

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

CITY OF PORT RICHEY, FLORIDA

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2017

CITY OF PORT RICHEY, FLORIDA

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

**Prepared by:
Finance Department
City of Port Richey, Florida**

City of Port Richey, Florida
Listing of City Officials

Council – Manager Form of Government

As of September 30, 2017

Elected Officials

Mayor – Councilor	Dale Massad
Vice – Mayor – Councilor	Terrence Rowe
Councilor	Nancy Britton
Councilor	William Dittmer
Councilor	Jennie Sorrell

Appointed Officials

City Manager	Vincent Lupo
City Attorney	James Mathieu

Department Directors

Fire	Timothy Fussell
Police	Gerard De Canio
Public Works	Chris Hughes
Public Utilities	Chris Hughes
City Clerk	Jackie Hanville
Finance – Human Resource Director	Erin Applegate

INTRODUCTORY SECTION

CITY OF PORT RICHEY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

September 30, 2017

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL

CITY OF PORT RICHEY

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PORT RICHEY, FLORIDA 34668
TELEPHONE (727) 816-1900



June 14, 2018

Honorable Mayor and City Council
City of Port Richey, Florida

The Comprehensive Annual Financial Report of the City of Port Richey, Florida, for the fiscal year ended September 30, 2017 is hereby submitted in compliance with Florida law. The staff of the Finance Department prepared this Comprehensive Annual Financial Report with assistance from other departments. The responsibility for both the integrity of the data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City’s management. The report summarizes the City’s financial position and results of operations for its citizens, the City Council, the financial community and any other persons interested in the financial affairs of the City of Port Richey. All data is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We have included all necessary disclosures to enable the reader to gain the maximum understanding of the City’s financial activity.

The financial statements include the provisions of Governmental Accounting Standards Board Statement Number 34, “Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments”. This reporting format is further discussed in Management’s Discussion and Analysis beginning on page 3. This letter of transmittal is designed to complement Management’s Discussion and Analysis and should be read in conjunction with it.

The Comprehensive Annual Financial Report is designed to meet the needs of a broad spectrum of readers and is presented in three sections:

- Section I:** Introductory Section

- Section II:** Financial Section
 - a) Management’s Discussion and Analysis
 - b) Basic financial statements
 - c) Required supplementary information
 - d) Other supplementary schedule

- Section III:** Statistical Section

The introductory section includes the table of contents, this transmittal letter, the City’s organizational chart and a list of principal officials.

The financial section of the report contains the government-wide financial statements, the fund financial statements – governmental funds and proprietary funds, notes to the financial statements, required supplementary information and other supplementary schedules which present fairly the financial position and results of the operations for the fiscal year ended September 30, 2017. These statements are divided into four parts.

- 1) Government-wide financial statements, which display financial data of the City as a whole.
- 2) Fund financial statements, which present the governmental and proprietary major funds financial statements.
- 3) Required supplementary information, which present budgetary comparison schedules for the general and special revenue funds and the schedule of changes to the net pension liability.
- 4) Other supplementary schedules, which present additional financial information for the reader.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

THE REPORTING ENTITY

The City of Port Richey was incorporated in 1925 and was chartered by Chapter 110334, Special Acts of Florida, 1925 with a Mayor-Council form of government.

On April 12, 1994 the electors of Port Richey enacted a new Charter, which replaced the Mayor-Council form of government with the Council-Manager system. The City Council consists of a mayor and four council members elected on a non-partisan basis for three-year staggered terms of office.

This report includes all funds, organizations, authorities, and agencies that the City is accountable for financially. The City provides a full range of municipal services. These services include public safety (police and fire), public works, storm water management, parks and recreation, building and code enforcement, planning and zoning, and general administration services. The City also provides water treatment and distribution and wastewater collection (Water and Sewer Fund) and stormwater management (Stormwater Utility Fund).

LOCAL ECONOMIC CONDITION AND OUTLOOK

The City's revenue sources were negatively impacted by the decline in property values that began in fiscal year 2009 and which continued into fiscal year 2014. Beginning in fiscal year 2015, and now continuing into fiscal year 2017, the City is seeing an increase in property values that has resulted in an increase of Ad valorem tax revenues. The City is continuing to develop programs through the use of funds available in Port Richey Community Redevelopment Agency (CRA) to promote redevelopment and improve the community's economic condition and outlook. The City has been working in conjunction with Pasco County to redevelop the U.S.19 corridor and encourage private investment in the City's Waterfront District. The City has seen increased commercial activity along U.S. 19, as well as the Waterfront District.

Construction activity within the City has increased dramatically as evidenced by Building Permit revenues reaching \$515,070 in fiscal year 2017; an increase of over 300% from 2016.

MAJOR INITIATIVES

An initiative that was begun in fiscal year 2011 that has continued into fiscal year 2017 is the revitalization of the City's financial well being. The City ended fiscal year 2010 with a deficit balance of \$342,617 in the Governmental Activities Unrestricted Net Assets and a deficit balance of \$867,969 in the Business-type Activities Unrestricted Net Assets. Additionally, the Water and Sewer Fund had a history of many years of continued losses. Through initiatives such as Water and Sewer utility rate increases, the re-instatement of the Electric Utility tax that went into effect January 1, 2011, and the ability to utilize Red Light Cameras, the City has been able to considerably improve upon its financial position. A new rate structure for the City Water and Sewer Utility was adopted on October 15, 2013 which will help increase the fund balance.

As of September 30, 2017, the Governmental Activities Unrestricted Net Position had a negative balance of \$1,968,984, and the Business-type Activities Unrestricted Net Position had a positive balance of \$1,285,144. It is very important for the user of the City's Comprehensive Annual Financial Report to understand why the Governmental Activities Unrestricted Net Position now has a negative balance of \$1,968,984. The City adopted Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* in fiscal year ended September 30, 2015. As a result of the implementation of GASB Statements 68 and 71, the City reported a restatement for the change in accounting principle as of October 1, 2014 for the City's proportionate interest in the Florida Retirement System cost sharing - multiple employer plan. This has resulted in the City now having to report a net pension liability for the Florida Retirement System pension plan in the Statement of Net Position as of September 30, 2017 of \$3,868,669 in the Governmental Activities and \$349,145 in the Business-type Activities.

Said another way, the City's Governmental Activities Unrestricted Net Position would have a positive balance of \$1,899,685 as of September 30, 2017 and the Business-type Activities Unrestricted Net Assets would have a balance of \$1,634,289 if the City was not required to record its proportionate share of the Florida Retirement System net pension liability.

Unrestricted net assets are a barometer of the City's financial condition as they represent the equity accumulated by the City that is available, without restriction, to fund its daily, on-going municipal activities.

Another very important indicator of the significant improvement that has been achieved since 2011 in the City's financial condition is that the General Fund Unassigned Fund Balance was \$1,524,174 as of September 30, 2017. The General Fund Unassigned Fund Balance is that portion of the fund equity that is available to pay for the on-going activities of the City.

The City expended \$320,077 in fiscal year 2017 for infrastructure improvements and equipment additions including \$115,446 for road improvements, upgrades to the water distribution and treatment systems costing \$32,496, the acquisition of safety equipment for the police and fire departments for \$27,088, and \$27,773 for fencing at the waterfront park.

FINANCIAL INFORMATION

Basis of accounting – The government-wide financial statements are presented using a full accrual, economic resource basis, which incorporates long-term assets and long-term liabilities. Revenues are recorded when earned and expenses are recorded as incurred without regard to the receipt of payment or its equivalent.

The Governmental Funds utilize the modified accrual basis of accounting. Under this method, revenues are recorded when received in cash, except for those susceptible to accrual, which are recorded as revenue when they become both measurable and available to finance current City operations. Expenditures are recorded when the liability is incurred except for interest on long-term debt, which is recorded when paid. The financial statements of the proprietary funds are reflected on the accrual basis of accounting; revenues are recorded when earned and expenses are recorded in the period incurred.

Capital Assets - Property and Equipment – Capital assets are stated at cost or if donated, acquisition value at the date of donation. Expenditures which materially extend the useful life of existing properties are capitalized. The City’s governmental infrastructure assets – roadways, sidewalks, etc. are reported in the government-wide financial statements net of accumulated depreciation. Depreciation on property and equipment is recorded in the government-wide and proprietary fund financial statements and is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to sixty years.

In developing and evaluating the City’s internal control structure, consideration is given to the adequacy of internal control procedures. Internal control procedures are designated to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. However, one should remember that the cost of a control should not exceed its benefits. The City believes that its internal controls adequately safeguard the City’s assets and provide reasonable assurance of the proper recording of financial transactions.

BUDGETING CONTROLS

The following procedures are utilized in establishing the budgetary data reflected in the financial statements.

1. At least sixty (60) days prior to October 1, the City Manager submits to the City Council an operating budget and an explanatory message. The budget message contains an outline of the proposed financial policies for the fiscal year, (1) identifying any important changes from the current year in revenue items or appropriations; and (2) listing any new funding sources that are pending.
2. Public Hearings are conducted by the City Council as required by State and Federal law to obtain taxpayers’ comments on the proposed budget.
3. The budget is adopted by a majority of all members of the City Council prior to October 1.
4. Each Department Head, with the City Manager’s authority, may transfer any unencumbered appropriation or portion thereof between general classifications of expenditures within their assigned department and service, function or activity. The City Council may, by resolution, make appropriations to meet a need for public expenditures to protect the public health, safety, and welfare or may transfer an unencumbered appropriation from any office, agency, and department or from contingency to another office, department or contingency.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

ENTERPRISE OPERATIONS

The City of Port Richey has two Enterprise Funds: the Water and Sewer Fund and the Stormwater Utility Fund. The Water and Sewer Fund is of much greater financial significance and is highlighted below.

WATER AND SEWER FUND

The City provides utility service to approximately 2,400 residential customers and in excess of 400 commercial customers. The service population is approximately 10,000 customers. This represents customers both within and outside of the City's limits. The City owns its well field and water treatment facility. This Water Treatment Plant facility has a treatment capacity of approximately 1.2 million gallons of water per day. The safe yield of the City well field has been estimated at 450 million gallons per day.

The utility rates have been structured using a tiered approach which is intended to increase the cost to larger volume users. Also, base rates have been established that are billed to all customers, regardless of whether any usage has occurred during the billing period. This fee structure is intended to target customers that do not consume any water during a portion of the year but yet the City continues to incur the cost of making water available to these customers.

DEBT ADMINISTRATION

Revenue Bonds Payable, Series 2016: On September 29, 2016, the City issued \$3,055,000 of bonds through the Florida Municipal Loan Council for the purpose of advance refunding the Revenue Bonds Payable Series 2005C in the amount of \$500,000 and the Revenue Bonds Payable Series 2005D in the amount of \$2,615,000. As a result, the Revenue Bonds Payable Series 2005C and 2005D were defeased and subsequently paid-off on November 1, 2016 from the amount being held in escrow. The Series 2005C Revenue Bonds were an obligation of the City's General Fund and the Series 2005D Revenue Bonds were a liability of the Water and Sewer Fund. The 2016 Revenue Bonds were issued to reduce the City's overall interest costs. The advance refunding enabled the City to obtain an economic gain of \$318,598 through the reduction of future interest costs.

The balance outstanding on the Revenue Bonds Payable, Series 2016 as of September 30, 2017, pertaining to the Governmental Activities (General Fund) is \$385,000 and the balance pertaining to the Business-type Activities (Water and Sewer Fund) is \$2,445,000.

Revenue Note, Series 2010: On July 28, 2010, the City entered into a loan agreement to borrow \$203,487 for the purpose of financing the acquisition of real estate located within the City's Community Redevelopment Agency (CRA) district. This note was fully paid in December 2016, 3 ½ years prior to its maturity, thereby saving the City approximately \$7,000 of interest costs.

Finally, in accordance with the City Code of Ordinances, the City Attorney is required to review, analyze, research and approve, prior to the execution by the City and its authorized agents, any document or instrument of any nature or kind, which has a legal effect upon the City.

PERSPECTIVE

The City of Port Richey is a political subdivision of the State of Florida, located in the western section of Pasco County. It is four square miles in area with nineteen miles of paved streets. Located within the four square miles are many small retailers, two industrial parks, two medical complexes and several manufacturers. There are also two mobile home parks, a large condominium project and a Super Wal-Mart Center located within the City's boundaries. Accordingly, the entire Tampa Bay area affects the City's economic conditions.

The City Council and management remain committed to improving the financial soundness of the City as demonstrated by the increase in Water and Sewer rates and the reinstatement of the Electric Utility Tax. The City Council should be commended for maintaining sound fiscal policy and the commitment to a balanced budget.

During the 1985 session, the State Legislature passed the Growth Management Act that requires the State and local governments to develop five-year comprehensive plans addressing growth related issues for the particular political division. The State requires each unit of local government's plan to be concurrent with the County plan in which the municipality is located and with the Regional Planning Council, and to ensure that adequate attention is being placed on the infrastructure needs of the State. That five-year plan has been completed and submitted to the State as required.

In compliance with the requirements of the Comprehensive Land Use Plan adopted by the City, the City developed a Land Development Code (Code) in 1992. The Code has a great impact on all land development and land uses and continues to be utilized.

INDEPENDENT AUDIT

The Florida Statutes and the City's Charter require an annual audit of the books of accounting and financial records of the City of Port Richey by an independent certified public accountant selected by the City Council. This requirement has been complied with by retaining the firm of Powell & Jones, Certified Public Accountants to serve as the City's independent auditors. The independent auditor's opinion has been included in the report.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated work of the entire staff of the Finance Department, City Clerk's Department and the Utility Department. We wish to express our appreciation to all the members of the City's staff and the independent auditors for their contributions to this report.

We also wish to thank the members of City Council for their interest and support in planning and conducting the financial operations of the City in a responsive and progressive manner.

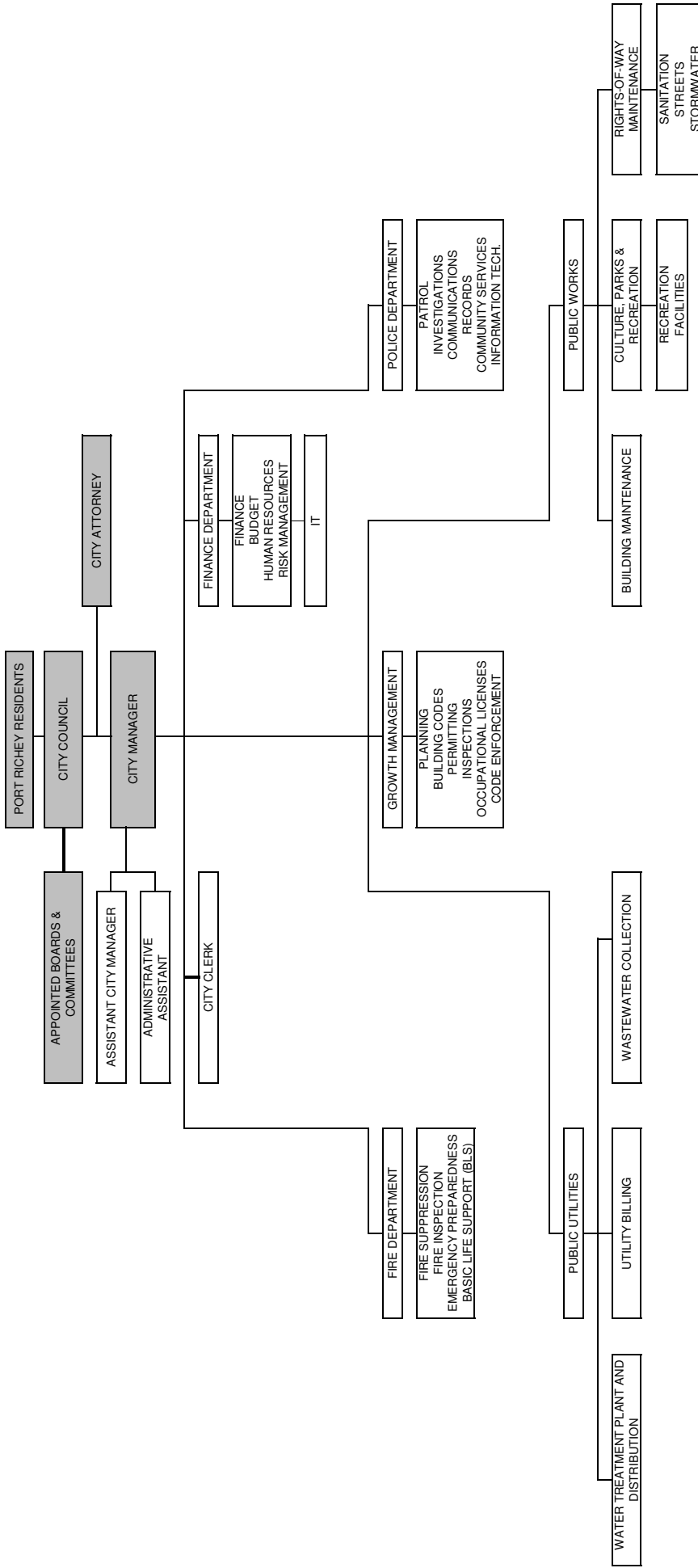
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Vincent Lupo". The signature is written in a cursive style with a large, sweeping initial "V".

Vincent Lupo
City Manager

ORGANIZATION CHART

CITY OF PORT RICHEY



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FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Required Supplemental Information
Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information other than
Management's Discussion and Analysis

Other Supplementary Schedules

INDEPENDENT AUDITOR'S REPORT



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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Port Richey, 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 Port Richey, Florida, (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Port Richey, Florida's basic financial statements.

The prior year comparative information has been derived from the City's 2016 financial statements and, in our report dated June 2, 2017, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

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 Port Richey, Florida as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 17 and 55 - 59 and pension schedule on page 60 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 an opinion on the financial statements that collectively comprise the City of Port Richey, Florida's basic financial statements. The introductory section, other supplementary schedules, and statistical sections as listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The other supplementary schedules 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 other supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

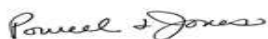
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2018, on our consideration of the City of Port Richey, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Port Richey, Florida's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Richey, Florida's 2016 financial statements, and in our report dated June 2, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



POWELL & JONES
Certified Public Accountants
June 14, 2018

**REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Port Richey's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 20).

HIGHLIGHTS

Financial Highlights

- For the fiscal year ended September 30, 2017, citywide expenses of \$8,952,783 net of program revenues of \$5,723,362 resulted in a net cost of providing city services of \$3,229,421. This net cost amount is generally the amount that needs to be funded by the General Revenues of the City. The net cost of providing city services for September 30, 2016 was \$3,568,610. The decrease in the net cost of providing city services of \$339,189 compared to the prior year is primarily attributable to an increase in building permit revenues of \$358,410.
- The net cost of providing city services in the governmental activities was \$3,228,714 compared to \$3,691,498 in 2016. This decrease in cost is attributable to the increase in building permit revenues as noted just above.
- For the business-type activities (water and sewer and stormwater utility operations) program expenses exceeded program revenues by \$707. In 2016 program revenues exceeded expenses by \$122,888. While program revenues increased in 2017 by \$347,839 compared to 2016, increases in personal and contractual services increased \$453,655 thereby offsetting the revenue increases.
- The City's net position increased by \$1,225,352 in 2017 compared to the decrease of \$2,325 in 2016. The governmental net position increased \$502,417 or 6.6% and the business-type (Water and Sewer Fund and Stormwater Utility Fund) net position increased by \$722,935 or 8.0%.

- The net position of the City (overall equity) exceeded its liabilities at the close of fiscal 2017 by \$17,867,780 (net position). The governmental activities unrestricted net position was a negative \$1,968,984 as of September 30, 2017. Business-type activities unrestricted net position was \$1,285,114 as of September 30, 2017. The negative balance in the governmental activities unrestricted net position, which decreased by \$86,612 for 2017, is directly as a result of recording the City's proportionate interest in the net pension liability of the Florida Retirement System of \$3,868,669 as explained below. The business-type activities unrestricted net position improved by \$423,165 for 2017.
- As noted immediately above, the City was required to implement Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*, during fiscal year 2015. This necessitated the City reporting a net pension liability of \$2,531,904 at that time for the City's proportionate share of the Florida Retirement System (FRS). The net pension liability as of September 30, 2017 as reported in the Statement of Net Position (page 21) is \$4,217,814 of which \$3,868,669 pertains to the governmental activities and \$349,145 to the business-type activities. The implementation of GASB 68 did not impact the governmental fund financial statements that are presented on pages 24 and 26 of this report.
- Government-wide unrestricted cash, pooled cash and cash equivalents totaled \$4,100,419 at September 30, 2017. Restricted cash and cash equivalents totaled \$2,325,092 at September 30, 2017.

City Highlights

- The City expended \$287,581 on capital improvements for governmental activities during fiscal year 2017, including \$115,446 for road improvements, \$111,165 for dredging, and \$27,773 for fencing at the waterfront park. The road improvements were financed through the use of Transportation Impact Fees.
- The City expended \$32,496 on capital improvements for the business-type activities during fiscal year 2017 pertaining to water distribution and treatment.
- As a result of a strong resurgence of construction activities within the City in 2017, building permit revenues amounted to \$515,070 and water, sewer and stormwater impact fee collections totaled \$715,659.

USING THIS ANNUAL REPORT

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

The General Fund, Community Redevelopment Fund, Capital Improvement Fund, Water and Sewer Fund and Stormwater Utility Fund have been reported as major funds within the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements (see pages 20-23) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities (see pages 22-23) is focused on both the gross and net cost of various activities (including governmental and business-type) which are provided by the government’s general tax and other revenues. This statement is intended to summarize and simplify the user’s analysis of the cost of various governmental services and/or the subsidy to various business-type activities.

