

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

CITY OF PORT RICHEY, FLORIDA

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2018

CITY OF PORT RICHEY, FLORIDA

**Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2018**

**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, 2018

Elected Officials

Mayor – Councilor	Dale Massad
Vice – Mayor – Councilor	Terrence Rowe
Councilor	Richard Bloom
Councilor	William Dittmer
Councilor	Jennie Sorrell

Appointed Officials

City Manager	Vincent Lupo
City Attorney	James Mathieu

Department Directors

Fire	Gerard De Canio
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, 2018

TABLE OF CONTENTS

INTRODUCTORY SECTION

TABLE OF CONTENTS	I
LETTER OF TRANSMITTAL	V
ORGANIZATION CHART	XI

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	20
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	22
Reconciliation of the Balance Sheet to the Statement of Net Position	
Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	25

TABLE OF CONTENTS (Continued)

Proprietary Fund Financial Statements

Statement of Net Position – Business-type Activity – Enterprise Fund	26
Statement of Revenues, Expenses, and Changes in Net Position – Business-type Activity – Enterprise Fund	27
Statement of Cash Flows – Business-type Activity – Enterprise Fund	28

Notes to Financial Statements	30
--------------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

General Fund	53
Special Revenue Fund – Community Redevelopment	57

Pension and Postemployment Benefits Schedules

Schedule of Proportionate Share of Net Pension Liability	58
Schedule of Contributions	59
Retiree Health Care Plan – Schedule of Changes in Total OPEB Liability	60

OTHER SUPPLEMENTARY SCHEDULES

Comparative Balance Sheet – General Fund	61
Comparative Balance Sheet – Community Redevelopment Fund	62
Budgetary Comparison Schedule – Capital Improvement Fund	63
Schedule of Revenues and Expenses Compared With Budget – Proprietary Fund	64
Reconciliation of Total Fund Balance for the Governmental Funds to Total Net Position for Governmental Activities	65
Reconciliation of Net Change in Fund Balances for the Governmental Funds to Change in Net Position for Governmental Activities	66

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION

Schedules of Financial Trends Information

Schedule	1	- Net Position by Component - Last Ten Fiscal Years	67
Schedule	2	- Changes in Net Position - Last Ten Fiscal Years	68
Schedule	3	- Fund Balances, Governmental Funds - Last Ten Fiscal Years	69
Schedule	4	- Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	70
Schedule	5	- Program Revenue by Function / Program – Last Ten Fiscal Years	71
Schedule	6	- Tax Revenues by Source, General Fund – Last Ten Fiscal Years	72

Schedules of Revenue Capacity Information

Schedule	7	- Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	73
Schedule	8	- Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	74
Schedule	9	- Principal Property Tax Payers – Current Year and Nine Years Ago	76
Schedule	10	- Property Tax Levies and Collections – Last Ten Fiscal Years	77

Schedules of Debt Capacity Information

Schedule	11	- Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	79
Schedule	12	- Direct and Overlapping Governmental Activities Debt	80

Schedules of Demographic and Economic Information

Schedule	13	- Demographic and Economic Statistics - Last Ten Calendar Years	81
Schedule	14	- Principal Employers – Current Year and Nine Years Ago	82

Schedules of Operating Information

Schedule	15	- Full-time Equivalent City Government Employees by Function / Program – Last Ten Fiscal Years	83
Schedule	16	- Operating Indicators by Function / Program – Last Ten Fiscal Years	84
Schedule	17	- Capital Asset Statistics by Function / Program – Last Ten Fiscal Years	85

TABLE OF CONTENTS (Continued)

OTHER REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	87
Management Letter	89
Independent Accountant's Report	91

LETTER OF TRANSMITTAL

CITY OF PORT RICHEY

6333 RIDGE ROAD
PORT RICHEY, FLORIDA 34668
TELEPHONE (727) 816-1900



June 12, 2019

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, 2018 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 schedules

- 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, 2018. 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 pension and other postemployment benefits (OPEB) schedules.
- 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, 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 2018, 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.

MAJOR INITIATIVES

Water: The City of Port Richey provides for the maintenance and upkeep of the public water, sewer, and stormwater system. Consistent with Port Richey's citywide goal to provide residents with high-quality public services, The City of Port Richey continually works toward improving water production and distribution. These efforts take place through the replacement of the green sand filter media at the Water Plant to help enhance water quality, the conversion of a monitoring well into a production well to increase water production, and an ongoing program of utility line replacement to upgrade the City's distribution system. With the increase in natural disasters that Pasco County has experienced over the last few years, the City continues to maintain its stormwater system through ongoing maintenance and upgrades to the vactor truck. These efforts help to ensure an optimal drainage pattern through the community when disasters strike.

Public Safety: Public Safety services are provided through the City's Police and Fire Departments. The Port Richey Police Department protects, preserves, and safeguards residents. The City recently purchased a new dispatch system that will provide enhanced response time for first responders and communication. The Police Department makes yearly upgrades to its fleet and seeks to improve water safety with the purchase of a new law enforcement marine vessel. The Fire Department provides comprehensive services to protect the residents of Port Richey from the dangers of fire and disaster. This department provides leadership in fire prevention, combating fires, treatment of medical emergencies and preparation for dealing with natural and man-made disasters. The Fire Department has recently acquired a new fire boat for water rescues and will purchase a new fire truck within the next few years to help upgrade the fleet.

Transportation: The City maintains all land, streets, buildings, walkways, roadways, and equipment within the City. The City is working toward enhancing its transportation network in the form of road repair on Washington Street, landscaping of the U.S. Highway 19 to enhance the aesthetic quality of this major thoroughfare, and the installation of new sidewalks on River Gulf Road and Grand Blvd to improve access for pedestrians. As Port Richey continues to grow, the City seeks to ensure that its transportation network meets the needs of pedestrian and vehicular traffic.

FINANCIAL INFORMATION

As of September 30, 2018, the Governmental Activities Unrestricted Net Position had a negative balance of \$3,217,407, and the Business-type Activities Unrestricted Net Position had a positive balance of \$1,492,265. 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 \$3,217,407. 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, 2018 of \$4,100,988 in the Governmental Activities and \$382,243 in the Business-type Activities.

Additionally, the City adopted GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in the fiscal year ended September 30, 2018. As a result of the implementation of GASB Statement 75, the City reported a net other post-employment benefits liability in the Statement of Net Position of \$1,182,052 in the Governmental Activities and \$285,227 in the Business-type Activities as of September 30, 2018. Due to this change in accounting principle, the City's net other post-employment benefits liability increased \$1,042,540 in the

Governmental Activities and \$260,161 in the Business-type Activities from the fiscal year ended September 30, 2017.

Said another way, the City's Governmental Activities Unrestricted Net Position would have a positive balance of \$2,065,633 as of September 30, 2018, and the Business-type Activities Unrestricted Net Position would have a balance of \$2,159,735 if the City was not required to record its proportionate share of the Florida Retirement System net pension liability or the substantial increase in the net other post-employment benefits liability. Unrestricted net position is 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.

The General Fund Unassigned Fund Balance is another important indicator of financial condition. The City's General Fund Unassigned Fund Balance was \$1,201,812 as of September 30, 2018. This balance represents that portion of the fund equity that is available to pay for the on-going activities of the City.

The City expended \$1,099,471 in fiscal year 2018 for infrastructure improvements and equipment additions including dredging projects totaling \$415,151, upgrades to the water distribution and treatment systems costing \$150,558, a Public Works modular building for \$104,436, the acquisition of four public safety vehicles for \$96,420, and \$24,200 for median improvements along U.S. Highway 19.

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, agency, 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.

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 their commitment to maintaining 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 a 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.

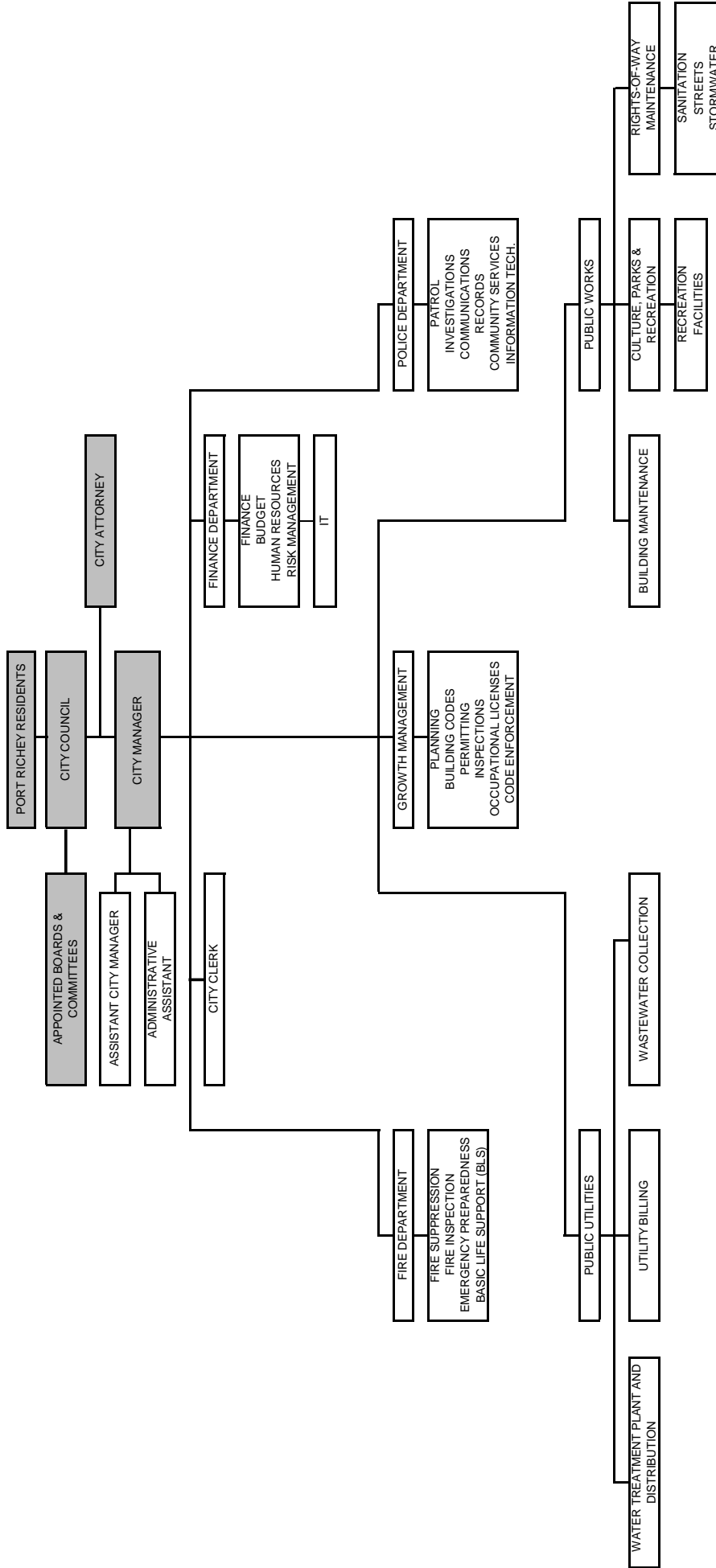
Respectfully submitted,

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



(This page left blank intentionally)

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



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

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

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, 2018, 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 2017 financial statements and, in our report dated June 14, 2018, we expressed an unmodified 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, 2018, 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 on pages 3 - 16, budgetary comparison information on pages 53 - 57 and pension and postemployment benefits schedules on pages 58 - 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 section 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 12, 2019, 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 2017 financial statements, and in our report dated June 14, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



POWELL & JONES
Certified Public Accountants
June 12, 2019

**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 18).

HIGHLIGHTS

Financial Highlights

- Government-wide unrestricted cash, pooled cash and cash equivalents totaled \$4,179,135 at September 30, 2018. Restricted cash and cash equivalents totaled \$2,224,056 at September 30, 2018.
- For the fiscal year ended September 30, 2018, citywide expenses of \$9,351,863 net of program revenues of \$5,308,158 resulted in a net cost of providing city services of \$4,043,705. 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, 2017 was \$3,229,421. The increase in the net cost of providing city services of \$814,284 compared to the prior year is primarily attributable to a decrease in building permit revenues of \$316,955 and an increase in general government and police expenses of \$242,540 and \$270,304, respectively.
- The net cost of providing city services in the governmental activities was \$4,129,803 compared to \$3,228,714 in 2017. This increase in cost is attributable to the decrease in building permit revenues and increase in general government and police expenses as noted just above.
- For the business-type activities (water and sewer utility and stormwater utility operations) program revenues exceeded program expenses by \$86,098. In 2017, program expenses exceeded revenues by \$707. While program revenues decreased in 2018 by \$24,372 compared to 2017, program expenses also decreased in 2018 by \$111,177 compared to 2017, thereby more than offsetting the revenue decrease.
- The City's net position decreased by \$113,978 from fiscal year 2018 activities compared to an increase of \$1,225,352 for 2017. The governmental net position decreased \$254,989 or 3.6% and the business-type (Water and Sewer Fund Utility and Stormwater Utility Fund) net position increased by \$141,011 or 1.4%.

