total net debt applicable to this limit as a percentage of debt limit	<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>	<u>0.05%</u>

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 5,084,530
Add back: exempt real property	38
Total assessed value	<u>\$ 5,084,568</u>
Debit limit (100% of total assessed value)	\$ 5,084,568
Debt applicable to limit:	
General obligation bonds	-
Other notes and loans	2,500
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>2,500</u>
Legal debt margin (1)	<u>\$ 5,082,068</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sewer revenue (excludes interest)	\$ 22,259	\$ 22,501	\$ 22,585	\$ 22,371	\$ 22,680	\$ 22,751	\$ 23,083	\$ 23,460	\$ 23,012	\$ 23,056
Interest revenue	409	261	196	272	574	438	392	528	1,558	1,056
Total revenues	22,668	22,762	22,781	22,643	23,254	23,189	23,475	23,988	24,570	24,112
Less total operating expenses (excludes depreciation)	(15,445)	(15,917)	(12,533)	(14,252)	(14,111)	(14,546)	(14,990)	(15,900)	(16,040)	(15,066)
Net revenues	7,223	6,845	10,248	8,391	9,143	8,643	8,485	8,088	8,530	9,046
Gulf Breeze loan (2):										
Debt service charges	1,297	1,297	1,298	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage %	1.25	1.25	1.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage \$	1,621	1,621	1,623	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remaining net revenues	5,602	5,224	8,625	8,391	9,143	8,643	8,485	8,088	8,530	9,046
Florida Municipal League Council Pool (1):										
Debt service charges	643	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage %	1.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage \$	804	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remaining net revenues	4,798	5,224	8,625	8,391	9,143	8,643	8,485	8,088	8,530	9,046
State loan (2014) (3)										
Debt service charges	746	746	746	746	746	746	1,103	4,595	5,064	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	1,268	5,284	5,824	5,824
Remaining net revenues	3,940	4,366	7,767	7,533	8,285	7,785	7,217	2,804	2,706	3,222
Wachovia loan (2003):										
Debt service charges	451	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage %	1.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required coverage \$	564	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Remaining net revenues	\$ 3,376	\$ 4,366	\$ 7,767	\$ 7,533	\$ 8,285	\$ 7,785	\$ 7,217	\$ 2,804	\$ 2,706	\$ 3,222

Source: City of Largo Comprehensive Annual Financial Report for the Fiscal Years ended September 30, 2011 – 2020; 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Permanent population (1)	77,653	77,836	78,488	79,431	80,747	81,587	81,966	83,526	83,737	84,574
Fire/Sewer district population (2)(7)	108,200	91,508	112,950	113,148	113,148	112,925	109,503	113,450	112,816	112,272
Total Housing units (4)	45,784	45,072	48,722	43,003	45,889	45,689	48,881	45,788	46,370	45,879
Owner-occupied housing units (4)	21,449	19,985	20,060	19,659	19,085	18,411	22,212	21,513	21,835	21,004
Renter-occupied housing units (4)	13,689	14,698	17,430	14,575	17,094	16,781	16,506	15,222	14,776	12,683
Vacant housing units (4)	10,646	10,389	11,232	8,769	9,710	10,497	10,163	9,053	9,759	12,192
Personal income										
(expressed in thousands) (4)	\$ 998,561	\$ 923,679	\$ 1,003,171	\$ 1,236,439	\$ 884,192	\$ 1,168,878	\$ 1,011,753	\$ 1,119,385	\$ 1,270,497	\$ 1,214,728
Per capita personal income (1)(4)	\$ 12,859	\$ 11,867	\$ 12,781	\$ 15,566	\$ 10,950	\$ 14,327	\$ 12,344	\$ 13,402	\$ 15,172	\$ 14,363
Median family income (4)	\$ 51,713	\$ 47,401	\$ 48,845	\$ 48,846	\$ 48,231	\$ 53,827	\$ 53,870	\$ 61,433	\$ 55,874	\$ 60,823
Median age (4)	46.9	47.6	46.8	48.2	49.0	45.1	50.1	47.3	49.8	48.9
Public school enrollment (5)	5,836	5,436	5,780	5,466	5,504	5,564	5,660	5,787	5,996	5,917
Percent high school graduate or higher (4)(6)	87.6%	87.6%	87.7%	85.7%	89.5%	89.7%	91.1%	90.6%	91.3%	88.1%
Percent bachelor's degree or higher (4)(6)	21.4%	18.4%	18.8%	20.1%	21.0%	19.9%	20.8%	23.6%	23.9%	25.8%
Unemployment rate (3)	11.4%	9.4%	7.4%	6.4%	5.4%	4.6%	4.2%	3.5%	3.3%	6.3%