The Governmental Activities reflect the City’s basic services, including general government, police, fire, protective inspections, physical environment (public works, transportation and parks and recreation), and human services. Property, sales, and utility services taxes along with franchise fees fund the majority of these services. The Business-type Activities reflect private sector type operations (water and sewer system management and stormwater utility), where the fees for services typically cover all, or most of the cost, of the operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus of the Fund Financial Statements is on Major Funds. All of the government type funds of the City of Port Richey are reported as major funds.

The Governmental Major Fund (see pages 24-26) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 55).

While the amounts on the Business-type Fund Financial Statements (see pages 28-31) are the same as those within the Business-type column in the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 25 and 27). The flow of current financial resources will reflect capital expenditures and debt repayment. The reconciliation will

eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the Government-wide statements).

Infrastructure Assets

The City presents its comprehensive annual financial report in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement #34 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, including the reporting of infrastructure capital assets related to governmental activities. Prior to this accounting standard, a government’s largest group of assets (infrastructure – buildings and roads as well as vehicles and equipment) had not been depreciated in government financial statements. GASB Statement #34 requires that these assets be valued and reported within the Governmental column of the Government-wide Statements.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position for the current year.

**Table 1
Statement of Net Position
As of September 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Current assets	\$ 2,533,356	\$ 2,141,999	\$ 4,675,355
Capital assets, net	8,081,499	10,224,485	18,305,984
Non-current assets – cash and investments	1,564,325	662,504	2,226,829
Non-current assets - other	4,360	37,006	41,366
Deferred outflows of resources	1,694,692	153,567	1,848,259
Total assets and deferred outflows of resources	13,878,232	13,219,561	27,097,793
Current liabilities	635,823	615,191	1,251,014
Non-current liabilities -			
Long-term debt outstanding	349,618	2,345,000	2,694,618
Net pension liability	3,868,669	349,145	4,217,814
Other long-term liabilities	446,440	71,206	517,646
Deferred inflows of resources	437,034	111,887	548,921
Total liabilities and deferred inflows of resources	5,737,584	3,492,429	9,230,013

(continued)

Statement of Net Position (continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Net position:			
Net investment in capital assets	7,578,819	7,779,484	15,358,303
Restricted	2,530,813	662,504	3,193,317
Unrestricted	(1,968,984)	1,285,144	(683,840)
Total net position	<u>\$ 8,140,648</u>	<u>\$ 9,727,132</u>	<u>\$ 17,867,780</u>

For more detailed information see the Statement of Net Position (pages 20-21).

At the end of fiscal year 2017, the city-wide net position increased \$1,225,352 to \$17,867,780. The increase in net position is the change in net assets which represents the current year income. Net position for Governmental Activities was \$8,140,648 and net position for Business-type Activities was \$9,727,132. The total net position includes the amount of \$15,358,303 which represents the City's net investment in capital assets and \$3,193,317 which represents current and other assets restricted for specific purposes. The portion of net position that is unrestricted equals a negative amount of \$683,840. As previously explained, the negative unrestricted net position is directly associated with recording the net pension liability of \$4,217,814 for the City's proportionate share of the Florida Retirement System (FRS) as required by GASB 68.

The Statement of Net Position on pages 20-21 shows the specific restrictions to net position. Restrictions within the City's Governmental Activities pertaining to capital projects total \$1,960,793 and include unexpended Transportation Impact fees of \$545,960 which must be used to fund transportation infrastructure capital improvements, unexpended Police, Fire and School Impact fees of \$185,545 which are committed for facility capital projects in these three areas, and \$1,229,288 of unexpended discretionary sales tax funding that it to be expended on infrastructure improvements, vehicles, or the payment of indebtedness incurred for infrastructure assets. There is a total of \$471,757 that is restricted for community redevelopment and \$98,263 for police benevolence.

Normal Impacts – Statement of Net Position

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital Assets – which will reduce current assets and increase capital assets. There is a second impact, an increase in investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.

Spending of Non-Borrowed Current Assets on New Capital Assets – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets and increase unrestricted net position.

Current Year Impacts

The remaining basic transactions directly / indirectly affect the unrestricted net position as indicated in the following schedule. The adjusted results of operations, current assets used for capital and debt principal payments clearly demonstrate the change in unrestricted net position.

Table 2
Change in Unrestricted Net Position
For the Year Ended September 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Unrestricted Net Position –			
Beginning of Year	\$ (2,055,596)	\$ 861,979	\$ (1,193,617)
Results of Operations	502,417	722,935	1,225,352
Adjustments- restricted assets			
Capital projects – transportation	47,248	-	47,248
Capital projects – police, fire and school	(6,401)	-	(6,401)
Capital projects - infrastructure	(237,946)	-	(237,946)
Capital projects – water system	-	(574,579)	(574,579)
Capita projects – stormwater	-	(87,113)	(87,113)
Community redevelopment	(69,275)	-	(69,275)
Police benevolence	(2,472)	-	(2,472)
Depreciation	391,628	499,418	891,046
Total adjustments	<u>122,782</u>	<u>(162,274)</u>	<u>(39,492)</u>
Adjusted Results of Operations	625,199	560,661	1,185,860
Capital Expenditures	(287,581)	(32,496)	(320,077)
Debt principal payment including payment to refunded escrow agent	<u>(251,006)</u>	<u>(105,000)</u>	<u>(356,006)</u>
Unrestricted Net Position -			
End of Year	<u>\$ (1,968,984)</u>	<u>\$ 1,285,144</u>	<u>\$ (683,840)</u>

Statement of Activities

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

Table 3
Statement of Activities
For the Year Ended September 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program Revenues:			
Charges for services			
Water and Sewer Fees	\$ -	\$ 3,476,326	\$ 3,476,326
Stormwater Utility	-	123,279	123,279
Police Fines & Forfeitures	1,158,287	-	1,158,287
Building Inspections and Permits	515,071	-	515,071
Local business tax	52,654	-	52,654
Administrative Fees	333,288	-	333,288
Other Fees	25,353	-	25,353
Operating Grants			
Police	39,104	-	39,104
General Revenues:			
Property Taxes	1,944,855	-	1,944,855
Franchise Fees	294,965	-	294,965
Communications Service Tax	181,964	-	181,964
Other Utility Taxes	392,946	-	392,946
Half-Cent Sales Tax	168,869	-	168,869
Local Option Gas Tax	69,412	-	69,412
Discretionary Surtax - Infrastructure	401,332	-	401,332
Other Taxes	34,549	-	34,549
State Revenue Sharing	102,044	-	102,044
Impact Fees	93,257	715,659	808,916
Investment income	2,989	-	2,989
Miscellaneous	43,949	7,983	51,932
Total Revenues	5,854,888	4,323,247	10,178,135
EXPENSES			
Program Activities			
Primary Government:			
Governmental Activities:			
General Government	1,762,873	-	1,762,873
Police	1,666,168	-	1,666,168
Fire	821,934	-	821,934
Protective Inspections	325,657	-	325,657
Physical Environment	721,702	-	721,702
Human Services	24,478	-	24,478
Interest Expense	29,659	-	29,659
Business-Type Activities:			
Water and Sewer	-	3,441,386	3,441,386
Stormwater Utility	-	158,926	158,926
Total Expenses	5,352,471	3,600,312	8,952,783
Change in Net Assets (Decrease)	502,417	722,935	1,225,352
Net Assets – Beginning of Year – as restated	7,638,231	9,004,197	16,642,428
Net Assets- End of Year	\$ 8,140,648	\$ 9,727,132	\$ 17,867,780

Normal Impacts – Statement of Activities

There are nine basic impacts on revenues and expenses as reflected below.

Revenues

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, infrastructure, gas or other tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption for electric or water usage for which the City collects taxes, franchise fees and user fees.

Increase/Decrease in Commission approved rates – while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (water and sewer, permitting, impact fee, property taxes, etc.)

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues, such as state revenue sharing, may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Contribution from the Water and Sewer Fund and Stormwater Utility Fund – the City owns and operates the Water and Sewer Utility system and Stormwater Utility system. The City provides considerable administrative support services for the utility systems for which the General Fund assesses \$294,000 in fees to the Water and Sewer Fund and \$39,288 in fees to the Stormwater Utility Fund. The City's legislative body may, at its discretion, transfer additional amounts out of the Water and Sewer Fund's profits over to other funds for their operational use. There were no such transfers made during fiscal year 2017.

Market Impacts on Investment income – the City's investment income consists of interest earned on cash account balances.

Expenses

Introduction of New Programs – within the functional expense categories (General Government, Police, Fire Protection, Physical Environment (Public Works, Transportation, Parks and Recreation) individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the City Council to increase or decrease authorized staffing. Staffing costs (salary and related benefits) represented 47% of the City's 2017 General Fund budget.

Salary Increases (cost of living, merit and market adjustment) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities and services such as chemicals, supplies, fuels and group health insurance. Some functions may experience unusual commodity specific increases. Over the last several years, costs of fuel, general insurance, employee health benefits and pension costs have tended to experience increases. Contract services that have these personnel costs factored in can fluctuate based on these inflationary pressures.

Current Year Impacts

Revenues

**Table 4
Governmental Funds
Revenues**

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Revenues				
Taxes (Property, Franchise & Utility)	\$ 2,814,730	\$ 2,683,903	\$ 130,827	4.87 %
Licenses and Permits	567,724	218,668	349,056	(4.92)%
Intergovernmental Revenues	815,309	754,438	60,871	159.63%
Impact Fees	93,257	62,015	31,242	50.38%
Charges for Services	358,642	361,916	(3,274)	(0.90)%
Fines and Forfeitures	1,158,287	1,183,927	(25,640)	(2.17)%
Interest Income	2,990	298	2,692	903.36%
Miscellaneous Revenues	37,732	52,046	(14,314)	(27.50)%
Total Revenues	<u>\$ 5,848,671</u>	<u>\$ 5,317,211</u>	<u>\$ 531,460</u>	10.00%

Overall, revenues in the City’s Governmental funds increased \$531,460 or 10.00% from last year. The primary source of the increase was from an increase in Building Permits of \$358,410. Additionally, Ad valorem tax receipts, as reported in the General Fund and Community Redevelopment Fund, increased \$101,064.

Expenditures

**Table 5
Governmental Funds
Expenditures**

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Expenditures				
General Government	\$ 1,644,059	\$ 1,799,171	\$ (155,112)	10.57%
Public Safety	2,534,702	2,447,476	87,226	(0.47)%
Physical Environment	486,685	468,153	18,532	3.96%
Human Services	24,478	21,766	2,712	12.46%
Capital Outlay	287,581	256,755	30,826	12.01%
Debt Service	275,259	217,385	57,874	26.62%
Total Expenditures	<u>\$ 5,252,764</u>	<u>\$ 5,210,706</u>	<u>\$ 42,058</u>	0.81%

Total expenditures for the Governmental funds increased \$42,058 or 0.81% in fiscal year ended September 30, 2017. The source of the increase within Public Safety was primarily

due to additional expenses within Protective Inspections in the amount of \$74,781. Debt service expenditures increased due to the accelerated pay-off of the Series 2010 Revenue Note which resulted in approximately \$63,000 of added debt principal being paid in 2017. There was an offsetting decrease in General Government expenditures pertaining to Information Technology in the amount \$115,746.

Total expenditures in the Governmental funds were \$5,252,764 for the fiscal year ended September 30, 2017. This compares to \$5,352,471 of expenses that are reported in the Statement of Activities for Governmental Activities. The main differences in arriving at the amounts per the Statement of Activities are providing for non-cash depreciation of \$391,628, the removing of capital expenditures of \$287,581, the removing of the principal payments of \$251,006 made on long-term debt, and the increase in pension expense of \$220,636 pertaining the City’s proportionate share of the Florida Retirement System pension liability.

Operating expenditures (total expenditures less capital outlay and debt services expenditures) decreased in the General Fund by \$2,570 and decreased by \$58,780 in the Community Redevelopment Fund as the City continues to transition certain areas of expenditures to the General Fund.

The City Funds

Governmental Funds

**Table 6
General Fund – Change in Fund Balance**

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Increase (Decrease)</u>
Nonspendable:			
Prepaid items	\$ 25,911	\$ 19,126	\$ 6,785
Restricted:			
Capital Projects - Transportation	545,960	593,208	(47,248)
Capital Projects – Police, Fire and School	185,545	179,144	6,401
Police Benevolence	<u>98,263</u>	<u>95,791</u>	<u>2,472</u>
Total Restricted Fund Balance	829,768	868,143	(38,375)
Committed:			
Capital Projects – Parkland improvements	25,000	25,000	-
Unassigned:	<u>1,524,174</u>	<u>1,119,427</u>	<u>404,747</u>
Total General Fund Balance	<u>\$ 2,404,853</u>	<u>\$ 2,031,696</u>	<u>\$ 373,157</u>

The Fund Balance of the General Fund increased \$373,157 to \$2,404,853 as revenues of \$4,955,651 exceeded expenditures and other financing uses totaling \$4,582,494 by \$373,157.

**Table 7
Community Redevelopment Fund – Change in Fund Balance**

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Increase (Decrease)</u>
Restricted for:			
Community Redevelopment	\$ 471,757	\$ 402,482	\$ 69,275
Total Fund Balance	<u>\$ 471,757</u>	<u>\$ 402,482</u>	<u>\$ 69,275</u>

The Fund Balance of the Community Redevelopment fund increased \$69,275 as a result of revenues plus other financing sources totaling \$860,949 exceeding expenditures of \$791,674.

**Table 8
Community Improvement Fund – Change in Fund Balance**

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Increase (Decrease)</u>
Reserved for:			
Infrastructure	\$ 1,229,288	\$ 991,342	\$ 237,946
Unassigned (deficit)	<u>(382,934)</u>	<u>(298,463)</u>	<u>(84,471)</u>
Total Fund Balance	<u>\$ 846,354</u>	<u>\$ 692,879</u>	<u>\$ 153,475</u>

The City implemented the Community Improvement Fund in fiscal year 2010 for the purpose of accounting for capital outlay expenditures designated within the City’s Capital Improvement Plan. Funding for these capital projects comes from the One-Cent Infrastructure Sales Surtax “Penny for Pasco”. The Fund Balance of the Community Improvement Fund increased \$153,475 as a result of revenues totaling \$401,332 exceeding expenditures of \$247,857.

Proprietary Fund (Business Type Funds)

The combined net position of the Water and Sewer and Stormwater Utility enterprise funds increased \$722,935 in 2017. This increase is comprised of operating income of \$92,881, impact fee income of \$715,659, less non-operating expenses of \$85,605.

Net Income (Loss) from Operations is a measure of profit before non-operating revenues and expenses and contributions and measures only the revenues and costs associated with the operation of the business activity. For fiscal 2017, the Water and Sewer Fund and Stormwater Utility Fund combined operating income of \$92,881 compared to operating income of \$302,653 in 2016.

The Water and Sewer Fund incurred an overall increase in net position of \$668,773. Charges for services increased by \$222,063 compared to 2016. Operating expenses increased \$404,055 which is due to increases in personnel related costs of \$188,570, contractual services of \$265,085 and materials and supplies of \$191,027. There was an offsetting decrease in purchased water of \$238,137.

The City implemented a Stormwater Utility charge in fiscal year 2006 to fund needed stormwater improvements and established a new proprietary fund to account for the activity in this enterprise fund. Total stormwater utility fees received in fiscal year 2017 were \$123,279 and operating expenses were \$158,926, resulting in an operating loss of \$35,647. There was an overall increase in net position for the Stormwater Utility fund in 2017 of \$54,162 resulting from the operating loss of \$35,647 being offset by non-operating revenue impact fees of \$89,809.

Table 9
Water and Sewer Fund – Change in Net Assets

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Increase (Decrease)</u>
Net Investment in Capital Assets	\$ 7,623,840	\$ 7,964,848	\$ (341,008)
Restricted:			
Capital improvement – Water and Sewer Impact fees	574,579	-	574,579
Unrestricted Net Assets	<u>1,146,679</u>	<u>711,477</u>	<u>435,202</u>
Total Net Assets	<u>\$ 9,345,098</u>	<u>\$ 8,676,325</u>	<u>\$ 668,773</u>

Budgetary Highlights – General Fund

There was no change in the total final budgeted appropriations for the General Fund compared to the original budgeted total amount for 2017. Actual revenues were \$685,015 more than the amount budgeted and expenditures, including transfer - out, were less than the amount budgeted by \$349,219.

Budgeted revenues were \$4,270,636 compared to actual revenues of \$4,955,651. Revenue budgets are based on projections using historic trend analysis. Actual amounts collected may vary significantly depending on changing domestic and global economic conditions and consumer spending habits.

A review of the financial statements will reveal that total taxes were \$100,523 in excess of the amount budgeted, licenses and permits were in excess of the amount budgeted by \$400,224, intergovernmental revenues were \$76,492 below budget, impact fees were \$93,257 over budget and fines and forfeitures were \$140,127 in excess of the amount budgeted.

Budgeted expenditures totaled \$4,931,713 compared to \$4,582,494 in actual cash expenditures resulting in a positive variance of \$349,219.

The significant favorable variances that occurred when comparing the final budgeted expenditures to the actual expenditures for 2017 include the following: Non-departmental expenditures were under budget by \$167,019 as a result of not expending \$109,791 of Community Development Block Grant funding due to the funding not being received as well as State Red Light Camera fees being under budget by \$43,658, and Physical Environment capital outlay expenditures were less than the amount budgeted by \$230,934 as a result of not completing all anticipated road improvements that had been planned.

There was an unfavorable budget variance within the Protective Inspections department of \$70,944 as a result of increased staffing needs resulting from the very significant increase in permitting activity. This unfavorable variance was largely offset by other smaller individual budget line item positive variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2017, the City had \$18,305,984 invested in capital assets as compared to \$18,876,952 as September 30, 2016. This represents a net decrease of \$570,968 from the end of last year.

Table 10
Capital Assets at September 30,

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land, improvements and rights	\$3,000,685	\$3,000,685	\$ 27,000	\$ 27,000	\$ 3,027,685	\$ 3,027,685
Capital Projects in Process	1,709,883	1,598,721	-	-	1,709,883	1,598,721
Buildings and Improvements	2,013,485	2,013,485	458,275	451,883	2,471,760	2,465,368
Improvements and Infrastructure						
Other than Buildings	4,722,970	4,573,640	17,746,056	17,728,056	22,469,026	22,301,696
Equipment and Vehicles	<u>2,654,225</u>	<u>2,627,136</u>	<u>829,539</u>	<u>821,435</u>	<u>3,483,764</u>	<u>3,448,571</u>
Total Cost of Assets	14,101,248	13,813,667	19,060,870	19,028,374	33,162,118	32,842,041
Less: Accumulated Depreciation	<u>(6,019,749)</u>	<u>(5,628,121)</u>	<u>(8,836,385)</u>	<u>(8,336,968)</u>	<u>(14,856,134)</u>	<u>(13,965,089)</u>
Total	<u>\$8,081,499</u>	<u>\$8,185,546</u>	<u>\$10,224,485</u>	<u>\$10,691,406</u>	<u>\$18,305,984</u>	<u>\$18,876,952</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the financial statement notes (See Note E to the financial statements - Capital Assets).

Table 11
Change in Capital Assets – (Net)

	Governmental Activities	Business-type Activities	Total
Beginning Balance 10-1-16	\$ 8,185,546	\$ 10,691,407	\$ 18,876,953
Additions / Transfers in	287,581	32,496	320,077
Retirements / Transfers out	-	-	-
Depreciation	(391,628)	(499,418)	(891,046)
Accumulated Depreciation Retirements	-	-	-
Ending Balance 9-30-17	\$ 8,081,499	\$ 10,224,485	\$ 18,305,984

Debt Outstanding

As of September 30, 2017, the City had \$3,465,419 of outstanding debt, including compensated absences, as compared to \$3,837,026 as of September 30, 2016. This represents a net decrease of \$371,607 from the end of last year.

Table 12
Debt Outstanding at September 30,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenue Bonds, Series 2016	\$385,000	\$ 505,000	\$2,445,000	\$2,550,000	\$2,830,000	\$3,055,000
Revenue Note, Series 2010	-	86,341	-	-	-	86,341
Capital Leases Payable	117,680	162,345	-	-	117,680	162,345
Compensated Absences	<u>452,558</u>	<u>451,494</u>	<u>65,181</u>	<u>81,846</u>	<u>517,739</u>	<u>533,340</u>
Total	<u>\$955,238</u>	<u>\$1,205,180</u>	<u>\$2,510,181</u>	<u>\$2,631,846</u>	<u>\$3,465,419</u>	<u>\$3,837,026</u>

For more information regarding the City's Debt, please refer to Note G to the financial statements - Long-term Debt.

ECONOMIC FACTORS

Some of the more significant issues for the year and beyond included:

- After 6 years of decline, fiscal years 2015, 2016 and 2017 have marked an upward trend in which real estate property values have increased within the City and also within the Tampa Bay area. Looking to the future it does appear that property values are stabilizing with the expectation that values will continue to increase.
- The State of Florida, by constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline and corporate income taxes.

Local governments (cities, counties and school boards) primarily rely on property and a limited array of other taxes (sales, gasoline, utilities services) and fees (franchise, business tax, and permits) for their governmental activities. There a limited number of state shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

The City will continue to operate within the operating constraints imposed by the annual budget and will provide and maintain the levels of service requested by its citizens with the minimal required tax assessments.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City's Finance Department at City Hall at 6333 Ridge Road, Port Richey, Florida 34668, telephone (727) 816-1900.