- The net position of the City (overall equity) exceeded its liabilities at the close of fiscal 2018 by \$16,451,101 (net position). The governmental activities unrestricted net position was a negative amount of \$3,217,407 as of September 30, 2018. Business-type activities unrestricted net position was \$1,492,265 as of September 30, 2018. The negative balance in the governmental activities unrestricted net position is directly as a result of recording the City's proportionate interest in the net pension liability of the Florida Retirement System of \$4,100,988 and the Postemployment Benefits Other Than Pensions liability of \$1,182,052 as explained below.
- During fiscal year 2015, the City was required to implement Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. 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, 2018 as reported in the Statement of Net Position (page 19) is \$4,483,231, of which \$4,100,988 (noted above) pertains to governmental activities and \$382,243 pertains to business-type activities. The implementation of GASB 68 did not impact the governmental fund financial statements that are presented on pages 22 and 24 of this report.
- During fiscal year 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This change in accounting principle resulted in the City reporting a Total Other Postemployment Benefits (OPEB) liability in the Statement of Net Position (page 19) of \$1,182,052 in the governmental activities (as noted above) and \$285,227 in the business-type activities as of September 30, 2018. As a result of implementing GASB Statement 75, the City's total reduction in net position due to restatement as of October 1, 2017 for net other post-employment benefits liability was \$1,042,540 in the governmental activities and \$260,161 in the business-type activities.

City Highlights

- The City expended \$919,217 on capital improvements for governmental activities during fiscal year 2018, including \$415,151 for dredging, \$104,436 for a Public Works modular building, \$96,420 for four public safety vehicles, and \$24,200 on median improvements as part of a U.S. Highway 19 beautification project.
- The City expended \$180,255 on capital improvements for business-type activities during fiscal year 2018 pertaining to water distribution and treatment, as well as a new vehicle.

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 Utility 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 18-21) 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 20-21) 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 22 and 24) 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 53).

While the amounts on the Business-type Fund Financial Statements (see pages 26-29) 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 23 and 25). 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.

	Governmental Activities	Business-type Activities	Total Primary Government
Current assets	\$ 2,076,674	\$ 2,695,043	\$ 4,771,717
Capital assets, net	8,297,763	9,901,109	18,198,872
Non-current assets – cash and investments	1,563,207	559,608	2,122,815
Non-current assets - other	2,832	34,950	37,782
Deferred outflows of resources	1,816,895	174,356	1,991,251
Total assets and deferred outflows of resources	13,757,371	13,365,066	27,122,437
Current liabilities	530,460	708,883	1,239,343
Non-current liabilities - Total Other Postemployment Benefits liability	1,182,052	285,227	1,467,279
Long-term debt outstanding	196,966	2,284,051	2,481,017
Net pension liability	4,100,988	382,243	4,483,231
Accrued compensated absences	348,747	28,228	376,975
Deferred inflows of resources	555,039	68,452	623,491
Total liabilities and deferred inflows of resources	6,914,252	3,757,084	10,671,336

(continued)

Statement of Net Position (continued)

	Governmental Activities	Business-type Activities	Total Primary Government
Net position:			
Net investment in capital assets	7,948,145	7,556,109	15,504,254
Restricted	2,112,381	559,608	2,671,989
Unrestricted	(3,217,407)	1,492,265	(1,725,142)
Total net position	\$ 6,843,119	\$ 9,607,982	\$ 16,451,101

For more detailed information see the Statement of Net Position (pages 18-19).

At the end of fiscal year 2018, the city-wide net position decreased \$113,978 from current year operations and an additional \$1,302,701 from the impact of prior period adjustments. These changes resulted in an ending balance of \$16,451,101 compared to the restated net position of \$16,565,079 at the end of fiscal year 2017. The decrease in net position represents the current year loss. Net position for Governmental Activities was \$6,843,119 and net position for Business-type Activities was \$9,607,982. The total net position includes the amount of \$15,504,254 which represents the City's net investment in capital assets and \$2,671,989 which represents current and other assets restricted for specific purposes. The portion of net position that is unrestricted equals a negative amount of \$1,725,142. As previously explained, the negative unrestricted net position is directly associated with recording the net pension liability of \$4,483,231 for the City's proportionate share of the Florida Retirement System (FRS) as required by GASB 68 and the Postemployment Benefits Other Than Pensions liability of \$1,467,279 required by GASB 75.

The Statement of Net Position on pages 18-19 shows the specific restrictions to net position. Restrictions within the City's Governmental Activities pertaining to capital projects total \$1,590,842 and include unexpended Transportation Impact fees of \$571,754 which must be used to fund transportation infrastructure capital improvements, unexpended Police and Fire Impact fees of \$141,191 which are committed for facility capital projects in these two areas, and \$877,897 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 \$420,298 that is restricted for community redevelopment and \$101,241 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, 2018

	Governmental Activities	Business-type Activities	Total Primary Government
Unrestricted Net Position –			
Beginning of Year (restated)	\$ (1,586,050)	\$ 1,285,144	\$ (300,906)
Prior period adjustment - OPEB	(1,042,540)	(260,161)	(1,302,701)
Results of Operations	(254,989)	141,011	(113,978)
Adjustments - restricted assets			
Capital projects - transportation	(25,794)	-	(25,794)
Capital projects - police, fire and school	44,354	-	44,354
Capital projects - infrastructure	(31,543)	-	(31,543)
Capital projects - utility system	-	106,824	106,824
Capital projects - stormwater	-	(3,929)	(3,929)
Community redevelopment	51,459	-	51,459
Police benevolence	(2,978)	-	(2,978)
Un-depreciated cost of capital assets disposed of	310,000	1,789	311,789
Depreciation	392,953	501,842	894,795
Total adjustments	738,451	606,526	1,344,977
Adjusted Results of Operations	483,462	747,537	1,230,999
Capital Expenditures	(919,217)	(180,255)	(1,099,472)
Debt principal payment	(153,062)	(100,000)	(253,062)
Unrestricted Net Position -			
End of Year	<u>\$ (3,217,407)</u>	<u>\$ 1,492,265</u>	<u>\$ (1,725,142)</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, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program Revenues:			
Charges for services			
Water and Sewer Fees	\$ -	\$ 3,449,932	\$ 3,449,932
Stormwater Utility	-	125,301	125,301
Police Fines & Forfeitures	1,054,378	-	1,054,378
Building Inspections and Permits	198,115	-	198,115
Local business tax	62,781	-	62,781
Administrative Fees	333,288	-	333,288
Other Fees	25,697	-	25,697
Operating Grants			
Police	34,466	-	34,466
Capital Grants			
Physical Environment	24,200	-	24,200
General Revenues:			
Property Taxes	2,027,984	-	2,027,984
Franchise Fees	317,873	-	317,873
Communications Service Tax	176,472	-	176,472
Other Utility Taxes	417,278	-	417,278
Half-Cent Sales Tax	177,277	-	177,277
Local Option Gas Tax	78,966	-	78,966
Discretionary Surtax - Infrastructure	425,647	-	425,647
Other Taxes	29,917	-	29,917
State Revenue Sharing	102,840	-	102,840
Impact Fees	27,177	49,137	76,314
Investment income	13,806	-	13,806
Miscellaneous	79,577	5,776	85,353
Total Revenues	5,607,739	3,630,146	9,237,885
EXPENSES			
Program Activities			
Primary Government:			
Governmental Activities:			
General Government	2,015,884	-	2,015,884
Police	1,827,925	-	1,827,925
Fire	785,628	-	785,628
Protective Inspections	410,332	-	410,332
Physical Environment	769,348	-	769,348
Human Services	30,949	-	30,949
Interest Expense	22,662	-	22,662
Business-Type Activities:			
Water and Sewer	-	3,354,885	3,354,885
Stormwater Utility	-	134,250	134,250
Total Expenses	5,862,728	3,489,135	9,351,863
Change in Net Position (Decrease)	(254,989)	141,011	(113,978)
Net Position – Beginning of Year – as restated	7,098,108	9,466,971	16,565,079
Net Position- End of Year	\$ 6,843,119	\$ 9,607,982	\$ 16,451,101

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 2018.

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 48% of the City's 2018 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 2018</u>	<u>FY 2017</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Revenues				
Taxes (Property, Franchise & Utility)	\$ 2,939,607	\$ 2,814,730	\$ 124,877	4.44 %
Licenses and Permits	260,896	567,724	(306,828)	(54.05)%
Intergovernmental Revenues	873,314	815,309	58,005	7.11%
Impact Fees	27,177	93,257	(66,080)	(70.86)%
Charges for Services	358,985	358,642	343	0.10%
Fines and Forfeitures	1,054,378	1,158,287	(103,909)	(8.97)%
Interest Income	13,806	2,990	10,816	361.74%
Miscellaneous Revenues	74,512	37,732	36,780	97.48%
Total Revenues	<u>\$ 5,602,675</u>	<u>\$ 5,848,671</u>	<u>\$ (245,996)</u>	(4.21)%

Overall, revenues in the City’s Governmental funds decreased \$245,996 or 4.21% from last year. The primary source of the decrease was from a decrease in Building Permits of \$316,955 and a decrease in Fines and Forfeitures of \$103,909. Ad valorem tax receipts as reported in the General Fund and Community Redevelopment Fund did, however, increase \$83,129 from last year.

Expenditures

**Table 5
Governmental Funds
Expenditures**

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Expenditures				
General Government	\$ 1,604,588	\$ 1,644,059	\$ (39,471)	(2.40)%
Public Safety	2,678,722	2,534,702	144,020	5.68%
Physical Environment	545,645	486,685	58,960	12.11%
Human Services	30,949	24,478	6,471	26.44%
Capital Outlay	919,217	287,581	631,636	219.64%
Debt Service	171,395	275,259	(103,864)	(37.73)%
Total Expenditures	<u>\$ 5,950,916</u>	<u>\$ 5,252,764</u>	<u>\$ 698,152</u>	13.29%

Total expenditures for the Governmental funds increased \$698,152 or 13.29% in fiscal year ended September 30, 2018. The primary source of the increase was from an increase in Capital Outlay of \$631,636. Additionally, Public Safety expenditures increased \$144,020 due in large part to an increase in personal services expenditures of \$127,538. There was an

offsetting decrease in Debt Service expenditures of \$103,864 due primarily to the City having paid off the balance of the Redevelopment Revenue Note in fiscal year 2017.

Total expenditures in the Governmental funds were \$5,950,916 for the fiscal year ended September 30, 2018. This compares to \$5,926,176 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 is the provision for non-cash depreciation of \$392,953, providing for the un-depreciated cost of capital assets disposed of in the amount of \$310,000, the removing of capital expenditures of \$919,217, the removing of principal payments of \$153,062 made on long-term debt, the increase in pension expense of \$255,151 related to the City’s proportionate share of the Florida Retirement System pension liability and the recording of the increase in compensated absences of \$108,106.

Operating expenditures (total expenditures less capital outlay and debt services expenditures) increased in the General Fund by \$313,511 and decreased by \$117,670 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 2018</u>	<u>FY 2017</u>	<u>Increase (Decrease)</u>
Nonspendable:			
Prepaid items	\$ 31,811	\$ 25,911	\$ 5,900
Restricted:			
Capital Projects - Transportation	571,754	545,960	25,794
Capital Projects – Police, Fire and School	141,191	185,545	(44,354)
Police Benevolence	<u>101,241</u>	<u>98,263</u>	<u>2,978</u>
Total Restricted Fund Balance	814,186	829,768	(15,582)
Committed:			
Capital Projects – Parkland improvements	25,000	25,000	-
Unassigned:	<u>1,201,812</u>	<u>1,524,174</u>	<u>(322,362)</u>
Total General Fund Balance	<u>\$ 2,072,809</u>	<u>\$ 2,404,853</u>	<u>\$ (332,044)</u>

The Fund Balance of the General Fund decreased to \$2,072,809 as expenditures and other financing uses totaling \$4,958,896 exceeded revenues of \$4,626,852 by \$332,044.

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

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Increase (Decrease)</u>
Nonspendable:			
Prepaid items	\$ 4,119	\$ 3,164	\$ 955
Restricted for:			
Community Redevelopment	<u>420,298</u>	<u>468,593</u>	<u>(48,295)</u>
Total Fund Balance	<u>\$ 424,417</u>	<u>\$ 471,757</u>	<u>\$ (47,340)</u>

The Fund Balance of the Community Redevelopment fund decreased \$47,340 as a result of expenditures of \$1,013,440 exceeding revenues plus other financing sources totaling \$966,100.

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

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Increase (Decrease)</u>
Restricted for:			
Infrastructure	<u>\$ 877,897</u>	<u>\$ 846,354</u>	<u>\$ 31,543</u>
Total Fund Balance	<u>\$ 877,897</u>	<u>\$ 846,354</u>	<u>\$ 31,543</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 \$31,543 as a result of revenues totaling \$425,647 exceeding expenditures of \$394,104.

Proprietary Fund (Business Type Funds)

The combined net position of the Water and Sewer Utility and Stormwater Utility enterprise funds increased \$141,011 in 2018. This increase is comprised of operating income of \$168,325, impact fee income of \$49,137, less non-operating expenses of \$76,451.

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 2018, the Water and Sewer Fund Utility and Stormwater Utility Fund combined operating income was \$168,325 compared to operating income of \$86,946 in 2017.