Data Sources:

- (1) University of Florida (2020)
- (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 (2011 – 2020). Bureau of Labor Statistics (www.bls.gov) (12 month average).
- (4) United States Census Bureau (2011); (2012); (2013); (2014); (2015); (2016); (2017); (2018); (2019).
- (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)	2020 (2)			2011 (3)		
	Employee Count	Rank	% of Work Force	Employee Range	Rank	% of Work Force
Pinellas Cty Sheriff's Office	2,724	1	6.3	N/A	N/A	N/A
Tech Data	2,133	2	5.0	2,500	1	6.5
Largo Medical Center	1,500	3	3.5	1,500	3	3.9
Florida Suncoast Hospice	1,169	4	2.7	900	4	2.3
City of Largo	949	5	2.2	899	5	2.3
Publix Supermarkets Inc (4)	844	6	2.0	730	8	1.9
The Palms of Largo (4)	706	7	1.6	N/A	N/A	N/A
SCC Soft Computer Inc (4)	611	8	1.4	501	10	1.3
Pinellas County Schools	500	9	1.2	800	6	2.1
Vology (4)	489	10	1.1	N/A	N/A	N/A
Special Data Processing	N/A	N/A	N/A	1,800	2	4.7
Diagnostic Clinic	N/A	N/A	N/A	800	7	2.1
Suntasia Marketing Inc	N/A	N/A	N/A	600	9	1.6

Notes: (1) Some organizations also maintain offices outside the City of Largo with additional employees.

(2) FY 2020 data came from the Community Development Department.

(3) FY 2011 data came from the FY 2011 CAFR.

(4) There is not an updated employee count from FY 2019.

SCHEDULE R

CITY OF LARGO, FLORIDA
Full-Time Equivalent City Governmental Employees by Function
Last Ten Fiscal Years

FUNCTION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Legislative	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Administration	23.63	22.33	19.33	19.33	20.48	23.58	24.58	25.58	25.58	28.58
Human Resources (2)	12.50	12.00	11.00	11.00	11.00	11.00	11.00	11.00	12.50	14.50
Finance (2)	12.00	12.40	12.40	12.60	12.60	12.60	12.60	14.60	14.50	16.50
Information Technology	20.00	19.00	19.00	20.00	21.00	25.00	27.00	28.00	28.00	30.00
Total General Government	76.13	73.73	69.73	70.93	73.08	80.18	83.18	87.18	88.58	97.58
Public Safety										
Police	201.25	198.80	195.02	195.27	197.77	200.81	203.81	203.81	208.31	208.31
Fire/Rescue	151.25	143.50	140.25	140.00	141.00	145.00	146.00	152.00	152.00	158.00
Total Public Safety	352.50	342.30	335.27	335.27	338.77	345.81	349.81	355.81	360.31	366.31
Environmental Services	87.25	88.25	88.25	88.25	88.10	87.25	86.25	87.25	87.25	87.25
Public Works	147.25	144.25	139.75	138.75	138.75	142.50	142.83	143.83	144.83	148.33
Community Development (1)	63.25	62.25	61.25	62.25	64.75	63.75	66.25	47.25	47.25	46.50
Engineering Services (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22.00	22.00	23.00
Cultural and Recreation										
Recreation, Parks & Arts	128.03	122.81	119.24	119.14	119.79	121.08	129.75	130.55	133.36	139.86
Library	44.65	41.75	41.40	41.20	41.70	41.70	41.20	40.20	40.30	40.30
Total Cultural and Recreation	172.68	164.56	160.64	160.34	161.49	162.78	170.95	170.75	173.66	180.16
Total City	<u>899.06</u>	<u>875.34</u>	<u>854.89</u>	<u>855.79</u>	<u>864.94</u>	<u>882.27</u>	<u>899.27</u>	<u>914.07</u>	<u>923.88</u>	<u>949.13</u>

Source: City of Largo Annual Budget, Fiscal Years 2011 – 2020

(1) The Engineering Services Department was separated from the Community Development Department in FY 2018.