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BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The government-wide financial statements present financial information about the reporting government as a whole. The fund financial statements present financial information about major funds individually and nonmajor funds in the aggregate for the governmental and enterprise funds. The notes to the financial statements present information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements.

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CITY OF PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2017

With Comparative Totals for September 30, 2016

	2017		2016	
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
CURRENT ASSETS				
Cash, pooled cash and cash equivalents	\$ 2,291,437	\$ 1,808,982	\$ 4,100,419	\$ 3,285,994
Restricted assets:				
Cash and cash equivalents	98,263	-	98,263	95,791
Receivables (Net of allowance):				
Due from other governments - taxes	64,240	-	64,240	29,517
Accounts	34,353	342,388	376,741	349,948
Internal balances	15,988	(15,988)	-	-
Prepaid expenses	29,075	6,617	35,692	36,594
Total current assets	<u>2,533,356</u>	<u>2,141,999</u>	<u>4,675,355</u>	<u>3,797,844</u>
NON-CURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	1,564,325	662,504	2,226,829	1,477,939
Capital assets:				
Land, improvements and land rights	3,000,685	27,000	3,027,685	3,027,685
Buildings	2,013,485	458,275	2,471,760	2,465,368
Improvements and infrastructure other than buildings	4,722,970	17,746,056	22,469,026	22,301,696
Equipment and vehicles	2,654,225	829,539	3,483,764	3,448,571
Capital projects in process	1,709,883	-	1,709,883	1,598,721
Accumulated depreciation	(6,019,749)	(8,836,385)	(14,856,134)	(13,965,089)
Unamortized debt costs - insurance	4,360	37,006	41,366	44,951
Total non-current assets	<u>9,650,184</u>	<u>10,923,995</u>	<u>20,574,179</u>	<u>20,399,842</u>
TOTAL ASSETS	12,183,540	13,065,994	25,249,534	24,197,686
DEFERRED OUTFLOWS OF RESOURCES				
Defined benefit pension plans	1,689,629	153,567	1,843,196	1,699,603
Deferred charge on refunding of debt	5,063	-	5,063	8,941
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,694,692</u>	<u>153,567</u>	<u>1,848,259</u>	<u>1,708,544</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,878,232</u>	<u>\$ 13,219,561</u>	<u>\$ 27,097,793</u>	<u>\$ 25,906,230</u>

	2017			2016
	Governmental Activities	Business-type Activities	Total	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 231,972	\$ 251,100	\$ 483,072	\$ 567,931
Accrued liabilities	105,327	26,756	132,083	118,449
Customer deposits	-	219,084	219,084	217,532
Due to other governments	3,449	-	3,449	2,784
Current portion of				
Capital leases payable	28,062	-	28,062	44,665
Revenue bonds payable	125,000	100,000	225,000	225,000
Revenue note - series 2010	-	-	-	21,716
Accrued compensated absences	142,013	18,251	160,264	135,806
Total current liabilities	<u>635,823</u>	<u>615,191</u>	<u>1,251,014</u>	<u>1,333,883</u>
NON-CURRENT LIABILITIES				
Net Other Post Employment Benefits	135,895	24,276	160,171	135,730
Net pension liability	3,868,669	349,145	4,217,814	4,100,676
Capital leases payable	89,618	-	89,618	117,680
Revenue bonds payable	260,000	2,345,000	2,605,000	2,830,000
Revenue note - series 2010	-	-	-	64,625
Accrued compensated absences	310,545	46,930	357,475	397,534
Total non-current liabilities	<u>4,664,727</u>	<u>2,765,351</u>	<u>7,430,078</u>	<u>7,646,245</u>
TOTAL LIABILITIES	5,300,550	3,380,542	8,681,092	8,980,128
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - business tax certificates	33,969	-	33,969	31,884
Defined benefit pension plans	393,022	47,381	440,403	164,692
Deferred premium on issuance of debt	10,043	64,506	74,549	87,098
TOTAL DEFERRED INFLOWS OF RESOURCES	437,034	111,887	548,921	283,674
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>5,737,584</u>	<u>3,492,429</u>	<u>9,230,013</u>	<u>9,263,802</u>
NET POSITION				
Net investment in capital assets	7,578,819	7,779,484	15,358,303	15,573,268
Restricted:				
Capital projects - transportation	545,960	-	545,960	593,208
Capital projects - police, fire and school	185,545	-	185,545	179,144
Capital projects - infrastructure	1,229,288	-	1,229,288	991,342
Water, sewer and stormwater improvements	-	662,504	662,504	810
Community redevelopment	471,757	-	471,757	402,482
Police benevolence - Johnny Cash Reserve	98,263	-	98,263	95,791
Unrestricted	<u>(1,968,984)</u>	<u>1,285,144</u>	<u>(683,840)</u>	<u>(1,193,617)</u>
TOTAL NET POSITION	<u>8,140,648</u>	<u>9,727,132</u>	<u>17,867,780</u>	<u>16,642,428</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,878,232</u>	<u>\$ 13,219,561</u>	<u>\$ 27,097,793</u>	<u>\$ 25,906,230</u>

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

With Comparative Amounts for the Fiscal Year Ended September 30, 2016

FUNCTIONS/PROGRAMS	2017			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,762,873	\$ 411,295	\$ -	\$ -
Police	1,666,168	1,158,287	39,104	-
Fire	821,934	-	-	-
Protective inspections	325,657	515,071	-	-
Physical environment	721,702	-	-	-
Human services	24,478	-	-	-
Interest and fiscal charges on long-term debt	29,659	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	5,352,471	2,084,653	39,104	-
BUSINESS-TYPE ACTIVITIES				
Water and sewer	3,441,386	3,476,326	-	-
Stormwater utility	158,926	123,279	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	3,600,312	3,599,605	-	-
TOTAL	\$ 8,952,783	\$ 5,684,258	\$ 39,104	\$ -

General Revenues

Taxes:

Ad valorem

Franchise fees

Utility taxes

Communication services tax

Half-cent sales tax

Local option gas tax

Discretionary sales surtax - infrastructure

Other taxes

State revenue sharing

Impact fees

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net position - beginning of year

Net position - end of year

2017			2016
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Total
\$ (1,351,578)	\$ -	\$ (1,351,578)	\$ (1,480,883)
(468,777)	-	(468,777)	(552,934)
(821,934)	-	(821,934)	(800,350)
189,414	-	189,414	(89,297)
(721,702)	-	(721,702)	(703,464)
(24,478)	-	(24,478)	(21,766)
(29,659)	-	(29,659)	(42,804)
<u>(3,228,714)</u>	<u>-</u>	<u>(3,228,714)</u>	<u>(3,691,498)</u>
-	34,940	34,940	130,845
-	(35,647)	(35,647)	(7,957)
<u>-</u>	<u>(707)</u>	<u>(707)</u>	<u>122,888</u>
<u>(3,228,714)</u>	<u>(707)</u>	<u>(3,229,421)</u>	<u>(3,568,610)</u>
1,944,855	-	1,944,855	1,843,791
294,965	-	294,965	302,133
392,946	-	392,946	392,298
181,964	-	181,964	145,681
168,869	-	168,869	163,992
69,412	-	69,412	66,713
401,332	-	401,332	386,170
34,549	-	34,549	36,286
102,044	-	102,044	101,277
93,257	715,659	808,916	73,775
2,989	-	2,989	298
43,949	7,983	51,932	53,871
<u>3,731,131</u>	<u>723,642</u>	<u>4,454,773</u>	<u>3,566,285</u>
<u>502,417</u>	<u>722,935</u>	<u>1,225,352</u>	<u>(2,325)</u>
<u>7,638,231</u>	<u>9,004,197</u>	<u>16,642,428</u>	<u>16,644,753</u>
<u>\$ 8,140,648</u>	<u>\$ 9,727,132</u>	<u>\$ 17,867,780</u>	<u>\$ 16,642,428</u>

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

CITY OF PORT RICHEY, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2017
With Comparative Amounts for September 30, 2016

	2017			2016	
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
ASSETS					
Cash, pooled cash and cash equivalents	\$ 2,291,437	\$ -	\$ -	\$ 2,291,437	\$ 1,859,645
Restricted assets:					
Cash and cash equivalents	854,768	-	807,820	1,662,588	1,572,920
Receivables (Net of allowance):					
Due from other governments - taxes	37,089	-	27,151	64,240	29,517
Accounts	34,353	-	-	34,353	49,625
Due from other funds	-	570,677	25,224	595,901	451,715
Prepaid items	25,911	3,164	-	29,075	21,863
TOTAL ASSETS	\$ 3,243,558	\$ 573,841	\$ 860,195	\$ 4,677,594	\$ 3,985,285
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 131,850	\$ 86,281	\$ 13,841	\$ 231,972	\$ 286,897
Accrued liabilities	89,524	15,803	-	105,327	100,936
Due to other funds	579,913	-	-	579,913	435,727
Due to other governments	3,449	-	-	3,449	2,784
TOTAL LIABILITIES	804,736	102,084	13,841	920,661	826,344
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - business tax certificates	33,969	-	-	33,969	31,884
FUND BALANCES					
Fund balances					
Nonspendable:					
Prepaid items	25,911	-	-	25,911	19,126
Restricted for:					
Police Benevolence - Johnny Cash reserve	98,263	-	-	98,263	95,791
Capital projects - transportation	545,960	-	-	545,960	593,208
Capital projects - police, fire and school	185,545	-	-	185,545	179,144
Capital projects - infrastructure	-	-	1,229,288	1,229,288	991,342
Community redevelopment	-	471,757	-	471,757	402,482
Committed for:					
Capital projects - parkland improvements	25,000	-	-	25,000	25,000
Unassigned					
General fund	1,524,174	-	-	1,524,174	1,119,427
Capital Improvement Fund (deficit)	-	-	(382,934)	(382,934)	(298,463)
TOTAL FUND BALANCES	2,404,853	471,757	846,354	3,722,964	3,127,057
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,243,558	\$ 573,841	\$ 860,195	\$ 4,677,594	\$ 3,985,285

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

CITY OF PORT RICHEY, FLORIDA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

September 30, 2017

Fund Balances - total governmental funds \$ 3,722,964

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

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

Governmental capital assets	\$12,391,365	
Less accumulated depreciation	(6,019,749)	
Capital projects in process	<u>1,709,883</u>	8,081,499

Other assets used in governmental activities presented net of amortization are not financial resources and, therefore, are not reported in the governmental funds.

Capitalized debt issuance costs - insurance		4,360
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The difference between the reacquisition price of debt advance refunded and the carrying amount of the refunded debt is not a use of financial resources and is not accounted for in the governmental funds in the year in which the refunding occurs but is reported in governmental activities as a deferred charge to operations and is amortized using an effective interest rate. This item is reported as a deferred outflow of resources, net of amortization, in the statement of net position.

5,063

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

Net Other Post Employment Benefits	(135,895)	
Net Pension Liability	(3,868,669)	
Capital leases payable	(117,680)	
Revenue bonds payable	(385,000)	
Accrued compensated absences	<u>(452,558)</u>	(4,959,802)

Premium received on revenue bonds issued in prior year that was a financial resource in the governmental funds in the year received but is reported as a deferred inflow of resources net of amortization in the statement of net position.

(10,043)

Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds but will be recognized in pension expense on a long-term basis and are therefore reported in the statement of net position.

Deferred outflows of resources related to pensions	1,689,629	
Deferred inflows of resources related to pensions	<u>(393,022)</u>	<u>1,296,607</u>

Net position of governmental activities.		<u><u>\$ 8,140,648</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017
With Comparative Amounts for the Year Ended September 30, 2016

	2017			2016	
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
REVENUES					
Taxes	\$ 2,323,042	\$ 491,688	\$ -	\$ 2,814,730	\$ 2,683,903
Licenses and permits	567,724	-	-	567,724	218,668
Intergovernmental revenue	413,977	-	401,332	815,309	754,438
Impact fees	93,257	-	-	93,257	62,015
Charges for services	358,642	-	-	358,642	361,916
Fines and forfeitures	1,158,287	-	-	1,158,287	1,183,927
Interest	2,990	-	-	2,990	298
Miscellaneous revenues	37,732	-	-	37,732	52,046
TOTAL REVENUES	4,955,651	491,688	401,332	5,848,671	5,317,211
EXPENDITURES					
Current					
General government	1,430,228	213,831	-	1,644,059	1,799,171
Public safety	2,139,353	316,895	78,454	2,534,702	2,447,476
Physical environment	354,867	131,818	-	486,685	468,153
Human services	24,478	-	-	24,478	21,766
Capital outlay	126,578	111,162	49,841	287,581	256,755
Debt service					
Principal retirement	120,000	17,461	113,545	251,006	180,203
Interest and fiscal charges	17,729	507	6,017	24,253	37,182
TOTAL EXPENDITURES	4,213,233	791,674	247,857	5,252,764	5,210,706
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	742,418	(299,986)	153,475	595,907	106,505
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	-	7,629
Proceeds from the issuance of refunding bonds	-	-	-	-	518,104
Payment to refunded bond escrow agent	-	-	-	-	(500,000)
Bond issuance costs	-	-	-	-	(16,323)
Transfers in	-	369,261	-	369,261	334,362
Transfers out	(369,261)	-	-	(369,261)	(334,362)
TOTAL OTHER FINANCING SOURCES (USES)	(369,261)	369,261	-	-	9,410
NET CHANGE IN FUND BALANCES	373,157	69,275	153,475	595,907	115,915
FUND BALANCES - BEGINNING OF YEAR	2,031,696	402,482	692,879	3,127,057	3,011,142
FUND BALANCES - END OF YEAR	\$ 2,404,853	\$ 471,757	\$ 846,354	\$ 3,722,964	\$ 3,127,057

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

CITY OF PORT RICHEY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

September 30, 2017

Net change in fund balances - total governmental funds \$ 595,907

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

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is depreciated over their
estimated useful lives.

Expenditures for capital assets	\$ 287,581	
Less current year depreciation	<u>(391,628)</u>	(104,047)

Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
position.

Revenue bonds, including amount paid to refunded bond escrow agent	120,000	
Revenue note	86,342	
Capital lease payments	<u>44,664</u>	251,006

Some revenues (expenses) reported in the statement of activities do not
result in the receipt (use) of current financial resources and therefore are
not reported as revenues (expenditures) in governmental funds.

Change in accrued compensated absences	(1,065)	
Change in Net Other Post Employment Benefits	(19,559)	
Pension expense	(220,636)	
Amortization of current year bond premium	6,217	
Amortization of current year debt issuance costs	<u>(5,406)</u>	<u>(240,449)</u>

Change in net position of governmental activities.		<u><u>\$ 502,417</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

September 30, 2017

With Comparative Amounts for September 30, 2016

	2017			2016
	Business-type Activities			Total
	Enterprise Fund			
Water and Sewer	Stormwater Utility	Total	Total	
ASSETS				
CURRENT ASSETS				
Cash, pooled cash and cash equivalents	\$ 1,600,067	\$ 208,915	\$ 1,808,982	\$ 1,426,349
Receivables (Net of allowance):				
Accounts	330,035	12,353	342,388	300,323
Due from other funds	57,543	-	57,543	57,543
Prepaid expenses	6,163	454	6,617	14,731
Total current assets	<u>1,993,808</u>	<u>221,722</u>	<u>2,215,530</u>	<u>1,798,946</u>
NON-CURRENT ASSETS				
Restricted:				
Cash and cash equivalents	574,579	87,925	662,504	810
Capital assets:				
Property, plant, equipment, and infrastructure	18,776,376	284,494	19,060,870	19,028,374
Less: Accumulated depreciation	(8,707,536)	(128,849)	(8,836,385)	(8,336,968)
Unamortized debt costs - insurance	37,006	-	37,006	39,063
Total non-current assets	<u>10,680,425</u>	<u>243,570</u>	<u>10,923,995</u>	<u>10,731,279</u>
TOTAL ASSETS	<u>12,674,233</u>	<u>465,292</u>	<u>13,139,525</u>	<u>12,530,225</u>
DEFERRED OUTFLOWS OF RESOURCES				
Defined benefit pension plan	142,519	11,048	153,567	137,081
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,816,752</u>	<u>\$ 476,340</u>	<u>\$ 13,293,092</u>	<u>\$ 12,667,306</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 249,864	\$ 1,236	\$ 251,100	\$ 281,034
Accrued liabilities	25,248	1,508	26,756	17,513
Customer deposits	219,084	-	219,084	217,532
Due to other funds	15,988	57,543	73,531	73,531
Revenue bonds payable - current portion	100,000	-	100,000	105,000
Accrued compensated absences - current portion	16,148	2,103	18,251	22,933
Total current liabilities	<u>626,332</u>	<u>62,390</u>	<u>688,722</u>	<u>717,543</u>
NON-CURRENT LIABILITIES				
Net Other Post Employment Benefits liability	22,677	1,599	24,276	19,394
Net pension liability	326,022	23,123	349,145	335,696
Revenue bonds payable	2,345,000	-	2,345,000	2,445,000
Accrued compensated absences	41,523	5,407	46,930	58,913
Total non-current liabilities	<u>2,735,222</u>	<u>30,129</u>	<u>2,765,351</u>	<u>2,859,003</u>
TOTAL LIABILITIES	<u>3,361,554</u>	<u>92,519</u>	<u>3,454,073</u>	<u>3,576,546</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized bond issuance premium	64,506	-	64,506	70,838
Defined benefit pension plan	45,594	1,787	47,381	15,725
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>110,100</u>	<u>1,787</u>	<u>111,887</u>	<u>86,563</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,471,654</u>	<u>94,306</u>	<u>3,565,960</u>	<u>3,663,109</u>
NET POSITION				
Net investment in capital assets	7,623,840	155,644	7,779,484	8,141,408
Restricted:				
Water, sewer and stormwater impact fees	574,579	87,925	662,504	810
Unrestricted	1,146,679	138,465	1,285,144	861,979
TOTAL NET POSITION	<u>9,345,098</u>	<u>382,034</u>	<u>9,727,132</u>	<u>9,004,197</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 12,816,752</u>	<u>\$ 476,340</u>	<u>\$ 13,293,092</u>	<u>\$ 12,667,306</u>

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the Year Ended September 30, 2017
 With Comparative Amounts for the Year Ended September 30, 2016

	2017			2016
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
OPERATING REVENUE				
Charges for services	\$ 3,476,326	\$ 123,279	\$ 3,599,605	\$ 3,375,361
Total operating revenues	<u>3,476,326</u>	<u>123,279</u>	<u>3,599,605</u>	<u>3,375,361</u>
OPERATING EXPENSES				
Personal services	747,818	43,377	791,195	603,233
Contractual services	1,084,319	8,500	1,092,819	829,734
Materials and supplies	460,536	46,846	507,382	285,356
Purchased water	172,247	-	172,247	410,384
Utilities	110,375	-	110,375	110,222
Depreciation	478,503	20,915	499,418	500,581
Administrative charges	294,000	39,288	333,288	333,288
Total operating expenses	<u>3,347,798</u>	<u>158,926</u>	<u>3,506,724</u>	<u>3,072,798</u>
OPERATING INCOME	<u>128,528</u>	<u>(35,647)</u>	<u>92,881</u>	<u>302,563</u>
NON-OPERATING REVENUES (EXPENSES)				
Other income	7,983	-	7,983	-
Interest and fiscal charges	(91,532)	-	(91,532)	(178,685)
Amortization	(2,056)	-	(2,056)	(990)
Total non-operating revenues (expenses)	<u>(85,605)</u>	<u>-</u>	<u>(85,605)</u>	<u>(179,675)</u>
INCOME BEFORE CONTRIBUTIONS	42,923	(35,647)	7,276	122,888
Impact fees	625,850	89,809	715,659	11,760
CHANGE IN NET POSITION	668,773	54,162	722,935	134,648
NET POSITION - BEGINNING OF YEAR	<u>8,676,325</u>	<u>327,872</u>	<u>9,004,197</u>	<u>8,869,549</u>
NET POSITION - END OF YEAR	<u>\$ 9,345,098</u>	<u>\$ 382,034</u>	<u>\$ 9,727,132</u>	<u>\$ 9,004,197</u>

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended September 30, 2017
With Comparative Amounts for the Year Ended September 30, 2016

	2017			2016
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,429,535	\$ 123,225	\$ 3,552,760	\$ 3,397,850
Cash paid to suppliers for goods and services	(1,850,194)	(54,449)	(1,904,643)	(1,500,607)
Cash paid for inter-fund services	(294,000)	(39,288)	(333,288)	(333,288)
Cash paid to and for the benefit of employees	(724,722)	(40,394)	(765,116)	(592,907)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	560,619	(10,906)	549,713	971,048
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Collection of Impact Fees	625,850	89,809	715,659	11,760
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	625,850	89,809	715,659	11,760
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on revenue bonds	(105,000)	-	(105,000)	-
Proceeds from the issuance of refunding bonds net of issuance costs	-	-	-	2,596,048
Payment to refunded bond escrow agent	-	-	-	(2,615,000)
Acquisition and construction of capital assets	(32,496)	-	(32,496)	(243,639)
Interest and fiscal charges paid on indebtedness	(91,532)	-	(91,532)	(188,252)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(229,028)	-	(229,028)	(450,843)
CASH FLOWS FROM INVESTING ACTIVITIES				
Other income	7,983	-	7,983	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	7,983	-	7,983	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	965,424	78,903	1,044,327	531,965
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,209,222	217,937	1,427,159	895,194
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,174,646	\$ 296,840	\$ 2,471,486	\$ 1,427,159
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET				
Unrestricted cash, pooled cash and cash equivalents	\$ 1,600,067	\$ 208,915	\$ 1,808,982	\$ 1,426,349
Restricted cash and cash equivalents	574,579	87,925	662,504	810
	\$ 2,174,646	\$ 296,840	\$ 2,471,486	\$ 1,427,159

	2017			2016
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 128,528	\$ (35,647)	\$ 92,881	\$ 302,563
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	478,503	20,915	499,418	500,581
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(42,011)	(54)	(42,065)	22,354
(Increase) decrease in prepaid expenses	8,113	1	8,114	(597)
(Increase) decrease in deferred outflows - pension plan - pertaining to current year	(15,556)	(931)	(16,487)	(92,263)
Increase (decrease) in accounts payable	(30,830)	897	(29,933)	135,686
Increase (decrease) in accrued liabilities	9,037	1,993	11,030	(11,580)
Increase (decrease) in utility deposits	1,552	-	1,552	544
Increase (decrease) in compensated absences	(17,520)	855	(16,665)	1,193
Increase (decrease) in net other post employment benefits	4,576	306	4,882	3,901
Increase (decrease) in net pension liability - pertaining to current year	12,690	759	13,449	140,557
Increase (decrease) in deferred inflows - bond premium	(6,332)	-	(6,332)	(409)
Increase (decrease) in deferred inflows - pension plan pertaining to current year	29,869	-	29,869	(31,482)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 560,619</u>	<u>\$ (10,906)</u>	<u>\$ 549,713</u>	<u>\$ 971,048</u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

- * Bond issuance costs and premiums related to the Revenue Bonds, Series 2005D and 2016 are being amortized over the life of the debt issues. Amortization expense for the years ended September 30, 2017 and 2016 was \$2,056 and \$990, respectively. Amortization of the bond premium for the years ended September 30, 2017 and 2016 was \$6,332 and \$409, respectively.