The Water and Sewer Utility Fund incurred an overall increase in net position of \$145,910. Charges for services decreased by \$20,459 compared to 2017. Operating expenses decreased \$75,140, which is due primarily to decreases of \$102,583 in purchased water, \$56,478 in materials and supplies, and \$30,225 in contractual services. There was an offsetting increase of \$101,116 in personal services.

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 2018 were \$125,301 and operating expenses were \$134,250, resulting in an operating loss of \$8,949. There was an overall decrease in net position for the Stormwater Utility fund in 2018 of \$4,899 resulting from the operating loss of \$8,949 being offset by non-operating revenue impact fees of \$4,050.

Table 9
Water and Sewer Utility Fund – Change in Net Position

	<u>FY 2018</u>	<u>Restated FY 2017</u>	<u>Increase (Decrease)</u>
Net Investment in Capital Assets	\$ 7,420,597	\$ 7,623,840	\$ (203,243)
Restricted:			
Capital improvement – Water and Sewer Impact fees	467,755	574,579	(106,824)
Unrestricted Net Position	<u>1,358,818</u>	<u>902,841</u>	<u>455,977</u>
Total Net Position	<u>\$ 9,247,170</u>	<u>\$ 9,101,260</u>	<u>\$ 145,910</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 2018. Actual revenues were \$131,503 more than the amount budgeted, and expenditures (including transfers – out) were less than the amount budgeted by \$119,228.

Budgeted revenues were \$4,495,349 compared to actual revenues of \$4,626,852. 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 \$116,793 in excess of the amount budgeted, licenses and permits were in excess of the amount budgeted by \$45,896, intergovernmental revenues were \$177,896 below budget, impact fees were \$27,177 over budget, and fines and forfeitures were \$64,618 in excess of the amount budgeted.

Budgeted expenditures totaled \$5,078,124 compared to \$4,958,896 in actual cash expenditures, resulting in a positive variance of \$119,228.

The significant favorable variances that occurred when comparing the final budgeted expenditures to the actual expenditures for 2018 include non-departmental expenditures being under budget by \$112,763, and transfers to other funds being \$92,225 under budget.

There were notable unfavorable budget variances of \$64,110 within the Police department pertaining primarily to personal services, and \$16,897 within the Public Works department pertaining primarily to operating expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2018, the City had \$18,198,872 invested in capital assets as compared to \$18,305,984 in the prior year. This represents a net decrease of \$107,112 from the prior year.

Table 10
Capital Assets at September 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land, improvements and rights	\$3,012,788	\$3,000,685	\$ 27,000	\$ 27,000	\$ 3,039,788	\$ 3,027,685
Capital Projects in Process	1,904,354	1,709,883	-	-	1,904,354	1,709,883
Buildings and Improvements	2,128,589	2,013,485	447,550	458,273	2,576,139	2,471,760
Improvements and Infrastructure						
Other than Buildings	4,730,776	4,722,970	17,869,679	17,746,056	22,600,455	22,469,026
Equipment and Vehicles	<u>2,900,053</u>	<u>2,654,225</u>	<u>886,171</u>	<u>829,539</u>	<u>3,786,224</u>	<u>3,483,764</u>
Total Cost of Assets	14,676,560	14,101,248	19,230,400	19,060,870	33,906,960	33,162,118
Less: Accumulated Depreciation	<u>(6,378,797)</u>	<u>(6,019,749)</u>	<u>(9,329,291)</u>	<u>(8,836,385)</u>	<u>(15,708,088)</u>	<u>(14,856,134)</u>
Total	<u>\$8,297,763</u>	<u>\$8,081,499</u>	<u>\$ 9,901,109</u>	<u>\$10,224,485</u>	<u>\$18,198,872</u>	<u>\$18,305,984</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)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning Balance 10-1-17	\$ 8,081,499	\$ 10,224,485	\$ 18,305,984
Additions / Transfers in	919,217	180,255	1,099,472
Retirements / Transfers out	(343,905)	(10,725)	(354,630)
Depreciation	(392,953)	(501,842)	(894,795)
Accumulated Depreciation Retirements	<u>33,905</u>	<u>8,936</u>	<u>42,841</u>
Ending Balance 9-30-18	<u>\$ 8,297,763</u>	<u>\$ 9,901,109</u>	<u>\$ 18,198,872</u>

Debt Outstanding

As of September 30, 2018, the City had \$3,231,039 of outstanding debt, including compensated absences, as compared to \$3,465,419 as of September 30, 2017. This represents a net decrease of \$170,932 from the end of last year.

Table 12
Debt Outstanding at September 30,

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue Bonds, Series 2016	\$260,000	\$ 385,000	\$2,345,000	\$2,445,000	\$2,605,000	\$2,830,000
Capital Leases Payable	89,618	117,680	-	-	89,618	117,680
Compensated Absences	<u>497,216</u>	<u>452,558</u>	<u>39,205</u>	<u>65,181</u>	<u>536,421</u>	<u>517,739</u>
Total	<u>\$846,834</u>	<u>\$ 955,238</u>	<u>\$2,384,205</u>	<u>\$2,510,181</u>	<u>\$3,231,039</u>	<u>\$3,465,419</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, 2017 and 2018 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 are 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.

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.

(This page left blank intentionally)

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2018

With Comparative Totals for September 30, 2017

	2018			2017
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
CURRENT ASSETS				
Cash, pooled cash and cash equivalents	\$ 1,811,686	\$ 2,367,449	\$ 4,179,135	\$ 4,100,419
Restricted assets:				
Cash and cash equivalents	101,241	-	101,241	98,263
Receivables (Net of allowance):				
Due from other governments - taxes	92,127	-	92,127	64,240
Accounts	19,702	333,665	353,367	376,741
Internal balances	15,988	(15,988)	-	-
Prepaid expenses	35,930	9,917	45,847	35,692
Total current assets	<u>2,076,674</u>	<u>2,695,043</u>	<u>4,771,717</u>	<u>4,675,355</u>
NON-CURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	1,563,207	559,608	2,122,815	2,226,829
Capital assets:				
Land, improvements and land rights	3,012,788	27,000	3,039,788	3,027,685
Buildings	2,128,589	447,550	2,576,139	2,471,760
Improvements and infrastructure other than buildings	4,730,776	17,869,679	22,600,455	22,469,026
Equipment and vehicles	2,900,053	886,171	3,786,224	3,483,764
Capital projects in process	1,904,354	-	1,904,354	1,709,883
Accumulated depreciation	(6,378,797)	(9,329,291)	(15,708,088)	(14,856,134)
Unamortized debt costs - insurance	2,832	34,950	37,782	41,366
Total non-current assets	<u>9,863,802</u>	<u>10,495,667</u>	<u>20,359,469</u>	<u>20,574,179</u>
TOTAL ASSETS	<u>11,940,476</u>	<u>13,190,710</u>	<u>25,131,186</u>	<u>25,249,534</u>
DEFERRED OUTFLOWS OF RESOURCES				
Defined benefit pension plans	1,787,398	167,496	1,954,894	1,843,196
Deferred amount on refunding of debt	2,262	-	2,262	5,063
Other postemployment benefits	27,235	6,860	34,095	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,816,895</u>	<u>174,356</u>	<u>1,991,251</u>	<u>1,848,259</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,757,371</u>	<u>\$ 13,365,066</u>	<u>\$ 27,122,437</u>	<u>\$ 27,097,793</u>

	2018			2017
	Governmental Activities	Business-type Activities	Total	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 138,063	\$ 345,876	\$ 483,939	\$ 483,072
Accrued liabilities	66,441	22,521	88,962	132,083
Customer deposits	-	213,959	213,959	219,084
Due to other governments	20,655	-	20,655	3,449
Current portion of				
Capital leases payable	28,949	-	28,949	28,062
Revenue bonds payable	127,883	115,550	243,433	234,851
Accrued compensated absences	148,469	10,977	159,446	160,264
Total current liabilities	<u>530,460</u>	<u>708,883</u>	<u>1,239,343</u>	<u>1,260,865</u>
NON-CURRENT LIABILITIES				
Total other postemployment benefits liability	1,182,052	285,227	1,467,279	160,171
Net pension liability	4,100,988	382,243	4,483,231	4,217,814
Capital leases payable	60,669	-	60,669	89,618
Revenue bonds payable	136,297	2,284,051	2,420,348	2,663,781
Accrued compensated absences	348,747	28,228	376,975	357,475
Total non-current liabilities	<u>5,828,753</u>	<u>2,979,749</u>	<u>8,808,502</u>	<u>7,488,859</u>
TOTAL LIABILITIES	<u>6,359,213</u>	<u>3,688,632</u>	<u>10,047,845</u>	<u>8,749,724</u>
DEFERRED INFLOWS OF RESOURCES				
Amounts received in advance of time requirement	39,599	-	39,599	33,969
Defined benefit pension plans	514,641	64,708	579,349	440,403
Deferred amount on refunding	799	3,744	4,543	5,917
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>555,039</u>	<u>68,452</u>	<u>623,491</u>	<u>480,289</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>6,914,252</u>	<u>3,757,084</u>	<u>10,671,336</u>	<u>9,230,013</u>
NET POSITION				
Net investment in capital assets	7,948,145	7,556,109	15,504,254	15,358,303
Restricted:				
Capital projects - transportation	571,754	-	571,754	545,960
Capital projects - police and fire	141,191	-	141,191	185,545
Capital projects - infrastructure	877,897	-	877,897	846,354
Water, sewer and stormwater improvements	-	559,608	559,608	662,504
Community redevelopment	420,298	-	420,298	471,757
Police benevolence - Johnny Cash Reserve	101,241	-	101,241	98,263
Unrestricted	<u>(3,217,407)</u>	<u>1,492,265</u>	<u>(1,725,142)</u>	<u>(300,906)</u>
TOTAL NET POSITION	<u>6,843,119</u>	<u>9,607,982</u>	<u>16,451,101</u>	<u>17,867,780</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,757,371</u>	<u>\$ 13,365,066</u>	<u>\$ 27,122,437</u>	<u>\$ 27,097,793</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, 2018

With Comparative Amounts for the Fiscal Year Ended September 30, 2017

FUNCTIONS/PROGRAMS	2018			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,015,884	\$ 421,766	\$ -	\$ -
Police	1,827,925	1,054,378	34,466	-
Fire	785,628	-	-	-
Protective inspections	410,332	198,115	-	-
Physical environment	769,348	-	-	24,200
Human services	30,949	-	-	-
Interest and fiscal charges on long-term debt	22,662	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	5,862,728	1,674,259	34,466	24,200
BUSINESS-TYPE ACTIVITIES				
Water and sewer	3,354,885	3,449,932	-	-
Stormwater utility	134,250	125,301	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	3,489,135	3,575,233	-	-
TOTAL	\$ 9,351,863	\$ 5,249,492	\$ 34,466	\$ 24,200

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 position

Net position - beginning of year

Prior period adjustments - see Note N

Net position - beginning of year as restated

Net position - end of year

2018			2017
Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Total
\$ (1,594,118)	\$ -	\$ (1,594,118)	\$ (1,351,578)
(739,081)	-	(739,081)	(468,777)
(785,628)	-	(785,628)	(821,934)
(212,217)	-	(212,217)	189,414
(745,148)	-	(745,148)	(721,702)
(30,949)	-	(30,949)	(24,478)
(22,662)	-	(22,662)	(29,659)
<u>(4,129,803)</u>	<u>-</u>	<u>(4,129,803)</u>	<u>(3,228,714)</u>
-	95,047	95,047	34,940
<u>-</u>	<u>(8,949)</u>	<u>(8,949)</u>	<u>(35,647)</u>
<u>-</u>	<u>86,098</u>	<u>86,098</u>	<u>(707)</u>
<u>(4,129,803)</u>	<u>86,098</u>	<u>(4,043,705)</u>	<u>(3,229,421)</u>
2,027,984	-	2,027,984	1,944,855
317,873	-	317,873	294,965
417,278	-	417,278	392,946
176,472	-	176,472	181,964
177,277	-	177,277	168,869
78,966	-	78,966	69,412
425,647	-	425,647	401,332
29,917	-	29,917	34,549
102,840	-	102,840	102,044
27,177	49,137	76,314	808,916
13,806	-	13,806	2,989
79,577	5,776	85,353	51,932
<u>3,874,814</u>	<u>54,913</u>	<u>3,929,727</u>	<u>4,454,773</u>
<u>(254,989)</u>	<u>141,011</u>	<u>(113,978)</u>	<u>1,225,352</u>
8,140,648	9,727,132	17,867,780	16,642,428
<u>(1,042,540)</u>	<u>(260,161)</u>	<u>(1,302,701)</u>	<u>-</u>
<u>7,098,108</u>	<u>9,466,971</u>	<u>16,565,079</u>	<u>16,642,428</u>
<u>\$ 6,843,119</u>	<u>\$ 9,607,982</u>	<u>\$ 16,451,101</u>	<u>\$ 17,867,780</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, 2018
With Comparative Amounts for September 30, 2017

	2018			2017	
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
ASSETS					
Cash, pooled cash and cash equivalents	\$ 1,791,826	\$ 19,860	\$ -	\$ 1,811,686	\$ 2,291,437
Restricted assets:					
Cash and cash equivalents	839,186	-	825,262	1,664,448	1,662,588
Receivables (net of allowance):					
Due from other governments - taxes	62,722	-	29,405	92,127	64,240
Accounts	19,702	-	-	19,702	34,353
Inter-fund advance	-	415,308	25,225	440,533	595,901
Prepaid items	31,811	4,119	-	35,930	29,075
TOTAL ASSETS	\$ 2,745,247	\$ 439,287	\$ 879,892	\$ 4,064,426	\$ 4,677,594
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 127,247	\$ 8,821	\$ 1,995	\$ 138,063	\$ 231,972
Accrued liabilities	60,392	6,049	-	66,441	105,327
Inter-fund advance	424,545	-	-	424,545	579,913
Due to other governments	20,655	-	-	20,655	3,449
TOTAL LIABILITIES	632,839	14,870	1,995	649,704	920,661
DEFERRED INFLOWS OF RESOURCES					
Amounts received in advance of time requirement	39,599	-	-	39,599	33,969
FUND BALANCES					
Fund balances					
Nonspendable:					
Prepaid items	31,811	4,119	-	35,930	29,075
Restricted for:					
Police Benevolence - Johnny Cash reserve	101,241	-	-	101,241	98,263
Capital projects - transportation	571,754	-	-	571,754	545,960
Capital projects - police and fire	141,191	-	-	141,191	185,545
Capital projects - infrastructure	-	-	877,897	877,897	846,354
Community redevelopment	-	420,298	-	420,298	468,593
Committed for:					
Capital projects - parkland improvements	25,000	-	-	25,000	25,000
Unassigned					
General fund	1,201,812	-	-	1,201,812	1,524,174
TOTAL FUND BALANCES	2,072,809	424,417	877,897	3,375,123	3,722,964
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,745,247	\$ 439,287	\$ 879,892	\$ 4,064,426	\$ 4,677,594

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, 2018

Fund Balances - total governmental funds \$ 3,375,123

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	\$ 12,772,206	
Less accumulated depreciation	(6,378,797)	
Capital projects in process	<u>1,904,354</u>	8,297,763

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		2,832
---	--	-------

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.