(2) FY 2020 includes two temporary positions for implementation of a new ERP system.

SCHEDULE S

CITY OF LARGO, FLORIDA
Operating Indicators by Function
Last Ten Fiscal Years

FUNCTION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Arrests	3,853	4,387	3,535	3,055	3,145	3,302	3,099	3,409	3,061	2,250
Citations Processed	27,460	23,723	22,984	23,165	22,369	19,553	18,610	18,741	19,538	16,411
Fire/Rescue:										
Inspections	4,762	4,918	5,294	4,321	4,230	3,024	2,666	4,186	1,937	3,272
Structure fires	167	102	70	71	53	45	41	22	25	92
EMS incidents	16,633	17,116	17,423	18,990	20,085	24,448	26,393	26,838	26,077	24,847
All other incidents	4,946	4,166	4,976	4,169	4,555	2,213	2,674	2,859	3,463	2,678
Highways and Streets:										
Street repair (linear feet)	4,262	5,010	4,850	9,807	8,423	6,855	21,983	35,123	27,709	26,685
Potholes repaired (asphalt usage-tons)	191	192	124	95	94	120	171	200	540	531
Sanitation (Solid Waste):										
Refuse collected (tons)	77,522	74,887	79,322	77,671	81,861	84,537	84,612	82,908	81,374	87,489
Recyclables collected (tons)	5,611	9,244	9,235	10,906	11,861	12,234	11,084	10,959	8,722	6,958
Recreation, Parks and Arts (2):										
Attendance:										
Recreation centers (1)	726,630	662,000	650,005	571,027	589,566	596,626	424,006	544,053	784,941	501,751
Special events (1)	120,000	111,500	125,000	130,000	215,000	175,000	142,485	130,500	128,736	70,375
Golf Course (1)	54,221	48,500	49,000	49,500	49,500	47,500	47,500	43,000	40,878	36,374
Cultural Center (1)	68,900	63,347	57,000	63,700	69,000	74,200	45,646	45,693	40,954	37,523
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)	432	920	995	357	80	96	158	78	988	-
Underdrain Pipes										
Replaced (linear feet)	525	300	250	120	80	24	850	250	96	695
Wastewater:										
Average daily sewage Treatment (millions/gallons)	12.3	11.3	11.5	10.9	12.8	12.0	10.8	12.1	12.8	11.7

Notes: (1) In FY 2017 the Recreation, Parks and Arts Department started a more accurate way to track attendance.

(2) FY 2020 Attendance was affected by facility closures and event cancellations, due to the Covid-19 Pandemic.

SCHEDULE T

CITY OF LARGO, FLORIDA
Capital Asset Statistics by Function
Last Ten Fiscal Years

FUNCTION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	104	104	107	107	107	110	116	114	113	116
Fire stations	5	5	5	5	5	5	6	6	6	6
Sanitation (Solid Waste):										
Collection trucks	37	39	39	39	39	41	40	42	44	44
Highways and streets:										
Streets (miles)	158	158	158	158	158	158	158	158.3	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)	20	20	20	20	20	20	20	20	20	20
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts (1)	2	2	2	2	2	2	2	2	2	2
Recreation centers	3	3	3	3	3	3	3	3	3	3
Performing Arts 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	89	89	89	89
Total gallons reuse (millions/per day)	6.0	5.7	5.8	5.8	5.2	5.0	5.6	5.2	7.5	6.8
Sewer:										
Sanitary sewers (miles)	304	304	321	321	335	335	343	343	301	301
Lift stations maintained	57	57	57	57	57	57	57	57	54	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) The construction of Highland Complex temporarily removed the skate park and one set of tennis courts in FY 2012.

SCHEDULE U

CITY OF LARGO, FLORIDA MAJOR REVENUE SOURCES 2020

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 14.4% 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 a one year contract extension commencing October 1, 2019 and ending September 30, 2020.

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
2020**

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 two \$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 2020 the millage rate was 5.6200 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 20.0 mills to 21.0 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
2020**

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 2020

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 84,574 ranks as the 30th largest in Florida.