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Port Richey ("City") maintains its accounting records in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. The Reporting Entity: The City is a political subdivision of the State of Florida, located in Pasco County in the southwest portion of the State. The City was incorporated in 1925 under the provisions of the Laws of Florida, Chapter 110334 and had operated under that charter until April 1994 when a new charter was adopted. The City is approximately four square miles in area. The City is a full service municipality providing its citizens with a full complement of municipal services. In addition, the City owns and operates a utility, which includes both a water production and distribution system and a sewage collection system.

The City follows the Principles of Governmental Accounting Standards Board (GASB) "Codification of Governmental Accounting and Financial Reporting Standards" Section 2100, "Defining the Reporting Entity", which establishes standards for defining and reporting on the "Financial Reporting Entity". The financial reporting entity includes the primary government, organizations for which the primary government is financially accountable and other organizations for which, if excluded, would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority to an organization's board and either displays the ability to impose its will on that organization, the possibility that the organization will impose or provide a financial burden or benefit to the primary government, or management of the primary government has operational responsibility for the component unit and manages the component unit in essentially the same manner in which it manages its own programs or departments.. The City has determined that the Community Redevelopment Agency (CRA) is the only organization that meets these requirements, and therefore, has appropriately blended the component unit in the financial statements as a special revenue fund. Although legally separate, the City Council serves as the CRA Board. Separate financial statements for the CRA are not presently prepared. The CRA was created on January 8, 2002, pursuant to Chapter 163.356, Florida Statutes, City Resolutions 02-01, 02-02, and 02-03.

2. Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments": The City presents its comprehensive annual financial report in accordance with the provisions of GASB Statement #34 – "Basic Financial Statements – and – Management's Discussion and Analysis – for State and Local Governments". This standard establishes the financial reporting requirements for state and local governments. The Statement establishes specific standards for basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information.

As part of reporting pursuant to GASB Statement #34, there is a reporting requirement regarding infrastructure; that is roads, sidewalks, curbing, and drainage improvements, etc. All major general infrastructure assets that were acquired or significantly reconstructed, or that received significant improvements, in fiscal years ending after June 30, 1980, are required to be retroactively reported. All newly acquired or improved infrastructure assets must be reported in accordance with GASB Statement #34. The City has included infrastructure assets acquired prior to June 30, 1980 that still have remaining useful lives.

The basic financial statements include both government-wide and fund financial statements. The government-wide statements are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables and long-term liabilities. Governmental activities include the General Fund, the Special Revenue Fund-Community Redevelopment, and the Capital Improvement Fund. Business-type activities include the Water and Sewer Enterprise Fund and the Stormwater Utility Enterprise Fund.

The government-wide Statement of Activities reports the gross and net cost for the various functional categories of the City that are otherwise supported by general government revenues. The expenses for each functional category are reduced by program revenues to ascertain the net costs for that function. Program revenues are defined as charges for services,

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

operating grants, and capital grants that specifically relate to a specific program function. Charges for services include revenues arising from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Operating grants and capital grants consist of revenues received from other governments, organizations, or individuals that are specifically attributable to a program and are restricted for either operating expenditures/expenses or capital expenditures/expenses associated with a specific program.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for the City's enterprise funds include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements are very similar to the financial statements presented in the previous model. The emphasis in the new model is on major funds in both the governmental activities and business-type activities, and non-major funds are summarized into a single column. The City has elected to report the Capital Improvement Governmental Fund and the Stormwater Utility Enterprise Fund as major funds in the fund financial statements. As a result, there are no non-major funds to report in the fund financial statements.

3. Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The measurement focus is the determination of financial position and sources and uses of resources, rather than net income determination.

The proprietary fund statement is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The operating statement of this fund presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The measurement focus of the proprietary fund is determination of net income, financial position, and cash flows.

4. Fund Accounting: The City organizes its accounting system on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts. The various funds are grouped in the financial statements as follows:

Governmental Fund Types:

General: The general fund is used to account for all activities of general government not accounted for in another fund. The general fund is always reported as a major fund in the governmental fund financial statements.

Special Revenue Fund: This fund is used to account for specific revenue sources (other than major capital projects or special assessments) that are restricted by law or administrative action to expenditure for specific purposes. The Community Redevelopment Agency Fund is used to account for the proceeds of funding and the associated costs and activities of the Community Redevelopment Agency. This fund had been classified as a major fund in the governmental fund financial statements.

Capital Improvement Fund: This fund is used to account for the expenditure of funds for the construction, renovation, expansion and major improvement of various City facilities, as well as the acquisition of land and other large nonrecurring projects. The capital improvements and acquisitions are funded by the Discretionary Sales Surtax – Infrastructure funding received by the City and restricted for infrastructure improvements or vehicles with a life expectancy of at least (5) years, as well as other funds received by the City.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types: The City’s Proprietary Funds are presented in accordance with GASB Statement #62 – “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements”. The City’s Proprietary Fund types consist of the following:

Enterprise Funds: These funds account for operations that are financed and operated in a manner similar to the private business sector, where the intent of the governing body is that the costs (including depreciation) to provide certain goods and services to the general public be financed or recovered primarily through user charges or where the governing body has deemed that periodic determination of net income is appropriate for purposes of monitoring capital maintenance, accountability or other purposes. The City has two Enterprise Funds that are presented as major proprietary funds.

Water and Sewer Fund: This fund is used to account for water production activities and the distribution of water and provision of sewage collection to residents and businesses located in the City and other users located in unincorporated areas of Pasco County. All costs are financed through charges to utility customers.

Stormwater Utility Fund: This fund is used to account for stormwater management activities within the City. All costs are financed through charges to utility customers.

5. Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental funds in the fund financial statements are presented on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available (susceptible to accrual). Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of year-end. Revenues that are susceptible to accrual include utility taxes, court fines, and intergovernmental grants. Expenditures are recorded at the time the related fund liabilities are incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The government-wide financial statements and proprietary fund financial statements are presented on an accrual basis of accounting. Under the accrual basis, revenues are recognized in the period when earned and expenses are recognized in the period when incurred.

6. Budget and Budgetary Accounting: Annual appropriated budgets are legally adopted on a basis consistent with GAAP for the governmental funds. The Water and Sewer Enterprise Fund budget is adopted on a basis consistent with GAAP, except that no provision is made for amortization and that capital outlay and debt principal payments are budgeted. These funds are controlled on a fund and departmental level. The department heads are authorized to transfer budget amounts within departments; however, any revision that alters the total expenditures of any department must be approved by the City Manager. Unencumbered appropriations expire at year-end. Budget amendments that affect revenue or increase the total amount of individual fund expenditures must be approved by the City Council.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) By approximately July 1, the City Manager and Finance Director submit to the City Council a proposed budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage rate.
- b) Public hearings are conducted in August and September to obtain taxpayer comments on the proposed budget and property tax millage rate.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- c) The budget and property tax millage rate is approved by the City Council in September and adopted as a budget resolution. This budget resolution is adopted at the departmental line item level.
- d) The budget is reviewed on an ongoing basis and any unusual and unforeseen changes are incorporated into the budget on a fund level by a modifying resolution.
- e) Annual budgets were adopted for the following funds: General, Community Redevelopment, Capital Improvement, Water and Sewer Fund, and Stormwater Utility Fund. The budget serves as legal authorization for all expenditures. Budgeted expenditures may not legally exceed appropriations on an individual fund basis for the General, Community Redevelopment, Capital Improvement, Water and Sewer Funds, and Stormwater Utility Fund. Total budget appropriations were not amended during the year.
- f) All appropriations lapse at the end of the fiscal year. Encumbrances outstanding at year-end are re-appropriated and charged against the ensuing year's budget and thus are not reflected in budget to actual presentations.

7. Property Taxes: Under Florida law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pasco County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for fiscal year ending September 30, 2017 was 5.7557.

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

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Pasco County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by Pasco County.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

8. Assets, Liabilities, and Fund Equity

Cash, pooled cash, and cash equivalents: The City uses a consolidated cash pool to account for the operating cash account. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield that are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. Other money market accounts, savings accounts and investments are segregated by individual fund.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted Assets: The City has one category of restricted assets: cash and cash equivalents.

Cash and cash equivalents have been restricted in the Governmental Activities and Governmental Funds for: unexpended Transportation and Police, Fire and School Impact Fees; for unexpended Discretionary Sales Surtax – infrastructure funds; for unexpended Community Redevelopment funds, and for Police Benevolence purposes.

Cash and cash equivalents have been restricted in the Business-type activities and the Water and Sewer Fund for unexpended water, sewer and stormwater impact fees.

Capital Assets: Capital assets, which include land, buildings, improvements, equipment, vehicles and infrastructure assets, are reported in the applicable government or business-type activity in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. These assets are capitalized at historical cost, or estimated historical cost if actual cost information is not available. Donated fixed assets are capitalized at their fair market value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of the asset are also capitalized.

Depreciation, which is computed on a straight-line basis, is provided for in amounts sufficient to charge the cost of depreciable assets to operations over their estimated useful lives. Depreciation is not provided for capital projects in process. Interest cost incurred on construction in progress is capitalized as part of the cost of assets acquired in an enterprise fund. The estimated useful lives of the assets are as follows:

Category	Useful Life
Buildings and improvements	10 – 50 years
Infrastructure – road ways	20 years
Equipment and vehicles	3 – 20 years
Water and Sewer system	15 - 60 years

Accrued Compensated Absences: Regular, full-time, permanent employees earn vacation and sick leave starting thirty days after their date of employment.

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

Years of Service	Total Hours Per Year – Non-Police Employee	Total Hours Per Year Police Employees
1 to 5	80	132
6	120	144
7	120	156
8	120	168
9	120	180
10 or more	120	192
Through 15 years	120	192
16 years or more	160	192

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The maximum amount of vacation leave that a non-police employee may accrue is equal to 220 hours. An employee who has served one year or more and who terminates employment with the City is paid for any unused vacation leave accumulated to the time of termination up to the capped amount. The maximum amount of vacation leave that a police employee may accrue is 240 hours. Upon separation the police employee is paid for all unused vacation time.

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as a component of long-term liabilities. No expenditure is reported for these amounts in the governmental funds. Vested or accumulated vacation and sick leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees.

Sick leave is earned based on years of continuous and creditable service as follows:

Years of Service	Maximum Days Credited All Employees
0 to 5	30
6 to 10	60
11 or more	90

Employees may accrue sick leave benefits to a maximum amount of ninety days (720 hours). Employees, except police, terminating employment by resignation, in good stead and with two weeks notice, shall be paid for accrued sick leave at the rate of 50% times the number of hours accrued not to exceed the maximum days. Police employees terminating employment by resignation, in good stead and with two weeks notice, shall be paid for all accrued sick leave not to exceed the maximum amount. Employees retiring from the City shall be paid for 100% of accrued sick leave not to exceed the maximum accrual limit plus 33% of any time in excess of the limit.

Post Retirement Health and Life Insurance Benefits: The City provides post retirement health insurance benefits to employees upon completion of twenty-five years of continuous service or twenty years of continuous service upon reaching age sixty. These benefits are discontinued upon the employee reaching age sixty-five. The City does not provide any post retirement life insurance benefits.

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

- a) Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted – This component consists of the portion of net position that have constraints placed on them either externally by third-parties (creditors, grantors, and contributors) or by law through constitutional provisions of enabling legislation. The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use of these funds.
- c) Unrestricted – This component of net position consists of that portion that does not meet the definition of “net investment in capital assets” and “restricted”.

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification: The City reports fund balances in accordance with the provisions of GASB Statement Number 54 – “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement Number 54 provides that governmental fund financial statements will present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a) **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current year.
- b) **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- c) **Committed**: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations (encumbrances) to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- d) **Assigned**: This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- e) **Unassigned**: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first and to defer the use of these other classified funds.

Fund Balance Restrictions: Governmental Fund restrictions are used to indicate that a portion of the fund balance is legally segregated for a specific future use.

Specific Restrictions:

Governmental Activities / Governmental Funds:

- a) Restricted for Police Benevolence: Indicates the unexpended portion of funds donated to the “Johnny Cash Reserve” that have been restricted for future police benevolence purposes.
- b) Restricted for Capital Projects - Transportation: Indicates a portion of the fund balance that has been legally segregated for future funding of transportation related capital improvements.

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- c) Restricted for Capital Projects – Police, Fire and School: Indicates a portion of the fund balance that has been legally segregated for future funding of police, fire and school capital improvement facilities.
- d) Restricted for Capital Projects - Infrastructure: Indicates a portion of the fund balance that has been legally segregated for future funding of infrastructure improvements including police, fire and other vehicles and the repayment of infrastructure related indebtedness.
- e) Restricted Reserve for Community Redevelopment: Indicates the unexpended portion of funds restricted for use by the Community Redevelopment Agency.

Business-type Activities / Proprietary Funds:

- f) Restricted for Water, Sewer and Stormwater Impact Fees: Indicates the unexpended portion of water and stormwater impact fees that have been restricted for future improvements to the infrastructure systems.

Fund Balance Committed: - Governmental Funds that have been committed by action of the City Council that are to be used in the future for a specific purpose.

- a) Committed for Parkland Improvements: Indicates the unexpended portion of funds committed by City Council for permanent improvements to Nick's Park.

9. Bond Premium / Issuance Costs: In the governmental funds, bond premiums and issuance costs are recognized as current period other financing sources and current period expenditures, respectively. In the proprietary funds and the government-wide financial statements, bond premiums and issuance costs pertaining to repayment insurance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums are recorded as Deferred Inflows of Resources and issuance costs pertaining to repayment insurance are reported as unamortized debt costs.

For current and advance bond refundings that result in defeasance of old debt, the excess of the reacquisition price over the net carrying amount of the old debt is presented as a Deferred Outflows of Resources and is amortized as a charge to operations using the effective interest method.

10. Deferred Inflows of Resources: In the governmental funds and government-wide statements, the amount of business tax certificates fees collected in advance of the October 1 due date is recorded as a deferred inflow of resources and will be recognized as revenue in the fiscal year the fees are due.

11. Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions: Deferred inflows of resources and deferred outflows of resources related to pension plans that are derived from the difference between projected and actual earnings on the respective plan investments are amortized to pension expense over a closed five year period. Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from differences between expected and actual experience with regard to economic or demographic factors (difference between expected and actual experience) in the measurement of the respective pension plan's total pension liability are amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the respective pension plan (active and inactive employees) determined as of the beginning of the measurement period. Contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions. This contribution is included as an increase in the respective pension plan fiduciary net position in the subsequent fiscal year.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Net Pension Liability: The City adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* in fiscal year ended September 30, 2015. As a result of the implementation of GASB Statements 68 and 71, the City reports its proportionate interest in the Florida Retirement System cost sharing - multiple employer plan.

13. Interfund Transactions: Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are deemed to be at market or near market rates and are treated as revenues and expenditures/expenses and are not eliminated in the consolidation of the government-wide financial statements. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

14. Comparative data and Reclassifications: The financial statements include summarized prior year comparative information that does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2016, from which such summarized information has been derived.

15. Use of Estimates: The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Pooled Cash

The City maintains a cash pool that is available for all funds. Amounts reported as cash equivalents are funds deposited in bank money market accounts. These cash funds may be withdrawn by the City upon demand.

Deposits

Florida Statutes and City policy require that all City demand accounts be in financial institutions that pledge collateral with the State Treasurer pursuant to Chapter 280, Florida Statutes. The City is required to verify that monies are on deposit with "qualified public depositories" as defined in Florida Statutes Section 280.02. Florida Statutes require that all qualified public depositories provide collateral each month equal to a least 50 percent of the public funds on deposit with the institution that are in excess of deposit insurance amounts. The carrying amount of the City's deposits as of September 30, 2016 was \$6,424,256, of which \$6,245,096 is on deposit in interest bearing checking and money market accounts. The carrying amount of deposits excludes \$1,255 of petty cash accounts.

The State Treasurer may assess other qualified public depositories for a pro rata share of any loss suffered by a public depositor in excess of its depository's collateral. Since the City uses only authorized public depositories, all funds, including time deposits, deposited with financial institutions are in compliance with the City's policies.

Investments

The City's investment policy is to maintain funds in investments that yield the highest possible efficiency and return within the limitations of Florida Statutes. The Florida Statutes Section 218.415(17) authorizes the City to invest in the Local Government Surplus Funds Trust Fund; SEC registered money market funds with the highest credit quality rating, interest bearing time deposits or savings accounts in qualified public depositories, direct obligations of the United States Treasury, and federal agencies and their instrumentalities.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE B - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

The City did not have any investments as of September 30, 2017.

The City does not participate in any securities lending transactions nor has it used, held, or written derivative financial instruments.

Interest Rate Risk – The City’s investment policy with regard to minimizing interest rate risk related to the decline in the value of securities due to rising interest rates is to invest in short-term securities or similar investment pools so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

Credit Risk – The City’s investment policy with regard to minimizing credit risk due to a default of a security issuer or backer is to limit investments to the safest types of securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business.

A reconciliation of the amount of petty cash and deposits to the Statement of Net position as of September 30, 2017, is as follows:

Petty cash	\$ 1,255
Deposits	6,424,256
Total	<u>\$ 6,425,511</u>
As reported in Statement of Net position:	
Cash, pooled cash and cash equivalents	\$ 4,100,419
Restricted Assets - Current:	
Cash and cash equivalents	98,263
Restricted Assets – Non-Current	
Cash and cash equivalents	2,226,829
Total	<u>\$ 6,425,511</u>

NOTE C- RECEIVABLES

The receivables and related allowances for uncollectibles at September 30, 2017 were as follows:

	Receivables Taxes	Receivables - Accounts		Total
		Amount	Allowance for Uncollectibles	
General Fund	\$ 64,240	\$ 34,353	\$ -	\$ 34,353
Enterprise Fund	-	409,444	67,056	342,388
Total	<u>\$ 64,240</u>	<u>\$ 443,797</u>	<u>\$ 67,056</u>	<u>\$ 376,741</u>

NOTE D- RESTRICTED ASSETS

The purpose of the restricted assets and the institution in which the assets are on deposit is as follows:

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CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE D- RESTRICTED ASSETS (continued)

	Amount
Restricted cash:	
On deposit at TD Bank – Police Benevolence	\$ 98,263
Current	<u>98,263</u>
On deposit at PNC Bank – Transportation Impact Fees	545,960
On deposit at PNC Bank – Police, Fire and School Impact Fees	185,545
On deposit at TD Bank – Infrastructure	807,820
On deposit at TD Bank – Water and Sewer Impact Fees	574,579
On deposit at TD Bank – Stormwater Impact Fees	87,925
On deposit at TD Bank – Parkland Improvements	25,000
Non-Current	<u>2,226,829</u>
Total restricted cash	<u>\$ 2,325,092</u>

The government-wide statement of net position reports \$3,193,317 restricted net position, of which \$1,492,272 is restricted by legislation enacted by the City.