2,262

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

Total other postemployment benefits	(1,182,052)	
Net pension liability	(4,100,988)	
Capital leases payable	(89,618)	
Revenue bonds payable	(264,180)	
Accrued compensated absences	<u>(497,216)</u>	(6,134,054)

Deferred amount on prior year refunding 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.

(799)

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	1,787,398	
Deferred inflows of resources related to pensions	<u>(514,641)</u>	1,272,757

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

Deferred outflows of resources related to total OPEB liability		<u>27,235</u>
--	--	---------------

Net position of governmental activities.		<u>\$ 6,843,119</u>
--	--	---------------------

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, 2018
With Comparative Amounts for the Year Ended September 30, 2017

	2018			2017	
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
REVENUES					
Taxes	\$ 2,389,431	\$ 550,176	\$ -	\$ 2,939,607	\$ 2,814,730
Licenses and permits	260,896	-	-	260,896	567,724
Intergovernmental revenue	447,667	-	425,647	873,314	815,309
Impact fees	27,177	-	-	27,177	93,257
Charges for services	358,985	-	-	358,985	358,642
Fines and forfeitures	1,054,378	-	-	1,054,378	1,158,287
Interest	13,806	-	-	13,806	2,990
Miscellaneous revenues	74,512	-	-	74,512	37,732
TOTAL REVENUES	4,626,852	550,176	425,647	5,602,675	5,848,671
EXPENDITURES					
Current					
General government	1,409,805	194,783	-	1,604,588	1,644,059
Public safety	2,385,757	240,372	52,593	2,678,722	2,534,702
Physical environment	435,926	109,719	-	545,645	486,685
Human services	30,949	-	-	30,949	24,478
Capital outlay	140,919	468,566	309,732	919,217	287,581
Debt service					
Principal retirement	125,000	-	28,062	153,062	251,006
Interest and fiscal charges	14,616	-	3,717	18,333	24,253
TOTAL EXPENDITURES	4,542,972	1,013,440	394,104	5,950,516	5,252,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	83,880	(463,264)	31,543	(347,841)	595,907
OTHER FINANCING SOURCES (USES)					
Transfers in	-	415,924	-	415,924	369,261
Transfers out	(415,924)	-	-	(415,924)	(369,261)
TOTAL OTHER FINANCING SOURCES (USES)	(415,924)	415,924	-	-	-
NET CHANGE IN FUND BALANCES	(332,044)	(47,340)	31,543	(347,841)	595,907
FUND BALANCES - BEGINNING OF YEAR	2,404,853	471,757	846,354	3,722,964	3,127,057
FUND BALANCES - END OF YEAR	\$ 2,072,809	\$ 424,417	\$ 877,897	\$ 3,375,123	\$ 3,722,964

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, 2018

Net change in fund balances - total governmental funds \$ (347,841)

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	\$ 919,217	
Less current year depreciation	<u>(392,953)</u>	526,264

In the statement of activities, a gain or loss is reported on the disposal of
capital assets based on the sale price less the remaining un-depreciated
cost, whereas in the governmental funds the proceeds from the sale of
capital assets increase financial resources. The remaining un-depreciated
cost of assets disposed of results in a decrease in net position.

Un-depreciated cost of capital assets sold as surplus or disposed of		(310,000)
--	--	-----------

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	125,000	
Capital lease payments	<u>28,062</u>	153,062

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	(44,658)	
Change in total other postemployment benefits	22,600	
Pension expense	(255,151)	
Amortization of bond premium and deferred amount on refunding	5,064	
Amortization of debt issuance costs	<u>(4,329)</u>	<u>(276,474)</u>

Change in net position of governmental activities.		<u><u>\$ (254,989)</u></u>
--	--	----------------------------

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, 2018
 With Comparative Amounts for September 30, 2017

	2018			2017
	Business-type Activities			Total
	Enterprise Fund			
Water and Sewer Utility	Stormwater Utility	Total	Total	
ASSETS				
CURRENT ASSETS				
Cash, pooled cash and cash equivalents	\$ 2,154,909	\$ 212,540	\$ 2,367,449	\$ 1,808,982
Accounts receivables (net of allowance)	320,123	13,542	333,665	342,388
Prepaid expenses	9,289	628	9,917	6,617
Total current assets	<u>2,484,321</u>	<u>226,710</u>	<u>2,711,031</u>	<u>2,157,987</u>
NON-CURRENT ASSETS				
Restricted:				
Cash and cash equivalents	467,755	91,853	559,608	662,504
Inter-fund advance	57,543	-	57,543	57,543
Capital assets:				
Property, plant, equipment, and infrastructure	18,945,906	284,494	19,230,400	19,060,870
Less: Accumulated depreciation	(9,180,309)	(148,982)	(9,329,291)	(8,836,385)
Unamortized debt costs - insurance	34,950	-	34,950	37,006
Total non-current assets	<u>10,325,845</u>	<u>227,365</u>	<u>10,553,210</u>	<u>10,981,538</u>
TOTAL ASSETS	<u>12,810,166</u>	<u>454,075</u>	<u>13,264,241</u>	<u>13,139,525</u>
DEFERRED OUTFLOWS OF RESOURCES				
Defined benefit pension plan	155,794	11,702	167,496	153,567
Other postemployment benefits	6,454	406	6,860	-
Total deferred outflows of resources	<u>162,248</u>	<u>12,108</u>	<u>174,356</u>	<u>153,567</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,972,414</u>	<u>\$ 466,183</u>	<u>\$ 13,438,597</u>	<u>\$ 13,293,092</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 345,291	\$ 585	\$ 345,876	\$ 251,100
Accrued liabilities	21,684	837	22,521	26,756
Customer deposits	213,959	-	213,959	219,084
Revenue bonds payable - current portion	115,550	-	115,550	105,776
Accrued compensated absences - current portion	10,678	299	10,977	18,251
Total current liabilities	<u>707,162</u>	<u>1,721</u>	<u>708,883</u>	<u>620,967</u>
NON-CURRENT LIABILITIES				
Inter-fund advance	15,988	57,543	73,531	73,531
Total other postemployment benefits liability	267,166	18,061	285,227	24,276
Net pension liability	357,566	24,677	382,243	349,145
Revenue bonds payable	2,284,051	-	2,284,051	2,399,601
Accrued compensated absences	27,459	769	28,228	46,930
Total non-current liabilities	<u>2,952,230</u>	<u>101,050</u>	<u>3,053,280</u>	<u>2,893,483</u>
TOTAL LIABILITIES	<u>3,659,392</u>	<u>102,771</u>	<u>3,762,163</u>	<u>3,514,450</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on refunding	3,744	-	3,744	4,129
Defined benefit pension plan	62,108	2,600	64,708	47,381
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>65,852</u>	<u>2,600</u>	<u>68,452</u>	<u>51,510</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,725,244</u>	<u>105,371</u>	<u>3,830,615</u>	<u>3,565,960</u>
NET POSITION				
Net investment in capital assets	7,420,597	135,512	7,556,109	7,779,484
Restricted:				
Water, sewer and stormwater impact fees	467,755	91,853	559,608	662,504
Unrestricted	1,358,818	133,447	1,492,265	1,285,144
TOTAL NET POSITION	<u>9,247,170</u>	<u>360,812</u>	<u>9,607,982</u>	<u>9,727,132</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 12,972,414</u>	<u>\$ 466,183</u>	<u>\$ 13,438,597</u>	<u>\$ 13,293,092</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, 2018
 With Comparative Amounts for the Year Ended September 30, 2017

	2018			2017
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer Utility	Stormwater Utility	Total	Total	
OPERATING REVENUE				
Charges for services	\$ 3,449,932	\$ 125,301	\$ 3,575,233	\$ 3,593,670
Total operating revenues	<u>3,449,932</u>	<u>125,301</u>	<u>3,575,233</u>	<u>3,593,670</u>
OPERATING EXPENSES				
Personal services	848,934	36,908	885,842	791,195
Contractual services	1,054,094	9,635	1,063,729	1,092,819
Materials and supplies	404,058	28,286	432,344	507,382
Purchased water	69,664	-	69,664	172,247
Utilities	120,199	-	120,199	110,375
Depreciation	481,709	20,133	501,842	499,418
Administrative charges	294,000	39,288	333,288	333,288
Total operating expenses	<u>3,272,658</u>	<u>134,250</u>	<u>3,406,908</u>	<u>3,506,724</u>
OPERATING INCOME	<u>177,274</u>	<u>(8,949)</u>	<u>168,325</u>	<u>86,946</u>
NON-OPERATING REVENUES (EXPENSES)				
Other income	-	-	-	7,983
Interest and fiscal charges	(78,382)	-	(78,382)	(91,532)
Amortization of bond premium	5,776	-	5,776	5,935
Amortization	(2,056)	-	(2,056)	(2,056)
Loss on disposal of capital assets	(1,789)	-	(1,789)	-
Total non-operating revenues (expenses)	<u>(76,451)</u>	<u>-</u>	<u>(76,451)</u>	<u>(79,670)</u>
INCOME BEFORE CONTRIBUTIONS	100,823	(8,949)	91,874	7,276
Impact fees	45,087	4,050	49,137	715,659
CHANGE IN NET POSITION	<u>145,910</u>	<u>(4,899)</u>	<u>141,011</u>	<u>722,935</u>
NET POSITION - BEGINNING OF YEAR	9,345,098	382,034	9,727,132	9,004,197
Prior period adjustments	(243,838)	(16,323)	(260,161)	-
NET POSITION - BEGINNING OF YEAR AS RESTATED	<u>9,101,260</u>	<u>365,711</u>	<u>9,466,971</u>	<u>9,004,197</u>
NET POSITION - END OF YEAR	<u>\$ 9,247,170</u>	<u>\$ 360,812</u>	<u>\$ 9,607,982</u>	<u>\$ 9,727,132</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, 2018
 With Comparative Amounts for the Year Ended September 30, 2017

	2018			2017
	Business-type Activities			
	Enterprise Funds			
	Water and Sewer Utility	Stormwater Utility	Total	Total
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,454,334	\$ 124,112	\$ 3,578,446	\$ 3,552,760
Cash paid to suppliers for goods and services	(1,555,714)	(38,746)	(1,594,460)	(1,904,643)
Cash paid for inter-fund services	(294,000)	(39,288)	(333,288)	(333,288)
Cash paid to and for the benefit of employees	(843,052)	(42,575)	(885,627)	(765,116)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	761,568	3,503	765,071	549,713
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Collection of impact fees	45,087	4,050	49,137	715,659
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	45,087	4,050	49,137	715,659
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on revenue bonds	(100,000)	-	(100,000)	(105,000)
Acquisition and construction of capital assets	(180,255)	-	(180,255)	(32,496)
Interest and fiscal charges paid on indebtedness	(78,382)	-	(78,382)	(91,532)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(358,637)	-	(358,637)	(229,028)
CASH FLOWS FROM INVESTING ACTIVITIES				
Other income	-	-	-	7,983
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	7,983
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	448,018	7,553	455,571	1,044,327
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,174,646	296,840	2,471,486	1,427,159
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,622,664	\$ 304,393	\$ 2,927,057	\$ 2,471,486
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET				
Unrestricted cash, pooled cash and cash equivalents	\$ 2,154,909	\$ 212,540	\$ 2,367,449	\$ 1,808,982
Restricted cash and cash equivalents	467,755	91,853	559,608	662,504
	\$ 2,622,664	\$ 304,393	\$ 2,927,057	\$ 2,471,486

	2018			2017
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer Utility	Stormwater Utility	Total	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 177,274	\$ (8,949)	\$ 168,325	\$ 86,946
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	481,709	20,133	501,842	499,418
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	9,912	(1,189)	8,723	(42,065)
(Increase) decrease in prepaid expenses	(3,126)	(174)	(3,300)	8,114
(Increase) decrease in deferred outflows - pension plan - pertaining to current year	(13,275)	(654)	(13,929)	(16,487)
(Increase) decrease in deferred outflows - OPEB - pertaining to current year	(1,229)	(56)	(1,285)	-
Increase (decrease) in accounts payable	95,427	(651)	94,776	(29,933)
Increase (decrease) in accrued liabilities	(3,564)	(671)	(4,235)	11,030
Increase (decrease) in utility deposits	(5,125)	-	(5,125)	1,552
Increase (decrease) in compensated absences	(19,534)	(6,442)	(25,976)	(16,665)
Increase (decrease) in net other post employment benefits	(4,436)	(204)	(4,640)	4,882
Increase (decrease) in net pension liability - pertaining to current year	31,406	1,547	32,953	13,449
Increase (decrease) in deferred amounts on refunding	(385)	-	(385)	(397)
Increase (decrease) in deferred inflows - pension plan pertaining to current year	16,514	813	17,327	29,869
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 761,568</u>	<u>\$ 3,503</u>	<u>\$ 765,071</u>	<u>\$ 549,713</u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

* Bond issuance costs 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, 2018 and 2017 was \$2,056 for each year.