The City of Largo has a marked concentration of elderly persons as is common in Pinellas County. Approximately 24.0 percent of the City's permanent population is 65 years old and older, with a median age of 48.9 years.

Based on the 2019 American Community Survey, the City's population is 73.8 percent white, 6.4 percent black, 14.5 percent Hispanic or Latino and 5.3 percent from other racial groups.

Largo is 19.19 square miles in size, with 88% of the parcels in residential uses and 12% in commercial / other 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 Manager, 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
2020**

Form of Government:	Commission/Manager
Date Incorporated:	1905
Area:	19.19 sq. miles
Population (estimated) (1):	84,574 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):	84.7% 18 years of age or older; 24.0% 65 years of age or older Median Household Income \$47,427 Median Family Income \$60,823
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:	55,594
Percent Voted in Last Municipal General Election:	2020 – (November) 76.3% of registered voters
Data sources:	(1) University of Florida (2020) (2) United States Census Bureau (2019)

SCHEDULE X**CITY OF LARGO, FLORIDA
FINANCIAL MANAGEMENT POLICIES
2020**

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
2020**

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, 2020, 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, 2021. We have also audited the financial statements of the Largo Community Redevelopment Agency, as of and for the year ended September 30, 2020, and have issued our report thereon dated March 31, 2021.

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) as a basis for designing 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.

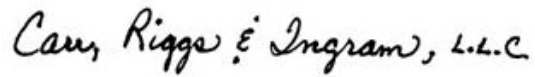
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 financial statements. 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*.

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, slightly stylized font.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

March 31, 2021

**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, 2020. 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, 2020.

Report on Internal Control over Compliance

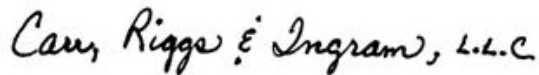
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of 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, 2021

CITY OF LARGO, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2020

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	\$ 611,801	\$ 287,424
Passed Through Pinellas County Home Investment Partnership Program (HOME)	14.239	M-18-DC-12-0217	419,544	
Total U.S. Department of Housing & Urban Development			1,031,345	287,424
U.S. Department of Homeland Security Federal Emergency Management Agency(FEMA) Passed Through Florida Division of Emergency Management Disaster Grants - Public Assistance (Irma)	97.036	DR4337	305,576	
Disaster Grants - Public Assistance (Dorian)	97.036	DR4468	14,721	
Disaster Grants - Public Assistance (Michael)	97.036	DR4399	41,781	
Total U.S. Department of Homeland Security			362,078	
U.S. Department of Justice Direct Program: Edward Byrne Memorial Justice Assistance Program	16.738	2017-DJ-BX-0928	26,688	
U.S. Department of Treasury Passed Through Florida Housing Finance Corporation Covid -19 Coronavirus Relief Fund (CRF)	21.019	Agmt # 123-2020	101,227	87,643
U.S. Environmental Protection Agency Passed Through the Florida Department of Environmental Protection Clean Water State Revolving Fund Cluster	66.458	WW520270	23,204,119	
TOTAL EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE			\$ 24,725,457	\$ 375,067
Florida Department of Transportation (FDOT) Direct Program: Florida Highway Beautification Grant Program	55.003	FPID 440208-1-58-01	\$ 288,357	
Florida Highway Beautification Grant Program	55.003	FP# 441216-1-58-01	64,429	
Total Florida Department of Transportation			352,786	
Florida Housing Finance Corporation Direct Program: State Housing Initiative Partnership (SHIP)	40.901	N/A	290,253	6,438
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 643,039	\$ 6,438

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, 2020

(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	\$ 287,424
Coronavirus Relief Fund	21.019	\$ 87,643
State Housing Initiative Partnership	40.901	\$ 6,438

(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	\$ 959,680
Special revenue funds:	
Community Development Block Grant	370,280
Home Investment Partnership	419,544
Stormwater	164,057
Enterprise Funds:	
Sewer	10,555
Solid Waste	132,713
Golf Course	421
Internal Service	
Fleet	-
Total Federal	<u>\$ 2,057,250</u>
State:	
General fund	\$ 352,786
Special revenue funds:	
State Housing Initiative Partnership	146,591
Total State	<u>\$ 499,377</u>

CITY OF LARGO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2020

(5) Loans Outstanding

The City had the following loan balances including loan service fees outstanding at September 30, 2020. The current year additions related to the loans are included in the Schedule of Federal Awards and State Financial Assistance.