NOTE E - CAPITAL ASSETS

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

	Ending Balance 10-1-2016	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2017
Governmental Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$3,000,685	\$ -	\$ -	\$3,000,685
Capital projects in process	1,598,721	111,162	-	1,709,883
<u>Depreciable assets:</u>				
Buildings and improvements	2,013,485	-	-	2,013,485
Improvements and Infrastructure other than buildings	4,573,640	149,330	-	4,722,970
Equipment and vehicles	2,627,136	27,089	-	2,654,225
Total at historical cost	<u>13,813,667</u>	<u>287,581</u>	<u>-</u>	<u>14,101,248</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	742,556	53,336	\$ -	795,892
Improvements and Infrastructure other than buildings	3,070,968	131,138	-	3,202,106
Equipment and vehicles	1,814,597	207,154	-	2,021,751
Total accumulated depreciation	<u>5,628,121</u>	<u>391,628</u>	<u>-</u>	<u>6,019,749</u>
Capital assets, net	<u>\$8,185,546</u>	<u>\$ (104,047)</u>	<u>\$ -</u>	<u>\$8,081,499</u>

Depreciation expense was charged to the functions of the City as follows:

General government	\$ 70,771
Police	43,176
Fire	60,797
Protective inspections	4,859
Physical environment	212,025
	<u>\$ 391,628</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE E - CAPITAL ASSETS (continued)

	Ending Balance 10-1-2016	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2017
Business-type Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 27,000	\$ -	\$ -	\$ 27,000
<u>Depreciable assets:</u>				
Buildings and improvements	451,883	6,392	-	458,275
Improvements and Infrastructure other than buildings	17,728,056	18,000	-	17,746,056
Equipment and vehicles	821,435	8,104	-	829,539
Total at historical cost	<u>19,028,374</u>	<u>32,496</u>	<u>-</u>	<u>19,060,870</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	241,520	10,341	-	251,861
Improvements and Infrastructure other than buildings	7,429,740	448,810	-	7,878,550
Equipment and vehicles	665,707	40,267	-	705,974
Total accumulated depreciation	<u>8,336,967</u>	<u>499,418</u>	<u>-</u>	<u>8,836,385</u>
Capital assets, net	<u>\$10,691,407</u>	<u>\$ (466,922)</u>	<u>\$ -</u>	<u>\$10,224,485</u>

Depreciation expense of \$478,503 and \$20,915 was charged to the Water and Sewer Fund and Stormwater Fund, respectively.

NOTE F - RISK MANAGEMENT

The City is subject to losses in the normal course of operations resulting from general liability; property and casualty; workers' compensation; employee health and accident; environmental, and antitrust matters. The City has purchased commercial insurance to protect against employee health losses. The City participates in Public Risk Management of Florida for purposes of protecting against workers' compensation losses; real and personal property losses; automobile damage; and general liability, including malpractice and errors and omissions. The City does not self-insure against any risks. To the extent that the City has purchased commercial insurance, all risk of loss has been transferred to the insurance underwriter.

NOTE G - LONG-TERM DEBT

Long-term debt activity for the fiscal year ending September 30, 2017 was as follows:

	Beginning Balance 10-1-2016	Increases	Decreases	Ending Balance 9-30-2017	Amounts Due Within One Year
Governmental Activities					
Bonds and leases payable:					
Revenue Note, Series 2010	\$ 86,341	\$ -	\$ 86,341	\$ -	\$ -
Revenue Bonds, Series 2016	505,000	-	120,000	385,000	125,000
Debt payable	591,341	-	206,341	385,000	125,000
Capital lease payable	162,345	-	44,665	117,680	28,062
Total notes, bonds and lease payable	753,686	-	251,006	502,680	153,062
Other liabilities					
Compensated absences	451,494	113,937	112,873	452,558	142,013
Total long-term liabilities – Governmental Activities	<u>\$ 1,205,180</u>	<u>\$ 113,937</u>	<u>\$ 363,879</u>	<u>\$ 955,238</u>	<u>\$ 295,075</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE G- LONG-TERM DEBT (continued)

	Beginning Balance 10-1-2016	Increases	Decreases	Ending Balance 9-30-2017	Amounts Due Within One Year
Business-type Activities					
Bonds and leases payable:					
Revenue Bonds, Series 2016	\$ 2,550,000	\$ -	\$ 105,000	\$ 2,445,000	\$ 100,000
Total bonds payable	2,550,000	-	105,000	2,445,000	100,000
Other liabilities					
Compensated absences	81,846	6,861	23,526	65,181	18,251
Total long-term liabilities – Business-type Activities	<u>\$ 2,631,846</u>	<u>\$ 6,861</u>	<u>\$ 128,526</u>	<u>\$ 2,510,181</u>	<u>\$ 118,251</u>

Long-term debt for the governmental activities is comprised of the following at September 30, 2017:

Revenue Bonds, Series 2016 – Revenue Bonds in the amount of \$505,000 were issued to advance refund the Revenue Bonds, Series 2005C. Please see the additional disclosure on the advance refunding provided below pertaining to this transaction. The outstanding bonds mature in various amounts annually, ranging from \$120,000 to \$135,000 through October 1, 2020. Interest accrues on the bonds at rates ranging from 2.0% to 4.0% and is payable semi-annually on October 1 and April 1. The City has covenanted to appropriate in its annual budget from non – ad valorem revenues, amounts sufficient to pay annual principal and interest installments on the bonds. \$ 385,000

Capital lease: The City currently leases an E-One Pumper fire truck under a capital lease – purchase agreement within the governmental activities. The lease matures in December 2020. The lease generally provides that the City pay the taxes, insurance and maintenance expenses related to the leased asset. The present value of future minimum lease payments is: 117,680

Accrued compensated absences, consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 452,558

Total long-term debt – governmental activities \$ 955,238

Advance refunding of Revenue Bonds, Series 2005C – On September 29, 2016 the City issued \$3,055,000 in Revenue Bonds, Series 2016 to advance refund the Revenue Bonds, Series 2005C (governmental activities long-term debt) in the amount of \$500,000 and Revenue Bonds, Series 2005D (business-type activities long-term debt) in the amount of \$2,615,000. The advance refunding of the Series 2005C Revenue Bonds is discussed below. The advance refunding of the Series 2005D Revenue Bonds is discussed on page 46 of this report.

Proceeds totaling \$501,781 of the Series 2016 bonds, including a premium of \$13,104, less the bond issuance costs of \$16,323, plus \$10,684 of the City’s funds, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Series 2005C bonds. As a result, the \$500,000 of 2005C Revenue bonds were considered to be defeased and the liability for those bonds was removed from the accompanying government-wide Statement of Net Position. The acquisition price of the 2005C bonds was the same amount as the \$500,000 carrying amount of the bonds. The defeased bonds were paid-off on November 1, 2016 from the amount on deposit in the escrowed sinking fund.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE G- LONG-TERM DEBT (continued)

The City completed the advance refunding to reduce its combined total debt service for both the Series 2005C bonds and Series 2005D bonds which resulted in the City obtaining an economic gain (the difference between the present values of the old and new debt service) of \$318,598.

Partial advance refunding of Revenue Bonds, Series 2000 – On July 12, 2005, the City issued \$1,155,000 in Revenue Bonds, Series 2005C to advance refund a portion of the Revenue Bonds, Series 2000 that had been issued to construct a new City Hall. The City advance refunded \$1,055,000 of the Series 2000 Bonds. The proceeds of the Series 2005C bonds in the amount of \$1,193,025, including a premium of \$38,025, less the bond issuance costs of \$27,755, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the Series 2000 bonds. As a result, the \$1,055,000 of 2000 Revenue bonds were considered to be defeased and the liability for those bonds was removed from the accompanying government-wide Statement of Net position. The defeased bonds were paid-off on April 1, 2010 from the amounts on deposit in the escrowed sinking fund.

The partial advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the debt in the amount of \$107,717. Because the Series 2005C Revenue Bonds were issued to effect an advance refunding and have now been advance refunded through the issuance of the Series 2016 Revenue Bonds, the remaining unamortized difference of \$5,063 will continue to be reported in the accompanying Statement of Net Position as Deferred Outflows of Resources and is being charged to operations through the year ended September 30, 2020 using the effective-interest method.

The remaining unamortized bond premium and debt issuance costs originating with the partial advance refunding of the Series 2000 bonds have been combined with the 2005C Series refunding premium and amortizable issuance costs, and will be amortized through the year ended September 30, 2020 using the bonds outstanding method. The remaining balances to be amortized as of September 30, 2017, including the 2016 Series unamortized bond premium and debt issuance costs, are \$10,043 and \$4,360, respectively. The unamortized bond issuance costs and bond premium realized are reported in the accompanying Statement of Net Position as Unamortized Debt Costs and Deferred Inflows of Resources, respectively

Long-term debt for the business-type activities is comprised of the following at September 30, 2017:

<u>Revenue Bonds, Series 2016</u> – Revenue Bonds in the amount of \$2,550,000 were issued to advance refund the Revenue Bonds, Series 2005D. Please see the additional disclosure on the refunding provided below. The outstanding bonds mature in various amounts annually, ranging from \$100,000 to \$170,000 through October 1, 2035. Interest accrues on the bonds at rates ranging from 2.0% to 5.0% and is payable semi-annually on April 1 and October 1. The City has covenanted to appropriate in its annual budget from non – ad valorem revenues, amounts sufficient to pay annual principal and interest installments on the bonds.	\$2,445,000
<u>Accrued compensated absences</u> , consisting of the vested portion of accumulated vacation and sick pay benefits due employees.	<u>65,181</u>
Total long-term debt – business-type activities	<u>\$2,510,181</u>

Advance refunding of Revenue Bonds, Series 2005D – As previously noted, on September 29, 2016 the City issued \$3,055,000 in Revenue Bonds, Series 2016 to advance refund the Revenue Bonds, Series 2005C (governmental activities long-term debt) in the amount of \$500,000 and Revenue Bonds, Series 2005D (business-type activities long-term debt) in the amount of \$2,615,000. The advance refunding of the Series 2005D Revenue Bonds is discussed below.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE G- LONG-TERM DEBT (continued)

Proceeds totaling \$2,539,567 of the Series 2016 bonds, including a premium of \$66,312, less the bond issuance costs of \$76,745, plus \$144,100 of the City's funds, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Series 2005D bonds. As a result, the \$2,615,000 of 2005D Revenue bonds were considered to be defeased and the liability for those bonds was removed from the accompanying government-wide Statement of Net Position. The acquisition price of the 2005D bonds was the same amount as the \$2,615,000 carrying amount of the bonds. The defeased bonds were paid-off on November 1, 2016 from the amount on deposit in the escrowed sinking fund.

Refunding of Water and Sewer Revenue Bonds, Series 1994 - On September 23, 2005 the City issued the Revenue Bonds, Series 2005D to obtain \$3,305,000 in funding to construct water and sewer improvements and \$1,240,000 of funding to refund the Water and Sewer Revenue Bonds, Series 1994. The City refunded \$1,435,000 of the Series 1994 bonds through the issuance of the Series 2005D bonds (\$1,240,000) and by making a cash payment in the amount of \$227,987 after reducing the proceeds by allocable bond issuance costs of \$27,266. The net proceeds of the Series 2005D bonds in the amount of \$1,212,734 and the City's cash payment of \$227,987 were deposited in trust with an escrow agent to provide for the payment of the Series 1994 bonds. The defeased bonds were paid-off on October 28, 2008 from the amounts on deposit in the escrowed sinking fund.

Because the Series 2005D Revenue Bonds were issued to effect an advance refunding and have now been advance refunded through the issuance of the Series 2016 Revenue Bonds, the remaining unamortized bond premium and debt issuance costs originating with the advance refunding of the Series 1994 bonds in the amounts of \$4,935 and \$19,789, respectively, were combined with the 2005D Series refunding premium of \$66,312 and amortizable issuance costs of \$20,262, and will be amortized through the year ended September 30, 2035 using the bonds outstanding method. The remaining balances to be amortized as of September 30, 2017, are \$64,506 and \$37,006, respectively. The unamortized bond issuance costs and bond premium realized are reported in the accompanying Statement of Net Position as Unamortized Debt Costs and Deferred Inflows of Resources, respectively

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2017 is as follows:

<u>Revenue Bonds, Series 2005C</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2018	\$ 125,000	\$ 12,800	\$ 137,800
2019	125,000	9,050	134,050
2020	135,000	4,050	139,050
	<u>\$ 385,000</u>	<u>\$ 25,900</u>	<u>\$ 410,900</u>

<u>Capital Leases</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2018	\$ 28,062	\$ 3,717	\$ 31,779
2019	28,948	2,830	31,778
2020	29,863	1,916	31,779
2021	30,807	973	31,780
	<u>\$ 117,680</u>	<u>\$ 9,436</u>	<u>\$ 127,116</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE G- LONG-TERM DEBT (continued)

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2017 is as follows:

<u>Revenue Bonds, Series 2005D</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2018	\$ 100,000	\$ 76,375	\$ 176,375
2019	110,000	73,375	183,375
2020	110,000	68,975	178,975
2021	115,000	65,675	180,675
2022-2026	625,000	277,400	902,400
2027-2031	720,000	186,225	906,225
2032-2035	665,000	50,400	715,400
	<u>\$ 2,445,000</u>	<u>\$ 798,425</u>	<u>\$ 3,243,425</u>

The following is an analysis of the property under capital lease:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Governmental Activities			
Fire Truck	<u>\$ 299,000</u>	<u>\$ 117,108</u>	<u>\$ 181,892</u>

NOTE H - INTRA-GOVERNMENTAL CHARGES:

The General Fund incurs administrative costs on behalf of the Business-type Activities – Enterprise Funds. These administrative costs have been allocated to the Enterprise Funds for the year ended September 30, 2017, as shown in the following table:

<u>Fund</u>	<u>Amount</u>
Water and Sewer	\$ 294,000
Stormwater Utility	39,288
Total	<u>\$ 333,288</u>

NOTE I - EMPLOYEE RETIREMENT SYSTEMS

All City employees participate in the Florida Retirement System (System), a cost-sharing multiple-employer public employee retirement system (PERS).

Florida Retirement System

Plan Description: The City of Port Richey contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer public employee retirement system (PERS) defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Management Services, Division of Retirement. The System provides retirement and disability benefits, annual cost-of-living adjustments, a health insurance subsidy, and survivor benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the State of Florida Department of Management Services. The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Department of Management Services, Division of Retirement, Research, Education & Policy Section, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-1560 or by calling (850) 488-5706 or online at the Florida Retirement System Website:

www.myfrs.com/content/resources/publications/index

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (continued)

Funding Policy: Effective July 1, 2011, FRS requires contributions from covered members at a rate of 3%. The City is required by State Statute to contribute, on a monthly basis, an actuarially determined rate. The current rates, effective July 1, 2017 and continuing through September 30, 2017, based on employees' gross earnings, are 7.92% for regular employees and 23.27% for special risk (fire and police) service classes. The rates for the period July 1, 2016 through June 30, 2017 were 7.52% for regular employees and 22.57% for special risk (fire and police) service classes. The City's contributions to the FRS for the fiscal years ending September 30, 2017, 2016, and 2015 were \$367,562, \$369,069, and \$345,644, respectively, and were equal to the required contributions for each year.

Deferred Retirement Option Program: The FRS Deferred Retirement Option Program (DROP) is a defined contribution plan and is available to a member when the member first reaches eligibility for normal retirement. The Plan is controlled by the State Legislature and administered by the Florida Department of Management Services, Division of Retirement. Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the State of Florida Department of Management Services. DROP allows a member to retire while continuing employment up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 6.5%. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. During the DROP eligibility period, the City is required to make contributions to FRS. The current rate, effective July 1, 2017 and continuing through September 30, 2017, based upon employees' gross earnings is 13.26%. The rate for the period July 1, 2016 through June 30, 2017 was 12.99%.

Pension liabilities, Pension expense and Deferred Outflows (Inflows) of Resources related to pensions- At September 30, 2017, as required by GASB 68 *Accounting and Financial Reporting for Pensions*, the City reported a total net pension liability of \$4,217,814 comprised of \$3,390,097 for the FRS Plan component and \$827,717 for the HIS Plan component for its proportionate share of the FRS Pension Plan's net pension liability. The City's pension liability at September 30, 2016 was \$3,141,886 and \$958,790 for the FRS and HIS Plan components, respectively. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 for the FRS Plan and for the HIS Plan an actuarial valuation as of July 1, 2016 with update procedures being used to determine liabilities as of June 30, 2017. The City's proportionate share at June 30, 2017 for the FRS Plan component was .011461032%. The City's proportionate share at June 30, 2017 for the HIS Plan component was .007741125%. The City's proportionate shares at June 30, 2016 were .012443070%. and .008226723%. for the FRS and HIS Plan components, respectively. For the fiscal year ended September 30, 2017 the City recognized pension expense of \$235,194 and \$14,060 for the FRS and HIS Plan components, respectively. Deferred Outflows and Inflows of resources related to pensions are from the following sources:

FRS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 311,129	\$ 18,779
Changes in assumptions	1,139,312	-
Net difference between projected and actual earnings on investments	-	84,015
Changes in proportion and differences between City contributions and proportionate share of contributions	153,808	209,618
Contributions subsequent to the measurement date	96,868	-
	<u>\$ 1,701,117</u>	<u>\$ 312,412</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (continued)

HIS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ 1,723
Changes in assumptions	116,349	71,574
Net difference between projected and actual earnings on investments	459	-
Changes in proportion and differences between City contributions and proportionate share of contributions	12,586	54,694
Contributions subsequent to the measurement date	12,686	-
	<u>\$ 142,080</u>	<u>\$ 127,991</u>

The deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the fiscal year ended September 30, 2018. Other amounts related to deferred outflows and inflows of resources will be recognized as pension expense as follows:

<u>Fiscal year ending September 30,</u>	<u>FRS component</u>	<u>HIS component</u>
2018	\$ 175,902	\$ 281
2019	467,536	281
2020	326,901	281
2021	66,794	281
2022	225,910	279
Thereafter	28,794	-
	<u>\$ 1,291,837</u>	<u>\$ 1,403</u>

Net Pension Liability –

	<u>FRS component</u>	<u>HIS component</u>
City's proportionate share of Total Pension Liability	\$ 21,046,190	\$ 841,520
City's proportionate share of Plan Fiduciary Net Position	(17,656,093)	(13,803)
City's proportionate share of Net Pension Liability	<u>\$ 3,390,097</u>	<u>\$ 827,717</u>
 Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	 83.89%	 1.64%

Change in Net Pension Liability –

	<u>FRS component</u>	<u>HIS component</u>
Beginning balance – City's proportionate share	\$ 3,141,886	\$ 958,790
Service Cost	118,896	41,488
Interest on total pension liability	715,761	45,977
Plan changes	5,285	-
Effect of economic/demographic gain or loss	80,981	-
Effect of changes in assumptions	596,173	(146,275)
Employer contributions	(149,253)	(72,099)
Member contributions	(42,704)	-
Net investment income	(1,077,980)	(188)
Administrative expense	1,052	24
Ending balance – City's proportionate share	<u>\$ 3,390,097</u>	<u>\$ 827,717</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	FRS component	HIS component
Valuation date	July 1, 2017	July 1, 2016
Measurement date	June 30, 2017	June 30, 2017
Inflation	2.60%	2.60%
Salary increases	3.25%, average, includes inflation	3.25%, average, includes inflation
Investment rate of return	7.10%, net of expense, includes inflation	3.58%, Municipal Bond Rate
Mortality tables	Generation RP-2000 with Projection Scale BB tables	Generation RP-2000 with Projection Scale BB tables
Discount rate	7.15%	3.58%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The following changes in actuarial assumptions occurred in 2017 for the FRS component: the long-term expected rate of return was decreased from 7.60% to 7.10% and the active mortality assumption was updated. Additionally, for the HIS component, a change in the actuarial assumption was made increasing the municipal bond rate used to determine total pension liability from 2.85% to 3.58%.

The long-term expected rate of return on Pension Plan investments is based on a real return of 4.5% plus a long-term average annual inflation assumption of 2.6%. The annual money-weighted rate of return on FRS pension plan investments, net of plan investment expense, was 13.59% for the year ended June 30, 2017. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	100.00%			
Assumed Inflation – Mean			2.6%	1.9%

(1) As outlined in the Pension Plan's Investment Policy

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table represents the City's proportionate share of the net pension liability calculated at the respective discount rates and the proportionate share using a rate 1% less than and 1% more than the current rate.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (continued)

FRS component	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City's Proportionate share of the net pension liability (asset)	\$ 6,135,869	\$ 3,390,097	\$ 1,110,475
HIS component	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
City's Proportionate share of the net pension liability	\$ 944,535	\$ 827,717	\$ 730,414

NOTE J – OTHER POSTEMPLOYMENT BENEFITS PLAN

The City has adopted the provisions of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as of October 1, 2009. This Statement provides for the determination and disclosure of the annual cost of providing other postemployment benefits (OPEB). The City provides other postemployment benefits in the form of the Other Postemployment Benefits Program.

Plan Description: The City provides a defined benefit postemployment health care, dental and life insurance plan, the Other Postemployment Benefits Program (the Plan), whereby retired employees are eligible for city-paid health care, dental and life benefits through the City's health care, dental and life insurance providers. The Plan is administered by the City as a single-employer plan. The Plan is currently unfunded. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for the Plan. All approved benefits are paid from the general assets of the City when due.

To be eligible to participate in the Plan, *General employees* must have completed 25 years of continuous service or 20 years of continuous service and 60 years of age. *Police and Fire employees* are eligible to participate in the Plan if they retire at age 55 with 20 years of service or at any age with 25 years of service.

The retired employees (including their eligible dependents) that are eligible to participate in the Plan are entitled to the same insurance coverage as is afforded regular employees at the same city and employee contribution rates that are in effect. Currently, the City pays 100% of the employee's portion of coverage. Dependent coverage is available for eligible participants but 100% of the cost of their respective health care, dental and life insurance premiums would be the responsibility of plan participant. Upon attainment of age 65 all entitlement to City paid health insurance benefits will cease.

The City's overall cost of providing health care, dental and life insurance benefits is increased as a result of an implicit insurance rate subsidy resulting from retired employees being permitted to pay lower than age-adjusted premiums through the use of blended premiums for both retirees and active employees. The resulting incremental increase in health care, dental and life insurance premiums results in an actuarial accrued liability to the City based on projected health care, dental and life insurance costs.