Amortization of the deferred amount on the refunding of the Series 2005D bonds for the years ended September 30, 2018 and 2017 was \$385 and \$397, respectively. Amortization of the bond premium for the Series 2016 bonds for the years ended September 30, 2018 and 2017 was \$5,776 and \$5,935, respectively. The bond premium is reported as part of the bond indebtedness.

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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 Utility 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, 2018

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 emphasize the 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 Stormwater Utility Enterprise Fund as a major fund 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.

Community Redevelopment 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. This fund had been classified as a major fund in the governmental fund financial statements

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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 Utility 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 Utility 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, 2018

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 Utility 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 Utility Fund, 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, 2018 was 5.7518.

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, 2018

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, Police and Fire 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 Utility Fund and Stormwater Utility 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

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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”.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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, (b) are legally or contractually required to be maintained intact, or (c) long-term amounts of receivables from other funds for which the proceeds from the collection of the receivable would not otherwise be restricted. The City has classified inventories, prepaid items and long-term receivables due from other funds for which the proceeds from the collection of the receivable would not otherwise be restricted 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.

September 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.
- c) Restricted for Capital Projects – Police and Fire: Indicates a portion of the fund balance that has been legally segregated for future funding of police and fire 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 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, sewer 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 pertaining to existing debt are recorded as a part of long-term debt. Bond premiums on refunded debt are recorded as deferred inflows of resources and are reported as deferred amount on refunding. Bond 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 are recorded as a deferred inflow of resources – amount received in advance of time requirement and will be recognized as revenue in the fiscal year the fees are due.

11. Deferred Outflows of Resources Related to Other Postemployment Benefits (OPEB): Deferred outflows of resources related to contributions to the OPEB plan from the employer subsequent to the measurement date of the total OPEB liability and before the end of the reporting period are reported as a deferred outflow of resources related to OPEB.

12. 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

September 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

13. Total Other Postemployment Benefits (OPEB) Liability: The City provides post retirement health insurance benefits to eligible retired employees. The City has adopted GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ended September 30, 2018. As a result of the implementation of GASB 75, the City is reporting a restatement for the change in accounting principle as of October 1, 2017. The difference between the Net OPEB liability as of September 30, 2017 and the GASB 75 Unfunded Actuarial Accrued Liability (reported as the Total OPEB liability in the Statement of Net Position) as of the measurement date of September 30, 2017 has been reported as a restatement of net position as of October 1, 2017. The impact of the implementation and prior period adjustment is presented in Note N.

14. Interfund Transactions: Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund advances for both 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 inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

15. 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, 2017, from which such summarized information has been derived. Certain 2017 amounts have been reclassified to agree with the current year presentation.

16. 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, 2018 was \$6,401,936, of which \$6,222,776 is on deposit in interest bearing checking and money market accounts. The carrying amount of deposits excludes \$1,255 of petty cash accounts.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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

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 does not have an investment policy and follows Florida Statutes Section 218.415(17) which 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.

The City did not have any investments as of September 30, 2018.

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

A reconciliation of the amount of petty cash and deposits to the Statement of Net position as of September 30, 2018, is as follows:

Petty cash	\$ 1,255
Deposits	6,401,936
Total	\$ 6,403,191
As reported in Statement of Net position:	
Cash, pooled cash and cash equivalents	\$ 4,179,135
Restricted Assets - Current:	
Cash and cash equivalents	101,241
Restricted Assets - Non-Current	
Cash and cash equivalents	2,122,815
Total	\$ 6,403,191

NOTE C - RECEIVABLES

The receivables and related allowances for uncollectibles at September 30, 2018 were as follows:

	Receivables	Receivables - Accounts		
	Taxes	Amount	Allowance for Uncollectibles	Total
Governmental Funds	\$ 92,127	\$ 19,702	\$ -	\$ 19,702
Enterprise Funds	-	399,448	65,783	333,665
Total	\$ 92,127	\$ 419,150	\$ 65,783	\$ 353,367

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE D- RESTRICTED ASSETS

The purpose of the restricted assets that are on deposit is as follows:

	Amount
Restricted cash:	
Police Benevolence	\$ 101,241
Current	<u>101,241</u>
Transportation Impact Fees	571,754
Police and Fire Impact Fees	141,191
Infrastructure	825,262
Water and Sewer Impact Fees	467,755
Stormwater Impact Fees	91,853
Parkland Improvements	<u>25,000</u>
Non-Current	<u>2,122,815</u>
Total restricted cash	<u>\$ 2,224,056</u>

The government-wide statement of net position reports \$3,115,352 restricted net position, of which \$1,373,794 is restricted by legislation enacted by the City.

NOTE E - CAPITAL ASSETS

Capital asset activity for the fiscal year ending September 30, 2018 was as follows:

	Ending Balance 10-1-2017	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2018
Governmental Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 3,000,685	\$ 12,103	\$ -	\$ 3,012,788
Capital projects in process	1,709,883	502,656	(308,185)	1,904,354
<u>Depreciable assets:</u>				
Buildings and improvements	2,013,485	125,829	(10,725)	2,128,589
Improvements and Infrastructure other than buildings	4,722,970	7,806	-	4,730,776
Equipment and vehicles	<u>2,654,225</u>	<u>270,823</u>	<u>(24,995)</u>	<u>2,900,053</u>
Total at historical cost	<u>14,101,248</u>	<u>919,217</u>	<u>(343,905)</u>	<u>14,676,560</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 795,892	\$ 56,061	\$ (8,910)	\$ 843,043
Improvements and Infrastructure other than buildings	3,202,106	134,869	-	3,336,975
Equipment and vehicles	<u>2,021,751</u>	<u>202,023</u>	<u>(24,995)</u>	<u>2,198,779</u>
Total accumulated depreciation	<u>6,019,749</u>	<u>392,953</u>	<u>(33,905)</u>	<u>6,378,797</u>
Capital assets, net	<u>\$ 8,081,499</u>	<u>\$ 526,264</u>	<u>\$ (310,000)</u>	<u>\$ 8,297,763</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - CAPITAL ASSETS (continued)

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

General government	\$ 68,188
Police	40,736
Fire	62,807
Protective inspections	7,990
Physical environment	213,232
	<u>\$ 392,953</u>

Business-type Activities	Ending Balance 10-1-2017	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2018
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 27,000	\$ -	\$ -	\$ 27,000
<u>Depreciable assets:</u>				
Buildings and improvements	458,275	-	(10,725)	447,550
Improvements and Infrastructure other than buildings	17,746,056	123,623	-	17,869,679
Equipment and vehicles	829,539	56,632	-	886,171
Total at historical cost	<u>19,060,870</u>	<u>180,255</u>	<u>(10,725)</u>	<u>19,230,400</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	251,861	10,119	(8,936)	253,044
Improvements and Infrastructure other than buildings	7,878,550	452,687	-	8,331,237
Equipment and vehicles	705,974	39,036	-	745,010
Total accumulated depreciation	<u>8,836,385</u>	<u>501,842</u>	<u>(8,936)</u>	<u>9,329,291</u>
Capital assets, net	<u>\$ 10,224,485</u>	<u>\$ (321,587)</u>	<u>\$ (1,789)</u>	<u>\$ 9,901,109</u>

Depreciation expense of \$481,709 and \$20,133 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. In addition, no settlements have exceeded the City's insurance coverage in the last three years.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE G- LONG-TERM DEBT

Long-term debt activity for the fiscal year ending September 30, 2018 was as follows:

	(Restated) Beginning Balance 10-1-2017	Increases	Decreases	Ending Balance 9-30-2018	Amounts Due Within One Year
Governmental Activities					
Bonds and leases payable:					
Revenue Bonds, Series 2016	\$ 385,000	\$ -	\$ 125,000	\$ 260,000	\$ 125,000
Bond premium	8,255		4,075	4,180	2,883
Total bonds payable	393,255		129,075	264,180	127,883
Capital lease payable	117,680	-	28,062	89,618	28,949
Total bonds and lease payable	510,935	-	157,137	353,798	156,832
Other liabilities					
Compensated absences	452,558	186,671	142,013	497,216	148,469
Total long-term liabilities – Governmental Activities	\$ 963,493	\$ 186,671	\$ 299,150	\$ 851,014	\$ 305,301
Business-type Activities					
Bonds and leases payable:					
Revenue Bonds, Series 2016	\$ 2,445,000	\$ -	\$ 100,000	\$ 2,345,000	\$ 110,000
Bond premium	60,377		5,776	54,601	5,550
Total bonds payable	2,505,377	-	105,776	2,399,601	115,550
Other liabilities					
Compensated absences	65,181	-	25,976	39,205	10,977
Total long-term liabilities – Business-type Activities	\$ 2,570,558	\$ -	\$ 131,752	\$ 2,438,806	\$ 126,527

Long-term debt for the governmental activities is comprised of the following at September 30, 2018:

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. \$ 260,000

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: 89,618

Accrued compensated absences, consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 497,216
Total long-term debt – governmental activities \$ 846,834

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE G- LONG-TERM DEBT (continued)

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.

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.

The Series 2005C Revenue Bonds were issued to effect an advance refunding of a prior debt issuance that had resulted in a difference between the reacquisition price and the net carrying amount of the debt in the amount of \$107,717. As a result of the Series 2016 Revenue Bonds being issued to advance refund the Series 2005C Bonds, the remaining unamortized deferred expense of \$2,262 that originated from the prior advance refunding will continue to be reported in the accompanying Statement of Net Position as a deferred outflow of resources. This deferred expense is being charged to operations through the year ended September 30, 2020 using the effective-interest method. The remaining unamortized premium on the Series 2005C Bonds as of September 30, 2018 is \$799 and is reported in the accompanying Statement of Net Position as a deferred inflow of resources – deferred amount on refunding. This deferred inflow is amortized to income using the effective-interest method.

The remaining combined balance to be amortized as of September 30, 2018 for the 2005C and 2016 Series Revenue Bonds unamortized debt issuance costs is \$2,832. This amount is reported in the accompanying Statement of Net Position as unamortized debt costs. The remaining bond premium from the Series 2016 Revenue Bonds as of September 30, 2018 of \$4,180 is reported in the accompanying Statement of Net Position as a part of long-term debt – revenue bonds payable. The debt issuance costs and bond premium are amortized into operations using the effective-interest method.

Long-term debt for the business-type activities is comprised of the following at September 30, 2018:

<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.	\$ 2,345,000
<u>Accrued compensated absences</u> , consisting of the vested portion of accumulated vacation and sick pay benefits due employees.	<u>39,205</u>
Total long-term debt – business-type activities	<u>\$ 2,384,205</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE G- LONG-TERM DEBT (continued)

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.

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.

The remaining unamortized premium on the Series 2005D Bonds as of September 30, 2018 is \$3,744 and is reported in the accompanying Statement of Net Position as a deferred inflow of resources – deferred amount on refunding. This deferred inflow is amortized to income using the effective-interest method.

The remaining combined balance to be amortized as of September 30, 2018 for the 2005D and 2016 Series Revenue Bonds unamortized debt issuance costs is \$34,950. This amount is reported in the accompanying Statement of Net Position as unamortized debt costs. The remaining bond premium from the Series 2016 Revenue Bonds as of September 30, 2018 of \$54,601 is reported in the accompanying Statement of Net Position as a part of long-term debt – revenue bonds payable. The debt issuance costs and bond premium are amortized into operations using the effective-interest method.