66.458	Florida Department of Environmental Protection program	\$	76,311,366
37.077	Florida Department of Environmental Protection program		26,967,235
	Total Loans Payable		<u>103,278,601</u>
14.218	Community Development Block Grant		1,936,832
14.239	Home investment Partnership		3,684,442
52.901	State Housing Initiative Partnership		5,169,219
	Total Loans Receivable	\$	<u>10,790,493</u>

(6) Noncash Assistance

The City received \$0 in noncash assistance during the year ended September 30, 2020.

(7) SRF Loan

The City began construction upgrades to Biological Treatment Facilities in September 2018. 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. As of September 30, 2020, an additional \$23,204,119 has been spent or incurred on the project for a total of \$35,476,589. In December 2020 the City received Amendment 2 to the loan revising the total allowed funding amount of up to \$41,149,744.

(8) Federal Emergency Management Agency Assistance

The City entered into a funding agreement with the Federal Emergency Management Agency (FEMA) to apply for federal assistance for expenditures incurred in response to Hurricane Irma which occurred in 2017. Funds continue to be received for this grant and expenditures are reported at the time of the federal obligation. In fiscal year 2019 the City provided mutual aid Fire and Police assistance in response to Hurricane Michael and Hurricane Dorian. All reimbursements of these claims were received for both of these mutual aid missions during fiscal year 2020.

CITY OF LARGO, FLORIDA
Schedule of Findings and Questioned Costs
Federal Programs
Year Ended September 30, 2020

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
b. Significant deficiencies identified not considered to be material weaknesses?	None Noted
c. Noncompliance material to the financial statements noted?	None
<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
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
4. Identification of major programs:	
CFDA	
Number	Program
66.458	Capitalization Grants for Clean Water State Revolving Funds - CWSRF Cluster
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, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None Noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

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 Utility Fund and Governmental Activities and Business-Type Activities in the Statement of Activities.

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.

Recommendation: The City should strengthen its current review process for adjustments posted during the financial statement close and preparation.

Current Status: Corrected

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, 2020, and have issued our report thereon dated March 31, 2021. We have also audited the financial statements of the Largo Community Redevelopment Agency, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 31, 2021.

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 Federal 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, 2021, 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. Corrective actions have been taken to address findings and recommendations made in the preceding 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 minor errors related to omitted census information provided to OPEB actuary. We recommend management implement revised policies and procedures to ensure actuarial calculations are based on accurate data.

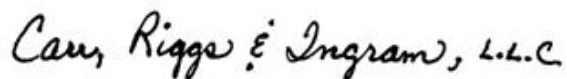
Management's Response: The City will review all census data to verify completeness and accuracy of census data sent actuaries to be used in actuarial calculations.

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, 2021

ATTESTATION REPORT ON COMPLIANCE WITH SECTION 218.415 FLORIDA STATUTES

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

City of Largo, Florida

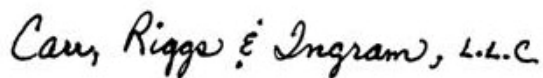
We have examined City of Largo, Florida's, (the "City"), compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the City's compliance with the requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, 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, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020.

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, 2021



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FINANCE DEPARTMENT

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March 18, 2021

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

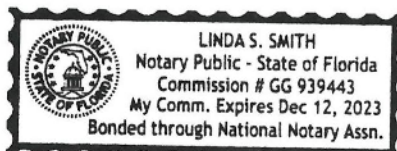
The foregoing instrument was acknowledged before me by means of X physical presence or ___ online notarization, this 3/18/2021 (date), by Kimball Adams (name, title) who is personally known to me or who has produced city ID (type of identification) as identification.

Signature of Person Taking Acknowledgment

Linda S. Smith
Name of Acknowledger Typed, Printed or Stamped

Notary Public - State of Florida
Title or Rank

GG 939443
Serial Number (if any)



YOUR COMMUNITY OF CHOICE
Naturally

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