Funding Policy: The annual required contribution to fund the incremental cost of the benefits plan is based on a pay-as-you-go funding approach. For the year ended September 30, 2016, the expected contribution for the City was \$12,762.

Annual Other Postemployment Benefit Cost (OPEB) and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The ARC represents a level of funding that would be

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE J – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

required to cover the normal cost of the plan each year on a pay-as-you-go basis assuming a 30 year amortization period. The following table shows the City’s annual OPEB cost and the amount expected to be contributed by the City towards this OPEB obligation:

	Pay-As-You- Go Funding - Fiscal Year Ending 9/30/17
Annual Required Contribution (ARC)	\$ 37,067
Interest on net OPEB obligation	391
Annual OPEB cost	37,458
Expected employer contribution	13,017
Increase in net OPEB obligation	24,441
Net OPEB obligation beginning of year	135,730
Net OPEB obligation end of year	<u>\$ 160,171</u>

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

Required Actuarial Information:

Contribution Rate	5.0%
Actuarial valuation date	10-1-16
Annual OPEB Cost	\$37,458
Contributions made	\$13,017
Actuarial cost method	Frozen Entry Age
Amortization method	Level percent - Closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions	
Investment rate of return *	3.00%
Payroll growth assumptions	2.00%
* - Includes inflation at	2.00%

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE J – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

Other Required Supplementary Information:

Three Year Trend Information:

Year Ending	Actuarial Valuation Date	Annual Required Contribution	Actual Contribution (Estimated)	Percent Contributed	Net OPEB Obligation
9-30-17	10-1-13	\$ 37,458	\$ 13,017	34.8%	\$160,171
9-30-16	10-1-13	37,198	12,762	34.3%	135,730
9-30-15	10-1-13	36,938	12,511	33.9%	111,294

Schedule of Funding Progress:

The Schedule of Funding Progress, as presented below, presents multi-year trend information about the unfunded Actuarial Accrued Liability. There are no plan assets as a result of the City electing to fund the plan benefits on a pay-as-go basis rather than making contributions to the plan based on the actuarial valuation.

Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9-30-17	\$ -	\$ 458,074	\$ 458,074	0.0%	\$2,574,241	17.8%
9-30-16	\$ -	\$ 458,074	\$ 458,074	0.0%	\$2,566,439	17.9%
9-30-15	\$ -	\$ 458,074	\$ 458,074	0.0%	\$2,551,678	17.9%
9-30-14	\$ -	\$ 458,074	\$ 458,074	0.0%	\$2,579,452	17.8%
9-30-13	\$ -	\$ 328,068	\$ 328,068	0.0%	\$2,478,180	13.2%
9-30-12	\$ -	\$ 315,353	\$ 315,353	0.0%	\$2,453,922	12.9%
9-30-11	\$ -	\$ 302,637	\$ 302,637	0.0%	\$2,244,514	13.5%
9-30-10	\$ -	\$ 289,922	\$ 289,922	0.0%	\$2,080,062	13.9%
9-30-09	N/A	N/A	N/A	N/A	N/A	N/A

NOTE K - DEFERRED COMPENSATION PLAN

The City offers an optional deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to all employees in addition to the pension plan. The City is not the trustee of the deferred compensation plan. Therefore, under the provisions of Internal Revenue Code Section *Deferred Compensation Plans* and GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the plan are not to be reported within the City’s financial statements as of September 30, 2017.

NOTE L – OTHER EMPLOYEE BENEFITS

The City has a “Cafeteria” plan created in accordance with Internal Revenue Code Section 125. The plan provides employees with an opportunity to select several benefits alternatives, many of which are offered on a pre-tax basis.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE M – INTER-FUND TRANSACTIONS

Inter-fund receivables and payables consist of the following as of September 30, 2017. These amounts have been eliminated in the government-wide financial statements.

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 579,913
Community Redevelopment Fund	570,677	-
Capital Improvement Fund	25,224	-
Water and Sewer Fund	57,543	15,988
Stormwater Utility Fund	-	57,543
	<u>\$ 653,444</u>	<u>\$ 653,444</u>

Inter-fund transfers consist of the following for the year ended September 30, 2017. The General Fund transfer to the Community Redevelopment Fund was for operating purposes and consists of the Tax Increment Funding pertaining to the Community Redevelopment district.

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 369,261
Community Redevelopment Fund	369,261	-
	<u>\$ 369,261</u>	<u>\$ 369,261</u>

NOTE N - CONTINGENT LIABILITIES

The City is involved in several disputes with Pasco County as of September 30, 2017 regarding billings for wastewater processing fees. It is the City’s position that a portion of these billings were rendered in error as a result of incorrect estimates of usage, billing at the retail rate rather than bulk rate, and a meter that was functioning improperly. The City has recorded an account payable in the amount of \$57,956 as of September 30, 2017 for the amount that is owed to Pasco County pertaining to the disputed billings. The City’s position is that there are no other past due amounts owed to Pasco County.

The City is also involved in several disputes with the City of New Port Richey as of September 30, 2017 regarding billings for bulk water purchases, wastewater processing fees and impact fees. It is the City’s position that these billings were rendered in error and that there are no past due amounts owed to the City of New Port Richey.

The City is involved in legal matters as of September 30, 2017 that are incidental to its routine operations. It is the opinion of management, based upon the advice of legal counsel, that the likely outcome of these matters will not be material in nature to the overall operating results of the City.

NOTE O – SUBSEQUENT EVENTS

The City has evaluated whether any subsequent events have occurred subsequent to September 30, 2016, and before the issuance of the financial statements, that would have an impact on the City’s financial condition as of September 30, 2016 or would influence the conclusions reached by the reader of the financial statements regarding the City’s overall financial condition. The City has determined that no such events occurred through June 14, 2018 which is the date that the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Required supplementary information includes a budgetary comparison schedule for the general fund and major special revenue fund as well as a schedule of pension disclosures.

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2017
With Comparative Actual Amounts for the Year Ended September 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final	(Budgetary Basis)		
RESOURCES (INFLOWS):					
TAXES					
Ad valorem	\$ 1,406,569	\$ 1,406,569	\$ 1,453,167	\$ 46,598	\$ 1,397,320
Franchise fees	300,950	300,950	294,965	(5,985)	302,133
Utility taxes	380,000	380,000	392,946	12,946	392,298
Communication services tax	135,000	135,000	181,964	46,964	145,681
TOTAL TAXES	2,222,519	2,222,519	2,323,042	100,523	2,237,432
LICENSES AND PERMITS					
Local business tax	60,000	60,000	52,654	(7,346)	62,008
Building permits	107,500	107,500	515,070	407,570	156,660
TOTAL LICENSES AND PERMITS	167,500	167,500	567,724	400,224	218,668
INTERGOVERNMENTAL					
Federal and State grants	109,791	109,791	39,104	(70,687)	-
State revenue sharing	102,107	102,107	102,044	(63)	101,277
County business license fees	2,000	2,000	2,317	317	2,181
Mobile home license tax rebate	12,000	12,000	10,326	(1,674)	10,489
Municipality fuel tax refund	3,600	3,600	4,761	1,161	3,733
Half-cent sales tax	170,252	170,252	168,869	(1,383)	163,992
Local option gas tax	75,719	75,719	69,412	(6,307)	66,713
Alcoholic beverage licenses	15,000	15,000	17,144	2,144	19,883
TOTAL INTERGOVERNMENTAL REVENUES	490,469	490,469	413,977	(76,492)	368,268
IMPACT FEES					
Transportation impact fees	-	-	68,197	68,197	56,862
School impact fees	-	-	-	-	4,876
Police and Fire impact fees	-	-	25,060	25,060	277
TOTAL IMPACT FEES	-	-	93,257	93,257	62,015
CHARGES FOR SERVICES					
Administration fees	333,288	333,288	333,288	-	333,288
Other Charges	24,200	24,200	25,354	1,154	28,628
TOTAL CHARGES FOR SERVICES	357,488	357,488	358,642	1,154	361,916
FINES AND FORFEITURES					
Court fines	998,160	998,160	1,133,838	135,678	1,172,090
Other fines	20,000	20,000	24,449	4,449	11,837
TOTAL FINES AND FORFEITURES	1,018,160	1,018,160	1,158,287	140,127	1,183,927
MISCELLANEOUS					
Investment income	1,000	1,000	2,990	1,990	298
Contributions	-	-	2,472	2,472	28,104
Proceeds from sale of capital assets	2,000	2,000	-	(2,000)	7,629
Proceeds from issuance of refunding bonds	-	-	-	-	518,104
Other	11,500	11,500	35,260	23,760	23,942
TOTAL MISCELLANEOUS REVENUES	14,500	14,500	40,722	26,222	578,077
AMOUNTS AVAILABLE FOR APPROPRIATION	4,270,636	4,270,636	4,955,651	685,015	5,010,303

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2017 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
GENERAL GOVERNMENT					
Legislative					
Personal services	\$ 18,659	\$ 18,659	\$ 18,787	\$ (128)	\$ 17,638
Operating expenses	4,250	4,250	1,000	3,250	3,638
	<u>22,909</u>	<u>22,909</u>	<u>19,787</u>	<u>3,122</u>	<u>21,276</u>
City Manager and City Clerk					
Personal services	112,233	112,233	105,224	7,009	99,189
Operating expenses	3,870	3,870	2,408	1,462	3,303
	<u>116,103</u>	<u>116,103</u>	<u>107,632</u>	<u>8,471</u>	<u>102,492</u>
Financial and administrative					
Personal services	104,734	104,734	102,178	2,556	105,042
Operating expenses	9,285	9,285	9,178	107	2,570
	<u>114,019</u>	<u>114,019</u>	<u>111,356</u>	<u>2,663</u>	<u>107,612</u>
Information technology					
Personal services	-	-	-	-	63,616
Operating expenses	63,840	63,840	92,663	(28,823)	132,705
Capital outlay	11,000	11,000	2,595	8,405	3,048
	<u>74,840</u>	<u>74,840</u>	<u>95,258</u>	<u>(20,418)</u>	<u>199,369</u>
Non-departmental					
Operating expenses	1,239,721	1,239,721	1,072,702	167,019	1,095,399
Debt service	142,370	142,370	137,729	4,641	657,315
	<u>1,382,091</u>	<u>1,382,091</u>	<u>1,210,431</u>	<u>171,660</u>	<u>1,752,714</u>
Legal					
Operating expenses	28,000	28,000	26,088	1,912	16,676
TOTAL GENERAL GOVERNMENT	<u>1,737,962</u>	<u>1,737,962</u>	<u>1,570,552</u>	<u>167,410</u>	<u>2,200,139</u>
PUBLIC SAFETY					
Police					
Personal services	1,349,542	1,349,542	1,346,953	2,589	1,331,680
Operating expenses	111,045	111,045	114,150	(3,105)	80,974
Capital outlay	30,000	30,000	8,537	21,463	-
	<u>1,490,587</u>	<u>1,490,587</u>	<u>1,469,640</u>	<u>20,947</u>	<u>1,412,654</u>
Fire					
Personal services	460,515	460,515	456,640	3,875	442,139
Operating expenses	99,910	99,910	78,784	21,126	75,423
	<u>560,425</u>	<u>560,425</u>	<u>535,424</u>	<u>25,001</u>	<u>517,562</u>
Protective Inspections					
Personal services	33,732	33,732	65,128	(31,396)	12,790
Operating expenses	38,150	38,150	77,698	(39,548)	100,607
	<u>71,882</u>	<u>71,882</u>	<u>142,826</u>	<u>(70,944)</u>	<u>113,397</u>
TOTAL PUBLIC SAFETY	<u>2,122,894</u>	<u>2,122,894</u>	<u>2,147,890</u>	<u>(24,996)</u>	<u>2,043,613</u>

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2017 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
PHYSICAL ENVIRONMENT					
Public Works					
Personal services	\$ 239,066	\$ 239,066	\$ 235,279	\$ 3,787	\$ 234,719
Operating expenses	95,400	95,400	119,588	(24,188)	111,622
Capital outlay	346,380	346,380	115,446	230,934	206,502
TOTAL PHYSICAL ENVIRONMENT	680,846	680,846	470,313	210,533	552,843
HUMAN SERVICES					
Health					
Operating expenses	20,750	20,750	24,478	(3,728)	21,766
TOTAL HUMAN SERVICES	20,750	20,750	24,478	(3,728)	21,766
TRANSFERS TO OTHER FUNDS	369,261	369,261	369,261	-	334,362
TOTAL CHARGES TO APPROPRIATIONS	4,931,713	4,931,713	4,582,494	349,219	5,152,723
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(661,077)	(661,077)	373,157	1,034,234	(142,420)
FUND BALANCE - BEGINNING OF YEAR	2,031,696	2,031,696	2,031,696	-	2,174,116
FUND BALANCE - END OF YEAR	\$ 1,370,619	\$ 1,370,619	\$ 2,404,853	\$ 1,034,234	\$ 2,031,696

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2017 (continued)

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule.	\$ 4,955,651
Differences - budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 4,955,651</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 4,582,494
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(369,261)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 4,213,233</u></u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - COMMUNITY REDEVELOPMENT

For the Year Ended September 30, 2017
With Comparative Actual Amounts for the Year Ended September 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS):					
Taxes	\$ 488,071	\$ 488,071	\$ 491,688	\$ 3,617	\$ 446,471
Federal and State grants	75,000	75,000	-	(75,000)	-
Transfers from other fund	369,261	369,261	369,261	-	334,362
AMOUNTS AVAILABLE FOR APPROPRIATION	932,332	932,332	860,949	(71,383)	780,833
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General Government	309,171	314,171	213,831	100,340	259,395
Public Safety	400,303	400,303	316,895	83,408	361,614
Physical environment	105,715	105,715	131,818	(26,103)	100,312
Capital outlay	-	-	111,162	(111,162)	-
Debt service	-	-	17,968	(17,968)	44,614
Contingencies	358,620	353,620	-	353,620	-
TOTAL CHARGES TO APPROPRIATIONS	1,173,809	1,173,809	791,674	382,135	765,935
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(241,477)	(241,477)	69,275	310,752	14,898
FUND BALANCE - BEGINNING OF YEAR	402,482	402,482	402,482	-	387,584
FUND BALANCE - END OF YEAR	\$ 161,005	\$ 161,005	\$ 471,757	\$ 310,752	\$ 402,482

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 860,949
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(369,261)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 491,688</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 791,674
Differences - budget to GAAP:	
None	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 791,674</u>

CITY OF PORT RICHEY

FLORIDA RETIREMENT SYSTEM - CITY'S PROPORTIONATE SHARE
 SCHEDULE OF CHANGES TO THE NET PENSION LIABILITY AND RELATED RATIOS

(Three years of data available for GASB 67 and 68)
 September 30, 2017

	9/30/2015	9/30/2016	9/30/2017
FRS Pension Plan			
Employer's Proportion for the FRS Pension Plan	0.011521747%	0.012443070%	0.011461032%
City's Proportionate Share			
Total Pension Liability	\$ 18,592,728	\$ 20,783,785	\$ 21,046,190
Plan Fiduciary Net Position	(17,104,539)	(17,641,899)	(17,656,093)
Net Pension Liability	<u>\$ 1,488,189</u>	<u>\$ 3,141,886</u>	<u>\$ 3,390,097</u>
Plan Net Position as a Percentage of Total Net Pension Liability	92%	85%	84%
Service Cost	\$ 258,534	\$ 285,978	\$ 118,896
Interest on the total pension liability	1,433,474	1,623,578	715,761
Plan changes	-	4,332	5,285
Effect of economic/demographic gain or loss	198,221	131,423	80,981
Effect of assumptions	-	138,191	596,173
Employer contributions	(298,162)	(326,973)	(149,253)
Member contributions	(85,398)	(95,292)	(42,704)
Net investment income	(675,463)	(110,021)	(1,077,980)
Administrative expense	2,210	2,481	1,052
Net change in net pension liability	833,416	1,653,697	248,211
Net pension liability - beginning	654,773	1,488,189	3,141,886
Net pension liability - ending	<u>\$ 1,488,189</u>	<u>\$ 3,141,886</u>	<u>\$ 3,390,097</u>
Covered employee payroll	\$ 2,551,678	\$ 2,566,439	\$ 2,574,241
Net pension liability as a percentage of covered employee payroll	58%	122%	132%
Retiree Health Insurance Subsidy (HIS Plan)			
Employer's Proportion for the HIS Plan	0.0082004376%	0.0082267230%	0.007741125%
City's Proportionate Share			
Total Pension Liability	\$ 840,883	\$ 968,157	\$ 841,520
Plan Fiduciary Net Position	(4,166)	(9,367)	(13,803)
Net Pension Liability	<u>\$ 836,717</u>	<u>\$ 958,790</u>	<u>\$ 827,717</u>
Plan Net Position as a Percentage of Total Net Pension Liability	0.50%	0.97%	1.64%
Service Cost	\$ 11,679	\$ 21,521	41,488
Interest on the total pension liability	21,769	32,758	45,977
Effect of economic/demographic gain or loss	32,629	(2,584)	-
Effect of assumptions	-	113,379	(146,275)
Employer contributions	(20,525)	(42,969)	(72,099)
Member contributions	-	-	-
Net investment income	(21)	(47)	(188)
Administrative expense	10	15	24
Net change in net pension liability	45,541	122,073	(131,073)
Net pension liability - beginning	791,176	836,717	958,790
Net pension liability - ending	<u>\$ 836,717</u>	<u>\$ 958,790</u>	<u>\$ 827,717</u>
Covered employee payroll	\$ 2,551,678	\$ 2,566,439	\$ 2,574,241
Net pension liability as a percentage of covered employee payroll	33%	37%	32%
Combined FRS and HIS Pension Plan			
Total Pension Liability	\$ 19,433,611	\$ 21,751,942	\$ 21,887,710
Plan Fiduciary Net Position	(17,108,705)	(17,651,266)	(17,669,896)
Net Pension Liability	<u>\$ 2,324,906</u>	<u>\$ 4,100,676</u>	<u>\$ 4,217,814</u>

OTHER SUPPLEMENTARY SCHEDULES

These schedules are presented to provide greater detailed information than reported in the preceding financial statements. These schedules are not necessary for fair presentation in conformity with Generally Accepted Accounting Principles.

CITY OF PORT RICHEY, FLORIDA

COMPARATIVE BALANCE SHEET
GENERAL FUND

	September 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash, pooled cash and cash equivalents	\$ 2,291,437	\$ 1,859,645
Restricted assets:		
Cash and cash equivalents	854,768	893,144
Receivables (Net of allowance):		
Taxes	37,089	29,517
Accounts	34,353	49,625
Prepaid items	<u>25,911</u>	<u>19,126</u>
TOTAL ASSETS	<u><u>\$ 3,243,558</u></u>	<u><u>\$ 2,851,057</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 131,850	\$ 265,917
Accrued liabilities	89,524	83,049
Due to other funds	579,913	435,727
Due to other governments	<u>3,449</u>	<u>2,784</u>
TOTAL LIABILITIES	<u>804,736</u>	<u>787,477</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - business tax certificates	<u>33,969</u>	<u>31,884</u>
FUND BALANCES		
Fund balances		
Nonspendable:		
Prepaid items	25,911	19,126
Restricted for:		
Police benevolence - Johnny Cash Reserve	98,263	95,791
Capital projects- transportation	545,960	593,208
Capital projects- police, fire and school	185,545	179,144
Committed for:		
Capital projects - parkland improvements	25,000	25,000
Unassigned	<u>1,524,174</u>	<u>1,119,427</u>
TOTAL FUND BALANCES	<u>2,404,853</u>	<u>2,031,696</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 3,243,558</u></u>	<u><u>\$ 2,851,057</u></u>

CITY OF PORT RICHEY, FLORIDA

COMPARATIVE BALANCE SHEET
COMMUNITY REDEVELOPMENT FUND

	September 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Prepaid items	\$ 3,164	\$ 2,737
Due from other funds	<u>570,677</u>	<u>426,491</u>
TOTAL ASSETS	<u>\$ 573,841</u>	<u>\$ 429,228</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 86,281	\$ 8,859
Accrued liabilities	<u>15,803</u>	<u>17,887</u>
TOTAL LIABILITIES	<u>102,084</u>	<u>26,746</u>
FUND BALANCES		
Fund balances		
Restricted for:		
Community redevelopment	<u>471,757</u>	<u>402,482</u>
TOTAL FUND BALANCES	<u>471,757</u>	<u>402,482</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 573,841</u>	<u>\$ 429,228</u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMEMENT FUND

For the Year Ended September 30, 2017
With Comparative Actual Amounts for the Year Ended September 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS):					
Intergovernmental					
Discretionary sales surtax	\$ 401,850	\$ 401,850	\$ 401,332	\$ (518)	\$ 386,170
AMOUNTS AVAILABLE FOR APPROPRIATION	401,850	401,850	401,332	(518)	386,170
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
Public Safety	33,720	40,272	78,454	(38,182)	42,249
Physical environment	-	-	-	-	21,500
Capital outlay					
Non-departmental	49,560	49,560	-	49,560	
Public Safety	154,440	154,440	15,956	138,484	39,293
Physical environment	10,000	51,124	33,885	17,239	7,912
Debt service	127,590	127,590	119,562	8,028	31,779
Contingencies	125,540	77,864		77,864	-
TOTAL CHARGES TO APPROPRIATIONS	500,850	500,850	247,857	252,993	142,733
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(99,000)	(99,000)	153,475	252,475	243,437
FUND BALANCE - BEGINNING OF YEAR	692,879	692,879	692,879	-	449,442
FUND BALANCE - END OF YEAR	\$ 593,879	\$ 593,879	\$ 846,354	\$ 252,475	\$ 692,879

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 401,332
Differences - budget to GAAP:	
None	-
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 401,332</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 247,857
Differences - budget to GAAP:	
None	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 247,857</u>

CITY OF PORT RICHEY, FLORIDA

SCHEDULE OF REVENUES AND EXPENSES COMPARED WITH BUDGET
 PROPRIETARY FUND - WATER AND SEWER FUND

For the Year Ended September 30, 2017
 With Comparative Actual Amounts for the Year Ended September 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
REVENUES AND OTHER SOURCES					
Charges for services	\$ 3,377,067	\$ 3,377,067	\$ 3,476,326	\$ 99,259	\$ 3,254,263
Impact fees	-	-	625,850	625,850	10,950
Other income	-	-	7,983	7,983	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,377,067</u>	<u>3,377,067</u>	<u>4,110,159</u>	<u>733,092</u>	<u>3,265,213</u>
OPERATING EXPENSES AND OTHER USES					
WATER AND SEWER					
Personal services	715,686	715,686	747,818	(32,132)	559,248
Contractual services	895,161	895,161	1,084,319	(189,158)	819,234
Materials and supplies	302,575	329,773	460,536	(130,763)	269,509
Purchased water	405,000	382,002	172,247	209,755	410,384
Utilities	128,500	128,500	110,375	18,125	110,222
Administrative charges	294,000	294,000	294,000	-	294,000
Interest and fiscal charges	117,300	117,300	91,532	25,768	178,685
Bond principal payment	85,000	85,000	105,000	(20,000)	85,000
Capital outlay	254,500	250,300	32,496	217,804	221,437
Depreciation	221,050	221,050	478,503	(257,453)	481,146
TOTAL CHARGES TO APPROPRIATIONS	<u>3,418,772</u>	<u>3,418,772</u>	<u>3,576,826</u>	<u>(158,054)</u>	<u>3,428,865</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) OPERATING EXPENSES AND OTHER USES	<u>\$ (41,705)</u>	<u>\$ (41,705)</u>	<u>\$ 533,333</u>	<u>\$ 575,038</u>	<u>\$ (163,652)</u>

NOTES TO SCHEDULE:

The City does not budget for amortization expense. Total expenses, including amortization expense of \$2,056, for GAAP purposes was \$3,441,386. Capital Outlay expenditures of \$32,496 and bond principal payments of \$105,000 are not expenses for GAAP purposes.