The annual requirement to amortize the long-term debt for governmental activities as of September 30, 2018 is as follows:

<u>Revenue Bonds, Series 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2019	\$ 125,000	\$ 9,050	\$ 134,050
2020	135,000	4,050	139,050
	<u>\$ 260,000</u>	<u>\$ 13,100</u>	<u>\$ 273,100</u>

<u>Capital Lease</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2019	\$ 28,949	\$ 2,830	\$ 31,779
2020	29,863	1,916	31,779
2021	30,806	973	31,779
	<u>\$ 89,618</u>	<u>\$ 5,719</u>	<u>\$ 95,337</u>

The annual requirement to amortize the long-term debt for business-type activities as of September 30, 2018 is as follows:

<u>Revenue Bonds, Series 2005D</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2019	\$ 110,000	\$ 73,375	\$ 183,375
2020	110,000	68,975	178,975
2021	115,000	65,675	180,675
2022	115,000	62,225	177,225
2023	120,000	57,625	177,625
	<u>570,000</u>	<u>327,875</u>	<u>897,875</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE G- LONG-TERM DEBT (continued)

<u>Revenue Bonds, Series 2005D</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024-2028	660,000	247,725	907,725
2029-2033	775,000	131,150	906,150
2034-2035	340,000	15,300	355,300
	<u>\$ 2,345,000</u>	<u>\$ 722,050</u>	<u>\$ 3,067,050</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>\$ 132,058</u>	<u>\$ 166,942</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, 2018, as shown in the following table:

<u>Fund</u>	<u>Amount</u>
Water and Sewer Utility	\$ 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 (FRS) Pension Plan which includes the Retiree Health Insurance Subsidy (HIS) Program. The FRS Pension Plan and HIS Program are cost-sharing, multiple-employer, defined benefit public employee retirement system (PERS).

FRS Pension Plan

Plan Description: The City of Port Richey contributes to the Florida Retirement System (FRS) (the System), 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, 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 and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by calling (850) 488-5706 or online at the Florida Retirement System Website: www.dms.myflorida.com/workforce_operations/retirement/publications

Funding Policy: Effective July 1, 2011, the FRS Pension Plan 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, 2018 and continuing through September 30, 2018, based on employees’ gross earnings are 8.26% for regular employees, 24.06% for senior management, and 24.5% for special risk (fire and police) service classes. The rates

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (continued)

for the period July 1, 2017 to June 30, 2018 were 7.92% for regular employees, 22.71% for senior management, and 23.27% for special risk (fire and police) service classes. The employer contribution rates for all classes of employees for both the July, 2017 and July 1, 2018 effective dates include the HIS Program employer contribution rate of 1.66%. The City's contributions to the FRS Pension Plan for the fiscal years ending September 30, 2018, 2017, and 2016 were \$343,955, \$324,830, and \$326,466, 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, 2018 and continuing through September 30, 2018, based upon employees' gross earnings is 14.03%. The rate for the period July 1, 2017 to June 30, 2018 was 13.26%.

HIS Program

The HIS Program (the Program) is 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 HIS Program is administered in accordance with section 112.363, Florida Statutes. The Program provides a monthly payment benefit to retirees of the Florida Retirement System to assist them in paying their health insurance costs, including Medicare. For the fiscal year ended June 30, 2018 eligible retirees received a monthly HIS benefit equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month. To be eligible to receive the HIS benefit a retiree must provide proof of eligible health insurance coverage.

Funding Policy: The City is required, by State Statute, to contribute on a monthly basis at a rate established by Florida Department of Management Services, Division of Retirement. The current rate, effective July 1, 2018 and continuing through September 30, 2018, is 1.66%. This was the same rate that was effective for the period July 1, 2017 to June 30, 2018. The City's contributions to the HIS Program for the fiscal years ending September 30, 2018, 2017, and 2016 were \$44,723, \$42,732, and \$42,603, respectively, and were equal to the required contributions for each year.

Pension liabilities, Pension expense and Deferred Outflows (Inflows) of Resources related to pensions- At September 30, 2018, as required by GASB 68 *Accounting and Financial Reporting for Pensions*, the City reported a total net pension liability of \$4,483,231 comprised of \$3,604,146 for the FRS Plan component and \$879,085 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, 2017 was \$4,217,814, comprised of \$3,390,097 and \$827,717 for the FRS and HIS Plan components, respectively. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 for the FRS Plan and for the HIS Plan. The City's proportionate share at June 30, 2018 for the FRS Plan component was .011965749%. The City's proportionate share at June 30, 2018 for the HIS Plan component was .008305701%. The City's proportionate shares at June 30, 2017 were .011461032% and .007741125% for the FRS and HIS Plan components, respectively. For the fiscal year ended September 30, 2018 the City recognized pension expense of \$612,935 and \$67,245 for the FRS and HIS Plan components, respectively. Deferred Outflows and Inflows of resources related to pensions are from the following sources:

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (continued)

FRS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 305,325	\$ 11,082
Changes in assumptions	1,177,660	-
Net difference between projected and actual earnings on investments	-	278,464
Changes in proportion and differences between City contributions and proportionate share of contributions	189,893	150,530
Contributions subsequent to the measurement date	99,810	-
	<u>\$ 1,772,688</u>	<u>\$ 440,076</u>

HIS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 13,458	\$ 1,494
Changes in assumptions	97,765	92,944
Net difference between projected and actual earnings on investments	531	-
Changes in proportion and differences between City contributions and proportionate share of contributions	58,086	44,834
Contributions subsequent to the measurement date	12,367	-
	<u>\$ 182,207</u>	<u>\$ 139,272</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, 2019. 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>
2019	\$ 457,213	\$ 13,929
2020	338,931	13,884
2021	56,599	7,508
2022	208,515	270
2023	145,050	(7,958)
Thereafter	26,494	2,575
	<u>\$ 1,232,802</u>	<u>\$ 30,568</u>

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	<u>FRS component</u>	<u>HIS component</u>
Valuation date	July 1, 2018	July 1, 2018
Measurement date	June 30, 2018	June 30, 2018
Inflation	2.60%	2.60%
Salary increases	3.25%, average, includes inflation	3.25%, average, includes inflation
Investment rate of return	7.00%, net of expense, includes inflation	3.87%, Municipal Bond Rate
Mortality tables	Generation RP-2000 with Projection Scale BB tables	Generation RP-2000 with Projection Scale BB tables
Discount rate	7.00%	3.87%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of the most recent actuarial experience study, which was done for the FRS Pension Plan for the period July 1, 2008 through June 30, 2013. The

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (continued)

following changes in actuarial assumptions occurred in 2018 for the FRS component: the long-term expected rate of return was decreased from 7.10% to 7.00% and the active member mortality assumption was updated. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. 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 3.58% to 3.87%.

The long-term expected rate of return on Pension Plan investments is based on a real return of 4.4% 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 9.28% for the year ended June 30, 2018. :

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.

FRS component	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City’s Proportionate share of the net pension liability (asset)	\$ 6,577,717	\$ 3,604,146	\$ 1,134,419
HIS component	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City’s Proportionate share of the net pension liability	\$ 1,001,226	\$ 879,085	\$ 777,273

NOTE J – OTHER POSTEMPLOYMENT BENEFITS PLAN

GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” (OPEB) provides for the determination and disclosure of the Total OPEB Liability and the annual cost of providing other postemployment benefits. The City provides other postemployment benefits in the form of the Retiree Health Care Plan.

For the fiscal year ending September 30, 2018, the OPEB measurement date utilized is September 30, 2017 and the measurement period for the OPEB expense was October 1, 2016 to September 30, 2017. The reporting period is September 30, 2017 to September 30, 2018. The City’s total OPEB liability was measured as of September 30, 2017.

Plan Description: The City’s Plan is a single-employer defined benefit post-employment health care plan, whereby retired employees are eligible for City-paid benefits through the City’s health care, dental and life insurance providers. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical, dental and vision plan to active employees of the City and their eligible dependents, the City is required to provide retirees with the opportunity to participate in this 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.

Employees Covered by Benefit Terms: 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. At September 30, 2017 the following employees were covered by the benefit terms:

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE J – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>55</u>
Total	<u>57</u>

Benefits Provided: The retired employees (including their eligible spouse and 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 medical, dental and life insurance 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 as Medicare is assumed to become primary.

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of September 30, 2017 using the following actuarial assumptions:

Inflation	2.5 %
Salary increases	2.5 %
Discount rate	3.64%
Initial trend rate	8.50%
Ultimate trend rate	4.00%
Years to ultimate	55

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount rate: Given the City’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.64%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligations bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA.

OPEB expense: For the year ended September 30, 2018, the City recognized OPEB expense of \$5,570.

Change in Total OPEB Liability:

	Total OPEB Liability
	<u>Increase (Decrease)</u>
Reporting period ending September 30, 2017	\$ 1,489,612
Changes for the year:	
Service cost	94,224
Interest	48,041
Differences between expected and actual experience	-
Changes of assumptions	(136,695)
Changes of benefit terms	-
Contributions - employer	-
Benefit payments	<u>(27,903)</u>
Net changes	<u>(22,333)</u>
Reporting period ending September 30, 2018	<u>\$ 1,467,279</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE J – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

Changes in assumptions reflect a change in the discount rate from 3.06% for the reporting period ended September 30, 2017, to 3.64% for the reporting period ended September 30, 2018.

Sensitivity If the Total OPEB Liability to changes in the discount rate: the following presents the Total OPEB Liability of the City, as well as what the City’s Total OPEB Liability would be if calculated using a discount rate that is one percentage-point lower or one-percentage point higher than the current discount rate.

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	\$ 1,713,976	\$ 1,467,279	\$ 1,266,681

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates : The following presents the Total OPEB Liability of the City, as well as what the City’s Total OPEB Liability would be if calculated using healthcare cost trend rates that are one percentage-point lower or one-percentage point higher than the current healthcare cost trend rates.

	1% Decrease (3.00% -7.75%)	Current Healthcare Rates (4.00% -8.50%)	1% Increase (5.00% -9.50%)
Net OPEB Liability	\$ 1,259,974	\$ 1,467,279	\$ 1,721,357

Deferred Outflows of Resources related to OPEB: On September 30, 2018, the City reported Deferred Outflows of Resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ -	\$ -
Employer contributions made subsequent to the measurement date	34,095	-
	<u>\$ 34,095</u>	<u>\$ -</u>

The deferred outflows of resources related to employer contributions subsequent to the measurement date of \$34,095 will be recognized as an adjustment to the Total OPEB Liability for the fiscal year ended September 30, 2018 measurement date.

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, 2018.

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.

NOTE M – INTER-FUND TRANSACTIONS

Inter-fund advances consisting of receivables and payables consist of the following as of September 30, 2018. These amounts have been eliminated in the government-wide financial statements.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE M – INTER-FUND TRANSACTIONS (continued)

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 424,545
Community Redevelopment Fund	415,308	-
Capital Improvement Fund	25,225	-
Water and Sewer Utility Fund	57,543	15,988
Stormwater Utility Fund	-	57,543
	<u>\$ 498,076</u>	<u>\$ 498,076</u>

The purpose of the inter-fund advances made by the Community Redevelopment Fund and the Capital Improvement Fund to the General Fund and Water and Sewer Utility Fund was to provide working capital to these funds in prior years. The purpose of the inter-fund advance made by the Water and Sewer Utility Fund to the Stormwater Utility Fund was to provide working capital in prior years.

Inter-fund transfers consist of the following for the year ended September 30, 2018. 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	\$ -	\$ 415,924
Community Redevelopment Fund	415,924	-
	<u>\$ 415,924</u>	<u>\$ 415,924</u>

NOTE N – PRIOR PERIOD ADJUSTMENT

Total Other Postemployment Benefits liability: During the fiscal year 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASB Statements 75, the City reported a restatement of its net position for the change in accounting principle as of October 1, 2017. The restatement to net position was reported in the accompanying Statement of Activities.

The effects of this restatement on net position as reported in the Statement of Activities for Postemployment Benefits Other Than Pensions as of October 1, 2017 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
City's Retiree Health Care Plan			
Total Other Postemployment Benefits liability at 9-30-17	\$ 1,199,746	\$ 289,866	\$ 1,489,612
Less: Deferred Outflows of Resources at 9-30-17	(22,329)	(5,574)	(27,903)
Sub-total	<u>1,177,417</u>	<u>284,292</u>	<u>1,461,709</u>
Less: Total Other Postemployment Benefits liability as previously reported	(135,895)	(24,276)	(160,171)
Effect of restatement on net position	1,041,522	260,016	1,301,538
Florida Retirement System – GASB 75 impact on FRS component	<u>1,018</u>	<u>145</u>	<u>1,163</u>
Total reduction in net position due to restatement as of 10-1-17	<u>\$ 1,042,540</u>	<u>\$ 260,161</u>	<u>\$ 1,302,701</u>

(This page left blank intentionally)

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 schedules of pension and other postemployment benefits disclosures.