CITY OF PORT RICHEY, FLORIDA

RECONCILIATION OF TOTAL FUND BALANCE FOR THE GOVERNMENTAL FUNDS
TO TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES

September 30, 2017

	Total Governmental Funds	Long-term Assets, Liabilities	Reclasses & Eliminations	Statement of Net Asset Totals
ASSETS				
Cash, pooled cash and cash equivalents	\$ 2,291,437	\$ -	\$ -	\$ 2,291,437
Restricted assets				
Cash and cash equivalents	1,662,588	-	-	1,662,588
Receivables (Net of allowance):				
Due from other governments - taxes	64,240	-	-	64,240
Accounts	34,353	-	-	34,353
Due from other funds	595,901		(579,913)	15,988
Prepaid items	29,075	-	-	29,075
Capital assets	-	12,391,365	-	12,391,365
Accumulated depreciation	-	(6,019,749)	-	(6,019,749)
Capital projects in process	-	1,709,883	-	1,709,883
Unamortized debt issuance costs - insurance	-	4,360	-	4,360
Total Assets	<u>4,677,594</u>	<u>8,085,859</u>	<u>(579,913)</u>	<u>12,183,540</u>
DEFERRED OUTFLOWS OF RESOURCES				
Defined benefit pension plans	-	1,689,629	-	1,689,629
Deferred charge on refunding of debt	-	5,063	-	5,063
Total Deferred Outflows of Resources	<u>-</u>	<u>1,694,692</u>	<u>-</u>	<u>1,694,692</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,677,594</u>	<u>\$ 9,780,551</u>	<u>\$ (579,913)</u>	<u>\$ 13,878,232</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 231,972	\$ -	\$ -	\$ 231,972
Accrued liabilities	105,327	-	-	105,327
Due to other funds	579,913	-	(579,913)	-
Due to other governments	3,449	-	-	3,449
Net Other Post Employment Benefits	-	135,895	-	135,895
Net Pension Liability	-	3,868,669	-	3,868,669
Capital leases payable	-	117,680	-	117,680
Revenue bonds payable	-	385,000	-	385,000
Accrued compensated absences	-	452,558	-	452,558
Total Liabilities	<u>920,661</u>	<u>4,959,802</u>	<u>(579,913)</u>	<u>5,300,550</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - business tax certificates	33,969	-	-	33,969
Defined benefit pension plans	-	393,022	-	393,022
Deferred premium on issuance of debt	-	10,043	-	10,043
Total Deferred Inflows of Resources	<u>33,969</u>	<u>403,065</u>	<u>-</u>	<u>437,034</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OR RESOURCES	<u>954,630</u>	<u>5,362,867</u>	<u>(579,913)</u>	<u>5,737,584</u>
TOTAL FUND BALANCES / NET POSITION	<u>3,722,964</u>	<u>4,417,684</u>	<u>-</u>	<u>8,140,648</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES / NET POSITION	<u>\$ 4,677,594</u>	<u>\$ 9,780,551</u>	<u>\$ (579,913)</u>	<u>\$ 13,878,232</u>

CITY OF PORT RICHEY, FLORIDA

RECONCILIATION OF NET CHANGE IN FUND BALANCES FOR THE GOVERNMENTAL FUNDS
TO CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES

For the Year Ended September 30, 2017

	Total Governmental Funds	Capital Related Items		Long-term Debt Transactions		Reclasses & Eliminations	Statement of Activities Totals
		Capital Outlay	Depreciation	Debt	OPEB Comp. Absen. Pension Exp.		
REVENUES							
Taxes	\$ 2,814,730	\$ -	\$ -	\$ -	\$ -	\$ (2,814,730)	\$ -
Licenses and permits	567,724	-	-	-	-	(567,724)	-
Intergovernmental revenue	815,309	-	-	-	-	(815,309)	-
Impact fees	93,257	-	-	-	-	(93,257)	-
Charges for services	358,642	-	-	-	-	1,726,011	2,084,653
Fines and forfeitures	1,158,287	-	-	-	-	(1,158,287)	-
Interest	2,990	-	-	-	-	(2,990)	-
Miscellaneous revenues	37,732	-	-	6,217	-	(43,949)	-
Operating grants	-	-	-	-	-	39,104	39,104
General revenues	-	-	-	-	-	3,731,131	3,731,131
TOTAL REVENUES	5,848,671	-	-	6,217	-	-	5,854,888
EXPENDITURES							
Current							
General government	1,644,059	-	70,770	-	48,044	-	1,762,873
Public safety	2,534,702	-	-	-	-	(2,534,702)	-
Police	-	-	43,176	-	112,605	1,510,387	1,666,168
Fire	-	-	60,797	-	42,070	719,067	821,934
Protective inspections	-	-	4,859	-	15,550	305,248	325,657
Physical environment	486,685	-	212,026	-	22,991	-	721,702
Human Services	24,478	-	-	-	-	-	24,478
Capital outlay	287,581	(287,581)	-	-	-	-	-
Debt service							
Principal retirement	251,006	-	-	(251,006)	-	-	-
Interest and fiscal charges	24,253	-	-	5,406	-	-	29,659
TOTAL EXPENDITURES	5,252,764	(287,581)	391,628	(245,600)	241,260	-	5,352,471
OTHER FINANCING SOURCES (USES)							
Transfers in	369,261	-	-	-	-	-	369,261
Transfers out	(369,261)	-	-	-	-	-	(369,261)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE / NET POSITION	\$ 595,907	\$ 287,581	\$ (391,628)	\$ 251,817	\$ (241,260)	\$ -	\$ 502,417

STATISTICAL SECTION

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These tables reflect social and economic data, financial trends and the fiscal capacity of the government.

The Constitution of the State of Florida, Florida Statute 200.181 and the Charter of the City of Port Richey, Florida set no legal debt margin.

The City has no general bonded debt outstanding.

The City does not have any debt outstanding for which revenues have been pledged. As a result, there is no requirement to present a Schedule of Pledged Revenue Coverage.

Schedules of Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Port Richey
Schedule 1
Net Position by Component
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015 (1)	2016 (1)	2017 (1)
Governmental activities										
Net investment in capital assets	\$ 6,660,099	\$ 6,996,142	\$ 7,132,065	\$ 7,377,656	\$ 7,454,455	\$ 7,430,569	\$ 7,486,882	\$ 7,430,706	\$ 7,431,860	\$ 7,578,819
Restricted	4,018,489	4,266,257	4,200,265	3,433,425	3,055,857	2,736,422	2,132,055	2,103,829	2,286,967	2,530,813
Unrestricted	(137,330)	(392,618)	(537,799)	52,585	499,028	1,057,613	903,014	(1,759,331)	(2,080,596)	(1,968,984)
Total governmental activities net position	\$ 10,541,258	\$ 10,869,781	\$ 10,794,531	\$ 10,863,666	\$ 11,009,340	\$ 11,224,604	\$ 10,521,951	\$ 7,775,204	\$ 7,638,231	\$ 8,140,648
Business-type activities										
Net investment in capital assets	\$ 7,444,791	\$ 7,191,757	\$ 8,394,142	\$ 8,461,053	\$ 8,397,729	\$ 8,868,776	\$ 8,533,906	\$ 8,333,348	\$ 8,141,408	\$ 7,779,484
Restricted	2,352,841	2,017,083	954,169	966,557	840,858	1,078	-	60,712	810	662,504
Unrestricted	(1,100,464)	(562,443)	(867,969)	(427,649)	166,996	551,908	298,466	475,489	861,979	1,285,144
Total business-type activities net position	\$ 8,697,168	\$ 8,646,397	\$ 8,480,342	\$ 8,999,961	\$ 9,405,583	\$ 9,421,762	\$ 8,832,372	\$ 8,869,549	\$ 9,004,197	\$ 9,727,132
Primary Government										
Net investment in capital assets	\$ 14,104,890	\$ 14,187,899	\$ 15,526,207	\$ 15,838,709	\$ 15,852,184	\$ 16,299,345	\$ 16,020,788	\$ 15,764,054	\$ 15,573,268	\$ 15,358,303
Restricted	6,371,330	6,283,340	5,154,434	4,399,992	3,896,715	2,737,500	2,132,055	2,164,541	2,287,777	3,193,317
Unrestricted	(1,237,794)	(955,061)	(1,405,768)	(375,064)	666,024	1,609,521	1,201,480	(1,283,842)	(1,218,617)	(683,840)
Total primary government activities net position	\$ 19,238,426	\$ 19,516,178	\$ 19,274,873	\$ 19,863,637	\$ 20,414,923	\$ 20,646,366	\$ 19,354,323	\$ 16,644,753	\$ 16,642,428	\$ 17,867,780

(1) The negative unrestricted net position amount for the Governmental activities is as a result of implementing GASB 68.

City of Port Richey
 Schedule 2
 Changes in Net Position
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 1,301,460	\$ 1,295,793	\$ 1,414,126	\$ 2,392,742	\$ 2,173,292	\$ 1,942,143	\$ 1,778,754	\$ 1,695,041	\$ 1,904,807	\$ 1,762,873
Public safety - Police	1,181,439	1,248,481	1,424,313	1,611,640	1,623,726	1,671,207	1,708,858	1,581,571	1,736,861	1,666,168
Public safety - Fire	525,445	520,645	541,484	570,886	597,965	600,398	752,432	682,650	800,350	821,934
Public safety - Protective inspections	222,270	176,869	170,994	153,374	156,202	211,397	243,735	231,356	245,957	325,657
Physical Environment - Public Works	1,704,619	528,265	396,188	346,695	397,599	573,045	639,667	661,618	703,464	721,702
Transportation	217,529	52,503	192,122	178,486	150,169	20,431	-	-	-	-
Human services	4,487	12,900	26,382	23,191	19,037	17,444	18,840	19,877	21,766	24,478
Parks and recreation	154,884	169,090	152,705	153,287	140,813	62,227	-	-	-	-
Interest and fiscal charges on long-term debt	74,585	69,184	79,482	85,362	78,807	77,389	63,928	52,896	42,804	29,659
Total governmental activities expenses	\$ 5,386,718	\$ 4,073,730	\$ 4,397,796	\$ 5,515,663	\$ 5,337,610	\$ 5,175,681	\$ 5,206,214	\$ 4,925,009	\$ 5,456,009	\$ 5,352,471
Business-type activities:										
Water & Sewer	3,067,973	2,269,128	2,433,193	2,429,743	2,595,220	2,966,697	3,098,756	3,034,961	3,123,418	3,441,386
Stormwater Utility	12,674	117,552	133,892	105,665	86,503	111,769	110,337	135,184	129,055	158,926
Total business-type activities expenses	\$ 3,080,647	\$ 2,386,680	\$ 2,567,085	\$ 2,535,408	\$ 2,681,723	\$ 3,078,466	\$ 3,209,093	\$ 3,170,145	\$ 3,252,473	\$ 3,600,312
Total primary government expenses	\$ 8,467,365	\$ 6,460,410	\$ 6,964,881	\$ 8,051,071	\$ 8,019,333	\$ 8,254,147	\$ 8,415,307	\$ 8,095,154	\$ 8,708,482	\$ 8,952,783
Program Revenues										
Governmental activities:										
Charges for services	\$ 877,742	\$ 791,110	\$ 1,104,048	\$ 2,360,938	\$ 2,299,967	\$ 2,084,490	\$ 1,261,078	\$ 1,235,266	\$ 1,764,511	\$ 2,084,653
Operating grants and contributions	1,448,856	157,634	112,923	63,031	-	-	-	-	-	39,104
Capital grants and contributions	70,695	-	33,156	89,638	15,908	81,105	-	19,313	-	-
Total governmental activities program revenues	\$ 2,397,293	\$ 948,744	\$ 1,250,127	\$ 2,513,607	\$ 2,315,875	\$ 2,165,595	\$ 1,261,078	\$ 1,254,579	\$ 1,764,511	\$ 2,123,757
Business-type activities:										
Charges for services	2,466,099	2,243,802	2,362,773	3,042,639	3,054,136	3,130,364	2,614,003	3,211,973	3,254,263	3,599,605
Capital grants and contributions	-	-	-	-	-	-	-	125,112	121,098	-
Total business-type activities program revenues	\$ 2,466,099	\$ 2,243,802	\$ 2,362,773	\$ 3,042,639	\$ 3,054,136	\$ 3,130,364	\$ 2,614,003	\$ 3,337,085	\$ 3,375,361	\$ 3,599,605
Total primary government program revenues	\$ 4,863,392	\$ 3,192,546	\$ 3,612,900	\$ 5,556,246	\$ 5,370,011	\$ 5,295,959	\$ 3,875,081	\$ 4,591,664	\$ 5,139,872	\$ 5,723,362
Net (Expense)/Revenue										
Governmental activities net expense	\$ (2,989,425)	\$ (3,124,986)	\$ (3,147,669)	\$ (3,002,056)	\$ (3,021,735)	\$ (3,010,086)	\$ (3,945,136)	\$ (3,670,430)	\$ (3,691,498)	\$ (3,228,714)
Business-type activities net revenue	(614,548)	(142,878)	(204,312)	507,231	372,413	51,898	(595,090)	166,940	122,888	(707)
Total primary government net expense	\$ (3,603,973)	\$ (3,267,864)	\$ (3,351,981)	\$ (2,494,825)	\$ (2,649,322)	\$ (2,958,188)	\$ (4,540,226)	\$ (3,503,490)	\$ (3,568,610)	\$ (3,229,421)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem	\$ 2,502,109	\$ 2,114,275	\$ 1,821,564	\$ 1,640,588	\$ 1,662,086	\$ 1,678,730	\$ 1,679,769	\$ 1,710,641	\$ 1,843,791	\$ 1,944,855
Franchise fees	308,766	333,447	349,058	314,782	304,713	326,650	352,568	304,574	302,133	294,965
Utility taxes	333,986	50,981	26,140	247,995	345,236	314,897	324,164	364,249	392,298	392,946
Communication services tax	232,325	230,508	199,224	178,161	185,064	190,187	144,171	137,442	145,681	181,964
Half-cent sales tax	172,890	155,317	152,289	154,363	132,247	138,214	146,394	154,080	163,992	168,869
Local option gas tax	244,879	123,683	122,832	118,581	116,949	124,580	135,918	62,299	66,713	69,412
Discretionary sales surtax - infrastructure	30,752	217,887	225,272	247,641	270,236	295,688	316,892	353,551	386,170	401,332
Other taxes	102,166	30,679	29,583	33,582	32,241	29,502	29,260	28,506	36,286	34,549
State revenue sharing	1,800	100,327	100,380	100,817	100,727	99,749	100,046	101,057	101,277	102,044
Impact fees	125,684	-	4,784	4,627	428	24,508	277	-	62,015	93,257
Investment income	72,538	10,612	2,439	2,304	1,068	516	902	4,235	298	2,989
Miscellaneous	30,856	94,563	40,556	27,750	37,900	12,889	12,122	22,440	53,871	43,949
Transfers	-	(8,770)	(1,701)	-	(21,486)	-	-	-	-	-
Total governmental activities	\$ 4,158,751	\$ 3,453,509	\$ 3,072,420	\$ 3,071,191	\$ 3,167,409	\$ 3,236,110	\$ 3,242,483	\$ 3,243,074	\$ 3,554,525	\$ 3,731,131
Business-type activities										
Impact fees	355,648	15,550	9,045	7,503	7,800	6,504	5,700	82,750	11,760	715,659
Investment and other income	89,062	67,787	27,511	4,895	3,913	481	-	-	-	7,983
Transfers	-	8,770	1,701	-	21,486	-	-	-	-	-
Total business-type activities	\$ 444,710	\$ 92,107	\$ 38,257	\$ 12,398	\$ 33,199	\$ 6,985	\$ 5,700	\$ 82,750	\$ 11,760	\$ 723,642
Total primary government	\$ 4,603,461	\$ 3,545,616	\$ 3,110,677	\$ 3,083,589	\$ 3,200,608	\$ 3,243,095	\$ 3,248,183	\$ 3,325,824	\$ 3,566,285	\$ 4,454,773
Change in Net Position										
Governmental activities	\$ 1,169,326	\$ 328,523	\$ (75,249)	\$ 69,135	\$ 145,674	\$ 226,024	\$ (702,653)	\$ (427,356)	\$ (136,973)	\$ 502,417
Business-type activities	(169,838)	(50,771)	(166,055)	519,629	405,612	58,883	(589,390)	249,690	134,648	722,935
Total primary government	\$ 999,488	\$ 277,752	\$ (241,304)	\$ 588,764	\$ 551,286	\$ 284,907	\$ (1,292,043)	\$ (177,666)	\$ (2,325)	\$ 1,225,352

City of Port Richey
Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011 (Note)	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,030,173	\$ 1,174,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	204,354	(9,863)	-	-	-	-	-	-	-	-
Nonspendable	-	-	17,144	4,287	3,413	3,235	375	18,259	19,126	25,911
Restricted	-	-	1,040,627	880,482	914,339	950,387	970,334	1,003,701	868,143	829,768
Committed	-	-	-	-	-	-	-	-	25,000	25,000
Unassigned	-	-	64,787	542,534	1,010,959	1,627,157	1,585,368	1,152,156	1,119,427	1,524,174
Total general fund	\$ 1,234,527	\$ 1,164,220	1,122,558	\$ 1,427,303	1,928,711	\$ 2,580,779	\$ 2,556,077	\$ 2,174,116	\$ 2,031,696	\$ 2,404,853
All Other Governmental Funds										
Reserved	\$ 2,988,316	\$ 3,092,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	2,964,456	2,552,943	2,141,518	1,786,035	1,161,721	1,100,128	1,393,824	1,701,045
Unassigned	-	-	(16,511)	(35,928)	(76,754)	(112,067)	(188,806)	(263,102)	(298,463)	(382,934)
Total all other governmental funds	\$ 2,988,316	\$ 3,092,174	\$ 2,947,945	\$ 2,517,015	\$ 2,064,764	\$ 1,673,968	\$ 972,915	\$ 837,026	\$ 1,095,361	\$ 1,318,111

Note:

The City implemented the provisions of GASB Statement Number 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended September 30, 2011. The September 30, 2010 Fund Balance amounts were restated for comparability purposes.

City of Port Richey
Schedule 4
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 3,377,186	\$ 2,729,211	\$ 2,395,986	\$ 2,381,525	\$ 2,497,099	\$ 2,510,464	\$ 2,500,672	\$ 2,516,906	\$ 2,683,903	\$ 2,814,730
Licenses and permits	158,019	120,766	132,369	174,617	181,826	174,848	157,095	229,989	218,668	567,724
Intergovernmental revenue	2,195,922	785,527	776,435	807,654	668,307	769,500	728,510	718,806	754,438	815,309
Impact fees	1,800	-	4,784	4,627	428	24,508	277	-	62,015	93,257
Charges for service	520,254	321,125	363,193	376,413	376,800	355,479	357,479	358,860	361,916	358,642
Fines and forfeitures	199,469	349,219	608,486	1,809,908	1,741,341	1,553,501	746,505	646,416	1,183,927	1,158,287
Interest	72,538	10,612	2,439	2,304	1,069	516	902	4,235	298	2,990
Miscellaneous revenue	27,282	91,025	37,020	24,328	34,744	9,961	9,498	20,198	52,046	37,732
Total revenues	6,552,470	4,407,485	4,320,712	5,581,376	5,501,614	5,398,777	4,500,938	4,495,410	5,317,211	5,848,671
Expenditures										
General government	1,229,735	1,238,573	1,376,468	2,319,942	2,102,661	1,870,619	1,694,339	1,627,106	1,799,171	1,644,059
Public safety	1,849,008	1,852,912	2,016,996	2,177,447	2,240,574	2,248,857	2,489,721	2,459,087	2,447,476	2,534,702
Physical environment	1,662,867	455,663	321,225	282,276	262,677	488,999	436,531	444,829	468,153	486,685
Transportation	177,089	2,442	144,796	145,070	151,783	-	-	-	-	-
Human services	4,487	12,900	26,382	23,191	19,037	17,444	18,840	19,877	21,766	24,478
Parks and recreation	96,729	110,917	84,783	90,549	106,374	-	-	-	-	-
Capital outlay	418,994	522,659	903,953	440,894	476,110	280,342	363,310	248,757	256,755	287,581
Debt service										
Principal retirement	127,782	120,587	147,655	154,241	181,522	165,804	388,800	167,514	180,203	251,006
Interest and fiscal charges	62,574	57,280	67,579	73,951	67,981	68,644	56,044	46,090	37,182	24,253
Total expenditures	5,629,265	4,373,933	5,089,837	5,707,561	5,608,719	5,140,709	5,447,585	5,013,260	5,210,706	5,252,764
Excess of revenues over (under) expenditures	923,205	33,552	(769,125)	(126,185)	(107,105)	258,068	(946,647)	(517,850)	106,505	595,907
Other Financing Sources (Uses)										
Proceeds from the sale of capital assets	-	-	-	-	8,686	3,204	-	-	7,629	-
Proceeds from capital lease obligations	49,427	-	299,000	-	153,962	-	220,892	-	-	-
Proceeds from issuance of long-term debt	-	-	285,936	-	-	-	-	-	-	-
Proceeds from the issuance of refunding bonds	-	-	-	-	-	-	-	-	518,104	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(500,000)	-
Bond issuance costs	-	-	-	-	-	-	-	-	(16,323)	-
Transfers out, net	-	-	(1,701)	-	(6,386)	-	-	-	-	-
Total other financing sources (uses)	49,427	-	583,235	-	156,262	3,204	220,892	-	9,410	-
Net change in fund balances	972,632	33,552	(185,890)	(126,185)	49,157	261,272	(725,755)	(517,850)	115,915	595,907
Fund balances - beginning of year	3,250,208	4,222,843	4,256,393	4,070,503	3,944,318	3,993,475	4,254,747	3,528,992	3,011,142	3,127,057
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Fund balances - end of year	\$ 4,222,840	\$ 4,256,395	\$ 4,070,503	\$ 3,944,318	\$ 3,993,475	\$ 4,254,747	\$ 3,528,992	\$ 3,011,142	\$ 3,127,057	\$ 3,722,964
Debt service as a percentage of noncapital expenditures	3.7%	4.6%	5.1%	4.3%	4.9%	4.8%	8.75%	4.5%	4.4%	5.5%

City of Port Richey
 Schedule 5
 Program Revenue by Function / Program
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function / Program										
Governmental activities :										
Charges for services										
General government	\$ 588,397	\$ 386,442	\$ 434,412	\$ 443,107	\$ 446,794	\$ 410,873	\$ 424,845	\$ 420,757	\$ 423,924	\$ 411,295
Police	199,469	349,219	608,486	1,809,908	1,741,341	1,553,501	746,430	646,416	1,183,927	1,158,287
Fire	-	-	-	-	-	-	75	-	-	-
Protective inspections	89,876	55,449	61,150	107,923	111,832	120,116	89,728	168,093	156,660	515,071
Total charges for services	<u>877,742</u>	<u>791,110</u>	<u>1,104,048</u>	<u>2,360,938</u>	<u>2,299,967</u>	<u>2,084,490</u>	<u>1,261,078</u>	<u>1,235,266</u>	<u>1,764,511</u>	<u>2,084,653</u>
Operating grants and contributions										
Police	885	2,232	50,030	16,970	-	-	-	-	-	39,104
Public works	1,447,971	155,402	62,893	46,061	-	-	-	-	-	-
Total operating grants and contributions	<u>1,448,856</u>	<u>157,634</u>	<u>112,923</u>	<u>63,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,104</u>
Capital grants and contributions										
Police	-	-	3,851	-	8,408	81,105	-	-	-	-
Fire	-	-	-	55,735	-	-	-	19,313	-	-
Parks and recreation	70,695	-	29,305	33,903	-	-	-	-	-	-
Transportation	-	-	-	-	7,500	-	-	-	-	-
Total capital grants and contributions	<u>70,695</u>	<u>-</u>	<u>33,156</u>	<u>89,638</u>	<u>15,908</u>	<u>81,105</u>	<u>-</u>	<u>19,313</u>	<u>-</u>	<u>-</u>
Sub-total governmental activities	<u>2,397,293</u>	<u>948,744</u>	<u>1,250,127</u>	<u>2,513,607</u>	<u>2,315,875</u>	<u>2,165,595</u>	<u>1,261,078</u>	<u>1,254,579</u>	<u>1,764,511</u>	<u>2,123,757</u>
Business-type activities:										
Charges for services										
Water and Sewer	2,342,616	2,111,697	2,241,567	2,921,691	2,935,362	3,010,883	2,493,124	3,092,095	3,254,263	3,476,326
Stormwater utility	123,483	132,105	121,206	120,948	118,774	119,481	120,879	119,878	121,098	123,279
Total charges for services	<u>2,466,099</u>	<u>2,243,802</u>	<u>2,362,773</u>	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>	<u>2,614,003</u>	<u>3,211,973</u>	<u>3,375,361</u>	<u>3,599,605</u>
Capital grants and contributions										
Water and Sewer	-	-	-	-	-	-	-	125,112	-	-
Sub-total business-type activities	<u>2,466,099</u>	<u>2,243,802</u>	<u>2,362,773</u>	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>	<u>2,614,003</u>	<u>3,337,085</u>	<u>3,375,361</u>	<u>3,599,605</u>
Total primary government revenues	<u>\$ 4,863,392</u>	<u>\$ 3,192,546</u>	<u>\$ 3,612,900</u>	<u>\$ 5,556,246</u>	<u>\$ 5,370,011</u>	<u>\$ 5,295,959</u>	<u>\$ 3,875,081</u>	<u>\$ 4,591,664</u>	<u>\$ 5,139,872</u>	<u>\$ 5,723,362</u>

City of Port Richey
Schedule 6
Tax Revenues by Source, General Fund
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Utility Tax	Communications Service Tax	Total
2017	\$ 1,453,167	\$ 294,965	\$ 392,946	\$ 181,964	\$ 2,323,042
2016	1,397,320	302,133	392,298	145,681	2,237,432
2015	1,303,568	304,574	364,249	137,442	2,109,833
2014	1,286,745	352,568	324,164	144,171	2,107,648
2013	1,284,698	326,650	314,897	190,187	2,116,432
2012	1,250,148	304,713	345,236	185,064	2,085,161
2011	1,194,040	314,782	247,995	178,161	1,934,978
2010	1,233,393	349,058	26,140	199,224	1,807,815
2009	1,354,580	333,447	50,981	230,508	1,969,516
2008	1,545,340	308,766	333,986	232,325	2,420,417

Schedules of Revenue Capacity Information

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

City of Port Richey
 Schedule 7
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended September 30,	Real Property	Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2017	\$ 287,379,650	\$ 23,027,158	\$ 310,406,808	\$ 38,874,327	\$ 271,532,481	5.7557
2016	283,212,534	24,394,607	307,607,141	39,029,794	268,577,347	5.7666
2015	275,218,903	23,705,191	298,924,094	42,716,242	256,207,852	5.4348
2014	267,225,271	23,015,775	290,241,046	46,402,689	243,838,357	5.4348
2013	281,576,479	23,249,898	304,826,377	56,818,927	248,007,450	5.3202
2012	297,673,379	24,886,748	322,560,127	41,734,759	280,825,368	5.0000
2011	300,232,741	27,427,479	327,660,220	50,286,285	277,373,935	4.6250
2010	314,725,105	32,979,629	347,704,734	43,637,615	304,067,119	4.2260
2009	366,589,084	49,609,357	416,198,441	56,805,550	359,392,891	3.9000
2008	390,328,277	54,834,988	445,163,265	36,972,528	408,190,737	3.9000

Note:

The detailed breakdown of the assessed value of real residential property, commercial property, governmental property, institutional property, and other real property was not available.

Source:

Pasco County Property Appraiser

City of Port Richey
 Schedule 8
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rates per \$1,000 of assessed value)

Fiscal Year	City	Pasco County				Total County - Operating	Pasco	
		Operating	Library Bond	Parks Bond	Municipal Fire District		School Board Operating	Capital Outlay
2017	5.7557	7.6076	-	-	1.8036	9.4112	5.0650	1.5000
2016	5.7666	7.6076	-	-	1.8036	9.4112	5.2770	1.5000
2015	5.4348	7.3441	-	-	1.7165	9.0606	5.6490	1.5000
2014	5.4348	7.3441	-	-	1.7165	9.0606	5.8570	1.5000
2013	5.3202	6.8623	-	-	1.5405	8.4028	5.8410	1.5000
2012	5.0000	6.3668	-	-	-	6.3668	6.1440	1.5000
2011	4.6250	6.3668	-	-	-	6.3668	6.2670	1.5000
2010	4.2260	6.3668	-	-	-	6.3668	5.8400	1.5000
2009	3.9000	5.4333	-	-	-	5.4333	5.7080	1.5000
2008	3.9000	5.4333	-	-	-	5.4333	5.5220	1.5000

Source:

Pasco County Tax Collector

County School Board			Other Taxing Districts				
School Bond	West Pasco Bond	Total School Board	SW Fla. Wtr. Management District	Florida Coastal River Basin	Mosquito Control	Total Other	Total
-	-	6.5650	0.3131	-	0.2154	0.5285	22.2604
-	-	6.7770	0.3317	-	0.2254	0.5571	22.5119
-	-	7.1490	0.3658	-	0.2400	0.6058	22.2502
-	-	7.3570	0.3818	-	0.1620	0.5438	22.3962
-	-	7.3410	0.3928	-	0.1630	0.5558	21.6198
-	-	7.6440	0.3928	-	0.1920	-	19.0108
-	-	7.7670	0.3770	0.1885	0.1989	0.9093	19.6681
-	-	7.3400	0.3866	0.1885	0.1567	0.8556	18.7884
-	-	7.2080	0.3866	0.1885	0.1567	0.8556	17.3969
-	0.1860	7.2080	0.3866	0.1885	0.1448	0.8556	17.3969

City of Port Richey
 Schedule 9
 Principal Property Tax Payers
 Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Stores	\$ 10,443,662	1	3.36%	\$ 16,605,324	1	3.73%
Cappo Management XXV Inc.	6,618,884	2	2.13%			
NHC-FL 133 LLC	5,983,901	3	1.93%			
Duke Energy / Progress Energy	4,151,734	4	1.34%	2,672,404	9	0.60%
4606 Taylor LLC	3,656,855	5	1.18%			
New Florida Team Group	3,410,028	6	1.10%			
230 Beach Street Land Trust	3,077,898	7	0.99%			
Seaway Plastics Engineering Inc.	2,717,304	8	0.88%			
Haverty Furniture Company, Inc.	2,437,689	9	0.79%	3,610,023	8	0.81%
Lake Butler Port Richey LLC	2,372,420	10	0.76%			
Wood Motors South, Inc.				8,002,268	2	1.80%
Wal Den Greene Developers, Inc.				7,356,012	3	1.65%
Caterpillar Financial Services				5,235,004	4	1.18%
Port Richey 1031, LLC				4,799,235	5	1.08%
Suncoast Gateway Mobile Village, Inc.				4,731,335	6	1.06%
Ridge Road Center LLC				4,170,414	7	0.94%
Paradise of Port Richey, LLC				2,543,486	10	0.57%
Total Principal Taxpayers	44,870,375		14.46%	59,725,505		13.42%
All Other Taxpayers	265,536,433		85.54%	385,437,760		86.58%
Total	\$ 310,406,808		100.00%	\$ 445,163,265		100.00%

Source:

Pasco County Property Appraiser's Office

City of Port Richey
 Schedule 10
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2017	\$ 1,503,535	\$ 1,453,167	96.65%
2016	1,438,891	1,397,320	97.11%
2015	1,325,624	1,303,568	98.34%
2014	1,325,213	1,286,745	97.10%
2013	1,319,449	1,250,148	94.75%
2012	1,287,230	1,248,882	97.02%
2011	1,226,248	1,191,246	97.15%
2010	1,284,988	1,224,287	95.28%
2009	1,401,632	1,349,679	96.29%
2008	1,591,944	1,540,732	96.78%

Note:

Subsequent year collections are minimal, therefore only total tax collected within the fiscal year is presented.

Source:

Pasco County Property Appraiser

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Schedules of Debt Capacity Information

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.

City of Port Richey
Schedule 11
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-type Activities			Total	Percentage of Personal Income	Per Capita
	Revenue Bonds Series 2000A	Revenue Bonds Series 2005C	Revenue Bonds Series 2016	Revenue Note Series 2010	Promissory Note	Capital Leases	Revenue Bonds Series 2005D	Revenue Bonds Series 2016	Capital Leases			
2017	\$ -	\$ -	\$ 385,000	\$ -	\$ -	\$ 117,680	\$ -	\$ 2,445,000	\$ -	2,947,680	N/A	\$ 1,104
2016	-	-	505,000	86,341	-	162,345	-	2,550,000	-	3,303,686	N/A	1,241
2015	-	615,000	-	107,143	-	206,746	2,615,000	-	-	3,543,889	N/A	1,284
2014	-	720,000	-	127,069	-	279,642	2,695,000	-	-	3,821,711	N/A	1,403
2013	-	820,000	-	146,154	-	328,464	2,770,000	-	-	4,064,618	N/A	1,522
2012	-	915,000	-	164,438	4,756	376,229	3,020,000	-	-	4,480,423	N/A	1,689
2011	-	1,010,000	-	181,951	37,974	258,058	3,260,000	-	-	4,747,983	N/A	1,778
2010	-	1,100,000	-	200,358	65,057	276,978	3,490,000	-	31,390	5,163,783	N/A	1,642
2009	80,000	1,110,000	-	-	-	50,703	3,720,000	-	16,865	4,977,568	N/A	1,595
2008	155,000	1,120,000	-	-	-	91,356	3,940,000	-	33,170	5,339,526	N/A	1,565

Note:

N/A - Information not available.

The City has had no general obligation bonded debt in the last ten years.

The Constitution of the State of Florida, Florida Statute 200.181 and the Charter of the City of Port Richey, Florida set no legal debt margin.

City of Port Richey
 Schedule 12
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Pasco County School Board (1)	\$ 498,561,655	1.267%	\$ 6,314,527
City direct governmental activities debt			<u>502,680</u>
Total direct and overlapping debt			<u>\$ 6,817,207</u>
Total direct and overlapping governmental activities debt per capita			<u>\$ 2,554</u>

Note:

(1) The City's share is calculated based on the ratio of the 2017 City Taxable Value of \$271,532,481 to the County's Taxable Value of \$ 21,438,768,973

Source:

Pasco County School Board CAFR Table 12

Schedules of Demographic and Economic Information

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

City of Port Richey
 Schedule 13
 Demographic and Economic Statistics
 Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2017	2,669	\$ 46,010	44.7	67,546	8.20%
2016	2,663	36,187	44.1	71,658	5.20%
2015	2,761	33,953	44.1	68,904	5.80%
2014	2,723	32,975	43.8	70,328	6.70%
2013	2,671	26,738	46.0	68,904	4.90%
2012	2,652	32,102	52.0	65,976	9.70%
2011	2,671	28,989	52.0	66,539	11.90%
2010	3,144	N/A	44.0	66,427	14.00%
2009	3,120	N/A	48.0	67,136	11.30%
2008	3,412	N/A	47.6	66,314	8.10%

Note:

N/A = Information not available.

Sources:

- (1) Per data from the U.S. Bureau of Census estimate and the University of Florida.
- (2) Florida Statistical Abstract.
- (3) Pasco County School Board, county level data for public schools.
- (4) Published by the Department of Labor and Employment Security, Pasco County.

City of Port Richey
 Schedule 14
 Principal Employers
 Current Year and Nine Years Ago

Employer	2017		2008	
	Employees	Rank	Employees	Rank
Wal Mart Management Corporation	400	1	540	1
Seaway Mold & Engineering	140	2	-	-
Hooters Restaurant	85	3	75	6
Ocean Honda (Gateway Honda)	80	4	77	5
Red Lobster	73	5	91	3
City of Port Richey	62	6	52	9
U. S. Post Office	60	7	70	8
Golden Coral	50	8	90	4
The Cottages of Port Richey	50	9	53	7
Culvers	34	10	-	-
Sun Cruz	-	-	200	2
Fatty-N-Mables	-	-	30	10
	<u>1,034</u>		<u>1,278</u>	

Schedules of 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.

City of Port Richey
 Schedule 15
 Full-time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of September 30.									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Financial Administration	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.0	2.0	3.0
City Clerk / Administration	3.0	3.0	4.0	4.0	5.0	5.0	3.0	3.0	3.0	3.0
IT	-	-	2.0	2.0	2.0	-	-	-	-	-
Fire	7.0	7.0	7.0	7.0	7.0	6.5	6.5	6.0	6.0	6.0
Police	20.0	19.0	20.0	21.0	19.0	21.0	19.0	19.0	16.0	18.0
Public Works										
Parks/Horticulture	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Public Works/Roads	7.0	5.0	5.0	5.0	10.0	5.5	5.0	5.0	5.0	6.5
Water/Sewer	9.0	8.0	8.0	8.0	7.0	8.5	8.0	8.0	7.0	9.0
Administration/Billing	3.0	3.0	3.0	4.0	3.0	-	-	-	-	-
Building Permitting/Licensing										
Administration	2.0	1.5	1.5	1.5	1.0	1.5	1.5	1.0	1.0	1.0
Inspectors	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Code Enforcement	1.5	1.0	1.0	1.0	1.0	-	-	-	-	-
	<u>62.5</u>	<u>57.5</u>	<u>61.5</u>	<u>63.5</u>	<u>65.0</u>	<u>59.0</u>	<u>53.5</u>	<u>52.0</u>	<u>48.0</u>	<u>54.5</u>

City of Port Richey
 Schedule 16
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fire										
Fire dept. responses	910	1,011	879	849	926	895	868	861	982	954
Water										
Avg. daily consumption (thousands of gallons)	0.700	0.700	0.800	0.750	0.800	0.800	0.656	0.742	0.722	0.722
Residential Units	1,887	1,914	2,016	2,007	2,004	2,155	2,221	2,146	4,695	4,694
Commercial Units	367	358	377	355	361	359	401	393	454	453
Sewer										
Number of Lift Stations	54	54	48	48	48	48	54	54	53	53
Number of residential	1,002	1,005	1,051	1,040	1,051	1,043	1,058	1,058	3,476	3,475
Number of commercial	277	269	270	262	260	261	260	254	454	453
Police										
Physical arrests	N/A	N/A	660	981	950	914	982	625	451	550
Traffic violations	N/A	N/A	1,047	3,291	5,354	5,634	6,890	5,680	5,101	6,947

N/A - This information is not available.

City of Port Richey
 Schedule 17
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	20.96	20.96	20.96	20.96	20.96	20.96	19.01	19.01	19.01	19.01
Recreation										
Parks (acres)	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78
Water mains (miles)	46	46	46	46	46	46	46	46	46	46
Wastewater										
Sanitary sewers (miles)	30	30	30	30	30	30	30	30	30	30

Note

The Police Department is housed in City Hall.

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**OTHER REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



Powell & Jones
Certified Public Accountants

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

Honorable Mayor and City Council
City of Port Richey, 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 and the business-type activities of the City of Port Richey, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Port Richey, Florida's basic financial statements, and have issued our report thereon dated June 14, 2018.

Internal Control Over Financial Reporting

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

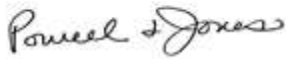
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Compliance and Other Matters

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

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.



POWELL & JONES
Certified Public Accountants
June 14, 2018



Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

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MANAGEMENT LETTER

Honorable Mayor and City Council
City of Port Richey, Florida

We have audited the financial statements of the City of Port Richey, Florida, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 14, 2018. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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. Additionally our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

FINANCIAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the City of Port Richey, Florida, for the fiscal year ended September 30, 2017.

Financial Emergency Status - We determined that the City had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment - Pursuant to Chapter 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures to the City's financial statements. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

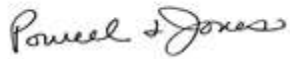
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We noted no deteriorating financial conditions as defined by Rule 10.544(1)(d).

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenges and experiences with this audit of the City. We appreciate the helpful assistance of City staff in completing our audit and also the generally high quality of the City's financial records and internal controls.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
June 14, 2018



Powell & Jones
Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT

To The Honorable Mayor and City Council
City of Port Richey, Florida

We have examined the City of Port Richey, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of the City of Port Richey, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

POWELL & JONES
Certified Public Accountants
June 14, 2018

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