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final	(Budgetary Basis)		
RESOURCES (INFLOWS):					
TAXES					
Ad valorem	\$ 1,456,688	\$ 1,456,688	\$ 1,477,808	\$ 21,120	\$ 1,453,167
Franchise fees	300,950	300,950	317,873	16,923	294,965
Utility taxes	380,000	380,000	417,278	37,278	392,946
Communication services tax	135,000	135,000	176,472	41,472	181,964
TOTAL TAXES	2,272,638	2,272,638	2,389,431	116,793	2,323,042
LICENSES AND PERMITS					
Local business tax	60,000	60,000	62,781	2,781	52,654
Building permits	155,000	155,000	198,115	43,115	515,070
TOTAL LICENSES AND PERMITS	215,000	215,000	260,896	45,896	567,724
INTERGOVERNMENTAL					
Federal and State grants	239,467	239,467	58,666	(180,801)	39,104
State revenue sharing	102,998	102,998	102,840	(158)	102,044
County business license fees	2,000	2,000	2,233	233	2,317
Mobile home license tax rebate	12,000	12,000	9,852	(2,148)	10,326
Municipality fuel tax refund	3,600	3,600	3,973	373	4,761
Half-cent sales tax	174,048	174,048	177,277	3,229	168,869
Local option gas tax	76,450	76,450	78,966	2,516	69,412
Alcoholic beverage licenses	15,000	15,000	13,860	(1,140)	17,144
TOTAL INTERGOVERNMENTAL REVENUES	625,563	625,563	447,667	(177,896)	413,977
IMPACT FEES					
Transportation impact fees	-	-	25,794	25,794	68,197
Police and Fire impact fees	-	-	1,383	1,383	25,060
TOTAL IMPACT FEES	-	-	27,177	27,177	93,257
CHARGES FOR SERVICES					
Administration fees	333,288	333,288	333,288	-	333,288
Other charges	40,600	40,600	25,697	(14,903)	25,354
TOTAL CHARGES FOR SERVICES	373,888	373,888	358,985	(14,903)	358,642
FINES AND FORFEITURES					
Court fines	969,760	969,760	998,167	28,407	1,133,838
Other fines	20,000	20,000	56,211	36,211	24,449
TOTAL FINES AND FORFEITURES	989,760	989,760	1,054,378	64,618	1,158,287
MISCELLANEOUS					
Investment income	1,000	1,000	13,806	12,806	2,990
Contributions	-	-	3,296	3,296	2,472
Proceeds from sale of capital assets	2,000	2,000	-	(2,000)	-
Other	15,500	15,500	71,216	55,716	35,260
TOTAL MISCELLANEOUS REVENUES	18,500	18,500	88,318	69,818	40,722
AMOUNTS AVAILABLE FOR APPROPRIATION	4,495,349	4,495,349	4,626,852	131,503	4,955,651

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final	(Budgetary Basis)		
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
GENERAL GOVERNMENT					
Legislative					
Personal services	\$ 18,722	\$ 18,722	\$ 18,850	\$ (128)	\$ 18,787
Operating expenses	4,250	4,250	4,285	(35)	1,000
	<u>22,972</u>	<u>22,972</u>	<u>23,135</u>	<u>(163)</u>	<u>19,787</u>
City Manager and City Clerk					
Personal services	113,523	113,523	117,438	(3,915)	105,224
Operating expenses	10,920	10,920	3,717	7,203	2,408
	<u>124,443</u>	<u>124,443</u>	<u>121,155</u>	<u>3,288</u>	<u>107,632</u>
Financial and administrative					
Personal services	114,841	114,841	125,089	(10,248)	102,178
Operating expenses	15,805	15,805	14,915	890	9,178
	<u>130,646</u>	<u>130,646</u>	<u>140,004</u>	<u>(9,358)</u>	<u>111,356</u>
Information technology					
Operating expenses	45,760	45,760	45,878	(118)	92,663
Capital outlay	20,000	20,000	9,820	10,180	2,595
	<u>65,760</u>	<u>65,760</u>	<u>55,698</u>	<u>10,062</u>	<u>95,258</u>
Non-departmental					
Operating expenses	1,250,248	1,250,248	1,031,879	218,369	1,072,702
Debt service	51,103	51,103	139,616	(88,513)	137,729
Capital outlay	-	-	17,093	(17,093)	-
	<u>1,301,351</u>	<u>1,301,351</u>	<u>1,188,588</u>	<u>112,763</u>	<u>1,210,431</u>
Legal					
Operating expenses	28,000	28,000	47,754	(19,754)	26,088
TOTAL GENERAL GOVERNMENT	<u>1,673,172</u>	<u>1,673,172</u>	<u>1,576,334</u>	<u>96,838</u>	<u>1,570,552</u>
PUBLIC SAFETY					
Police					
Personal services	1,355,610	1,355,610	1,407,840	(52,230)	1,346,953
Operating expenses	180,625	180,625	187,845	(7,220)	114,150
Capital outlay	24,000	24,000	28,660	(4,660)	8,537
	<u>1,560,235</u>	<u>1,560,235</u>	<u>1,624,345</u>	<u>(64,110)</u>	<u>1,469,640</u>
Fire					
Personal services	458,746	458,746	467,292	(8,546)	456,640
Operating expenses	101,545	101,545	90,126	11,419	78,784
Capital outlay	36,000	36,000	20,260	15,740	-
	<u>596,291</u>	<u>596,291</u>	<u>577,678</u>	<u>18,613</u>	<u>535,424</u>
Protective Inspections					
Personal services	134,433	134,433	121,127	13,306	65,128
Operating expenses	92,550	92,550	111,527	(18,977)	77,698
Capital outlay	21,000	21,000	18,821	2,179	-
	<u>247,983</u>	<u>247,983</u>	<u>251,475</u>	<u>(3,492)</u>	<u>142,826</u>
TOTAL PUBLIC SAFETY	<u>2,404,509</u>	<u>2,404,509</u>	<u>2,453,498</u>	<u>(48,989)</u>	<u>2,147,890</u>

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
PHYSICAL ENVIRONMENT					
Public Works					
Personal services	\$ 251,134	\$ 251,134	\$ 270,052	\$ (18,918)	\$ 235,279
Operating expenses	114,160	114,160	165,874	(51,714)	119,588
Capital outlay	100,000	100,000	46,265	53,735	115,446
TOTAL PHYSICAL ENVIRONMENT	465,294	465,294	482,191	(16,897)	470,313
HUMAN SERVICES					
Health					
Operating expenses	27,000	27,000	30,949	(3,949)	24,478
TOTAL HUMAN SERVICES	27,000	27,000	30,949	(3,949)	24,478
TRANSFERS TO OTHER FUNDS	508,149	508,149	415,924	92,225	369,261
TOTAL CHARGES TO APPROPRIATIONS	5,078,124	5,078,124	4,958,896	119,228	4,582,494
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(582,775)	(582,775)	(332,044)	250,731	373,157
FUND BALANCE - BEGINNING OF YEAR	2,404,853	2,404,853	2,404,853	-	2,031,696
FUND BALANCE - END OF YEAR	\$ 1,822,078	\$ 1,822,078	\$ 2,072,809	\$ 250,731	\$ 2,404,853

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2018 (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.	\$ 4,626,852
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>\$ 4,626,852</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 4,958,896
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(415,924)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 4,542,972</u></u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - COMMUNITY REDEVELOPMENT

For the Year Ended September 30, 2018
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS):					
Taxes	\$ 550,120	\$ 550,120	\$ 550,176	\$ 56	\$ 491,688
Transfers from other fund	415,924	415,924	415,924	-	369,261
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>966,044</u>	<u>966,044</u>	<u>966,100</u>	<u>56</u>	<u>860,949</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General Government	246,425	246,425	194,783	51,642	213,831
Public Safety	357,308	357,308	240,372	116,936	316,895
Physical environment	105,615	105,615	109,719	(4,104)	131,818
Capital outlay	360,000	360,000	468,566	(108,566)	111,162
Debt service	-	-	-	-	17,968
Contingencies	319,310	319,310	-	319,310	-
TOTAL CHARGES TO APPROPRIATIONS	<u>1,388,658</u>	<u>1,388,658</u>	<u>1,013,440</u>	<u>375,218</u>	<u>791,674</u>
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>(422,614)</u>	<u>(422,614)</u>	<u>(47,340)</u>	<u>375,274</u>	<u>69,275</u>
FUND BALANCE - BEGINNING OF YEAR	<u>471,757</u>	<u>471,757</u>	<u>471,757</u>	<u>-</u>	<u>402,482</u>
FUND BALANCE - END OF YEAR	<u>\$ 49,143</u>	<u>\$ 49,143</u>	<u>\$ 424,417</u>	<u>\$ 375,274</u>	<u>\$ 471,757</u>

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.	\$ 966,100
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(415,924)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 550,176</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,013,440
Differences - budget to GAAP:	
None	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,013,440</u>

CITY OF PORT RICHEY

FLORIDA RETIREMENT SYSTEM
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

(Four years of data available for GASB 67 and 68)
 September 30, 2018

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>
FRS Pension Plan				
Employer's Proportion for the FRS Pension Plan	0.011521747%	0.012443070%	0.011461032%	0.011965749%
City's Proportionate Share				
Net Pension Liability	<u>\$ 1,488,189</u>	<u>\$ 3,141,886</u>	<u>\$ 3,390,097</u>	<u>\$ 3,604,146</u>
Plan Net Position as a Percentage of Total Net Pension Liability	92%	85%	84%	84%
Covered employee payroll	\$ 2,448,673	\$ 2,526,408	\$ 2,492,370	\$ 2,712,763
Net pension liability as a percentage of covered employee payroll	61%	124%	136%	133%
Retiree Health Insurance Subsidy (HIS Plan)				
Employer's Proportion for the HIS Plan	0.0082004376%	0.0082267230%	0.007741125%	0.008305701%
City's Proportionate Share				
Net Pension Liability	<u>\$ 836,717</u>	<u>\$ 958,790</u>	<u>\$ 827,717</u>	<u>\$ 879,085</u>
Plan Net Position as a Percentage of Total Net Pension Liability	0.50%	0.97%	1.64%	2.15%
Covered employee payroll	\$ 2,448,673	\$ 2,526,408	\$ 2,492,370	\$ 2,693,568
Net pension liability as a percentage of covered employee payroll	34%	38%	33%	33%

CITY OF PORT RICHEY

FLORIDA RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

(Four years of data available for GASB 67 and 68)
September 30, 2018

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>
FRS Pension Plan				
Contractually required contribution	\$ 343,955	\$ 326,466	\$ 324,830	\$ 364,454
Contributions in relation to the contractually required contribution	<u>(343,955)</u>	<u>(326,466)</u>	<u>(324,830)</u>	<u>(364,454)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 2,551,678</u>	<u>\$ 2,566,439</u>	<u>\$ 2,574,241</u>	<u>\$ 2,693,568</u>
Contributions as a percentage of covered-employee payroll	13.48%	12.72%	12.62%	13.53%
Retiree Health Insurance Subsidy (HIS Plan)				
Contractually required contribution	\$ 44,723	\$ 42,603	\$ 42,732	\$ 44,713
Contributions in relation to the contractually required contribution	<u>(44,723)</u>	<u>(42,603)</u>	<u>(42,732)</u>	<u>(44,713)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 2,551,678</u>	<u>\$ 2,566,439</u>	<u>\$ 2,574,241</u>	<u>\$ 2,693,568</u>
Contributions as a percentage of covered-employee payroll	1.75%	1.66%	1.66%	1.66%

CITY OF PORT RICHEY, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 RETIREE HEALTH CARE PLAN
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Reporting period ending:	September 30, 2018
Measurement date:	<u>September 30, 2017</u>
Total OPEB Liability	
Service cost	\$ 94,224
Interest	48,041
Change in benefit terms	-
Differences between expected and actual experience	-
Change of assumptions	(136,695)
Benefit payments	<u>(27,903)</u>
Net change in total opeb liability	(22,333)
Total OPEB liability beginning	<u>1,489,612</u>
Total OPEB liability ending	<u>\$ 1,467,279</u>
Covered Employee Payroll	\$ 2,461,329
Total OPEB liability as a percentage of covered employee payroll	59.61%

Notes to schedule:

Changes in assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Fiscal year 2018 - 3.64%

Fiscal year 2017 - 3.06%

NOTE: GASB 75 requires 10 year of information. Information is only available for the current year. Additional years of information will be added as the information becomes available.

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>2018</u>	<u>2017</u>
ASSETS		
Cash, pooled cash and cash equivalents	\$ 1,791,826	\$ 2,291,437
Restricted assets:		
Cash and cash equivalents	839,186	854,768
Receivables (net of allowance):		
Due from other governments - taxes	62,722	37,089
Accounts	19,702	34,353
Prepaid items	<u>31,811</u>	<u>25,911</u>
TOTAL ASSETS	<u><u>\$ 2,745,247</u></u>	<u><u>\$ 3,243,558</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 127,247	\$ 131,850
Accrued liabilities	60,392	89,524
Inter-fund advance	424,545	579,913
Due to other governments	<u>20,655</u>	<u>3,449</u>
TOTAL LIABILITIES	<u>632,839</u>	<u>804,736</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - business tax certificates	<u>39,599</u>	<u>33,969</u>
FUND BALANCES		
Fund balances		
Nonspendable:		
Prepaid items	31,811	25,911
Restricted for:		
Police Benevolence - Johnny Cash Reserve	101,241	98,263
Capital projects - transportation	571,754	545,960
Capital projects - police, fire and school	141,191	185,545
Committed for:		
Capital projects - parkland improvements	25,000	25,000
Unassigned	<u>1,201,812</u>	<u>1,524,174</u>
TOTAL FUND BALANCES	<u>2,072,809</u>	<u>2,404,853</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,745,247</u></u>	<u><u>\$ 3,243,558</u></u>

CITY OF PORT RICHEY, FLORIDA

COMPARATIVE BALANCE SHEET
COMMUNITY REDEVELOPMENT FUND

	September 30,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash, pooled cash and cash equivalents	\$ 19,860	\$ -
Prepaid items	4,119	3,164
Inter-fund advance	<u>415,308</u>	<u>570,677</u>
TOTAL ASSETS	<u><u>\$ 439,287</u></u>	<u><u>\$ 573,841</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 8,821	\$ 86,281
Accrued liabilities	<u>6,049</u>	<u>15,803</u>
TOTAL LIABILITIES	<u>14,870</u>	<u>102,084</u>
FUND BALANCES		
Fund balances		
Nonspendable:		
Prepaid items	4,119	3,164
Restricted for:		
Community redevelopment	<u>420,298</u>	<u>468,593</u>
TOTAL FUND BALANCES	<u>424,417</u>	<u>471,757</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 439,287</u></u>	<u><u>\$ 573,841</u></u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMEMENT FUND

For the Year Ended September 30, 2018
With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS):					
Intergovernmental					
Discretionary sales surtax	\$ 430,187	\$ 430,187	\$ 425,647	\$ (4,540)	\$ 401,332
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>430,187</u>	<u>430,187</u>	<u>425,647</u>	<u>(4,540)</u>	<u>401,332</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
Public Safety	29,130	29,130	52,593	(23,463)	78,454
Capital outlay					
Non-departmental	160,000	160,000	21,993	138,007	-
Public Safety	166,700	166,700	142,780	23,920	15,956
Physical environment	257,500	257,500	144,959	112,541	33,885
Debt service	31,800	31,800	31,779	21	119,562
TOTAL CHARGES TO APPROPRIATIONS	<u>645,130</u>	<u>645,130</u>	<u>394,104</u>	<u>251,026</u>	<u>247,857</u>
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>(214,943)</u>	<u>(214,943)</u>	<u>31,543</u>	<u>246,486</u>	<u>153,475</u>
FUND BALANCE - BEGINNING OF YEAR	<u>846,354</u>	<u>846,354</u>	<u>846,354</u>	<u>-</u>	<u>692,879</u>
FUND BALANCE - END OF YEAR	<u>\$ 631,411</u>	<u>\$ 631,411</u>	<u>\$ 877,897</u>	<u>\$ 246,486</u>	<u>\$ 846,354</u>

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.	\$ 425,647
Differences - budget to GAAP:	
None	-
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 425,647</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 394,104
Differences - budget to GAAP:	
None	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 394,104</u>

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2018
 With Comparative Actual Amounts for the Year Ended September 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
REVENUES AND OTHER SOURCES					
Charges for services	\$ 3,466,609	\$ 3,466,609	\$ 3,449,932	\$ (16,677)	\$ 3,470,391
Impact fees	-	-	45,087	45,087	625,850
Other income	-	-	5,776	5,776	13,918
Loss on disposal of capital assets	-	-	(1,789)	(1,789)	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,466,609</u>	<u>3,466,609</u>	<u>3,499,006</u>	<u>32,397</u>	<u>4,110,159</u>
OPERATING EXPENSES AND OTHER USES					
WATER AND SEWER					
Personal services	854,176	854,176	848,934	5,242	747,818
Contractual services	1,106,145	1,119,345	1,054,094	65,251	1,084,319
Materials and supplies	449,455	449,455	404,058	45,397	460,536
Purchased water	150,000	150,000	69,664	80,336	172,247
Utilities	136,130	136,130	120,199	15,931	110,375
Administrative charges	294,000	294,000	294,000	-	294,000
Interest and fiscal charges	79,272	79,272	78,382	890	91,532
Bond principal payment	189,000	189,000	100,000	89,000	105,000
Capital outlay	293,500	280,300	180,255	100,045	32,496
Depreciation	182,050	182,050	481,709	(299,659)	478,503
Contingencies	28,075	28,075	-	28,075	-
TOTAL CHARGES TO APPROPRIATIONS	<u>3,761,803</u>	<u>3,761,803</u>	<u>3,631,295</u>	<u>130,508</u>	<u>3,576,826</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) OPERATING EXPENSES AND OTHER USES	<u>\$ (295,194)</u>	<u>\$ (295,194)</u>	<u>\$ (132,289)</u>	<u>\$ 162,905</u>	<u>\$ 533,333</u>

NOTES TO SCHEDULE:

The City does not budget for amortization expense. Total expenses, including amortization expense of \$2,056, for GAAP purposes was \$3,357,040. Capital Outlay expenditures of \$180,255 and bond principal payments of \$100,000 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, 2018

	Total Governmental Funds	Long-term Assets, Liabilities	Reclasses & Eliminations	Statement of Net Position Totals
ASSETS				
Cash, pooled cash and cash equivalents	\$ 1,811,686	\$ -	\$ -	\$ 1,811,686
Restricted assets				
Cash and cash equivalents	1,664,448	-	-	1,664,448
Receivables (net of allowance):				
Due from other governments - taxes	92,127	-	-	92,127
Accounts	19,702	-	-	19,702
Inter-fund advance	440,533	-	(424,545)	15,988
Prepaid items	35,930	-	-	35,930
Capital assets	-	12,772,206	-	12,772,206
Accumulated depreciation	-	(6,378,797)	-	(6,378,797)
Capital projects in process	-	1,904,354	-	1,904,354
Unamortized debt issuance costs - insurance	-	2,832	-	2,832
Total Assets	<u>4,064,426</u>	<u>8,300,595</u>	<u>(424,545)</u>	<u>11,940,476</u>
DEFERRED OUTFLOWS OF RESOURCES				
Defined benefit pension plans	-	1,787,398	-	1,787,398
Deferred amount on refunding of debt	-	2,262	-	2,262
Other postemployment benefits	-	27,235	-	27,235
Total Deferred Outflows of Resources	<u>-</u>	<u>1,816,895</u>	<u>-</u>	<u>1,816,895</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,064,426</u>	<u>\$ 10,117,490</u>	<u>\$ (424,545)</u>	<u>\$ 13,757,371</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 138,063	\$ -	\$ -	\$ 138,063
Accrued liabilities	66,441	-	-	66,441
Inter-fund advance	424,545	-	(424,545)	-
Due to other governments	20,655	-	-	20,655
Total other postemployment benefits liability	-	1,182,052	-	1,182,052
Net pension liability	-	4,100,988	-	4,100,988
Capital leases payable	-	89,618	-	89,618
Revenue bonds payable	-	264,180	-	264,180
Accrued compensated absences	-	497,216	-	497,216
Total Liabilities	<u>649,704</u>	<u>6,134,054</u>	<u>(424,545)</u>	<u>6,359,213</u>
DEFERRED INFLOWS OF RESOURCES				
Amounts received in advance of time requirement	39,599	-	-	39,599
Defined benefit pension plans	-	514,641	-	514,641
Deferred premium on issuance of debt	-	799	-	799
Total Deferred Inflows of Resources	<u>39,599</u>	<u>515,440</u>	<u>-</u>	<u>555,039</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OR RESOURCES	<u>689,303</u>	<u>6,649,494</u>	<u>(424,545)</u>	<u>6,914,252</u>
TOTAL FUND BALANCES / NET POSITION	<u>3,375,123</u>	<u>3,467,996</u>	<u>-</u>	<u>6,843,119</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES / NET POSITION	<u>\$ 4,064,426</u>	<u>\$ 10,117,490</u>	<u>\$ (424,545)</u>	<u>\$ 13,757,371</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, 2018

	Total Governmental Funds	Capital Related Items		Long-term Debt Transactions			Statement of Activities Totals
		Capital Outlay	Depreciation	Debt	OPEB Comp. Absen. Pension Exp.	Reclasses & Eliminations	
REVENUES							
Taxes	\$ 2,939,607	\$ -	\$ -	\$ -	\$ -	\$ (2,939,607)	\$ -
Licenses and permits	260,896	-	-	-	-	(260,896)	-
Intergovernmental revenue	873,314	-	-	-	-	(873,314)	-
Impact fees	27,177	-	-	-	-	(27,177)	-
Charges for services	358,985	-	-	-	-	1,315,274	1,674,259
Fines and forfeitures	1,054,378	-	-	-	-	(1,054,378)	-
Interest	13,806	-	-	-	-	(13,806)	-
Miscellaneous revenues	74,512	-	-	5,064	-	(79,576)	-
Operating grants	-	-	-	-	-	34,466	34,466
Capital grants	-	-	-	-	-	24,200	24,200
General revenues	-	-	-	-	-	3,874,814	3,874,814
TOTAL REVENUES	5,602,675	-	-	5,064	-	-	5,607,739
EXPENDITURES							
Current							
General government	1,604,588	308,184	68,188	-	34,924	-	2,015,884
Public safety	2,678,722	-	-	-	-	(2,678,722)	-
Police	-	-	40,736	-	168,563	1,618,626	1,827,925
Fire	-	-	62,807	-	54,412	668,409	785,628
Protective inspections	-	-	7,990	-	10,655	391,687	410,332
Physical environment	545,645	1,816	213,232	-	8,655	-	769,348
Human Services	30,949	-	-	-	-	-	30,949
Capital outlay	919,217	(919,217)	-	-	-	-	-
Debt service							
Principal retirement	153,062	-	-	(153,062)	-	-	-
Interest and fiscal charges	18,333	-	-	4,329	-	-	22,662
TOTAL EXPENDITURES	5,950,516	(609,217)	392,953	(148,733)	277,209	-	5,862,728
OTHER FINANCING SOURCES (USES)							
Transfers in	415,924	-	-	-	-	-	415,924
Transfers out	(415,924)	-	-	-	-	-	(415,924)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE / NET POSITION	\$ (347,841)	\$ 609,217	\$ (392,953)	\$ 153,797	\$ (277,209)	\$ -	\$ (254,989)

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

	2009	2010	2011	2012	2013	2014	2015 (1)	2016 (1)	2017 (1)	2018 (1)
Governmental activities										
Net investment in capital assets	\$ 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	\$ 7,948,145
Restricted	4,266,257	4,200,265	3,433,425	3,055,857	2,736,422	2,132,055	2,103,829	2,286,967	2,147,879	2,112,381
Unrestricted	(392,618)	(537,799)	52,585	499,028	1,057,613	903,014	(1,759,331)	(2,080,596)	(1,586,050)	(3,217,407)
Total governmental activities net position	<u>\$ 10,869,781</u>	<u>\$ 10,794,531</u>	<u>\$ 10,863,666</u>	<u>\$ 11,009,340</u>	<u>\$ 11,224,604</u>	<u>\$ 10,521,951</u>	<u>\$ 7,775,204</u>	<u>\$ 7,638,231</u>	<u>\$ 8,140,648</u>	<u>\$ 6,843,119</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 7,556,109
Restricted	2,017,083	954,169	966,557	840,858	1,078	-	60,712	810	662,504	559,608
Unrestricted	(562,443)	(867,969)	(427,649)	166,996	551,908	298,466	475,489	861,979	1,285,144	1,492,265
Total business-type activities net position	<u>\$ 8,646,397</u>	<u>\$ 8,480,342</u>	<u>\$ 8,999,961</u>	<u>\$ 9,405,583</u>	<u>\$ 9,421,762</u>	<u>\$ 8,832,372</u>	<u>\$ 8,869,549</u>	<u>\$ 9,004,197</u>	<u>\$ 9,727,132</u>	<u>\$ 9,607,982</u>
Primary Government										
Net investment in capital assets	\$ 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	\$ 15,504,254
Restricted	6,283,340	5,154,434	4,399,992	3,896,715	2,737,500	2,132,055	2,164,541	2,287,777	2,810,383	2,671,989
Unrestricted	(955,061)	(1,405,768)	(375,064)	666,024	1,609,521	1,201,480	(1,283,842)	(1,218,617)	(300,906)	(1,725,142)
Total primary government activities net position	<u>\$ 19,516,178</u>	<u>\$ 19,274,873</u>	<u>\$ 19,863,637</u>	<u>\$ 20,414,923</u>	<u>\$ 20,646,366</u>	<u>\$ 19,354,323</u>	<u>\$ 16,644,753</u>	<u>\$ 16,642,428</u>	<u>\$ 17,867,780</u>	<u>\$ 16,451,101</u>

(1) The negative unrestricted net position amount for the Governmental activities is as a result of implementing GASB 68 in 2015 and GASB 75 in 2018.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,015,884
Public safety - Police	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	1,827,925
Public safety - Fire	520,645	541,484	570,886	597,965	600,398	752,432	682,650	800,350	821,934	785,628
Public safety - Protective inspections	176,869	170,994	153,374	156,202	211,397	243,735	231,356	245,957	325,657	410,332
Physical Environment - Public Works	528,265	396,188	346,695	397,599	573,045	639,667	661,618	703,464	721,702	769,348
Transportation	52,503	192,122	178,486	150,169	20,431	-	-	-	-	-
Human services	12,900	26,382	23,191	19,037	17,444	18,840	19,877	21,766	24,478	30,949
Parks and recreation	169,090	152,705	153,287	140,813	62,227	-	-	-	-	-
Interest and fiscal charges on long-term debt	69,184	79,482	85,362	78,807	77,389	63,928	52,896	42,804	29,659	22,662
Total governmental activities expenses	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	5,862,728
Business-type activities:										
Water & Sewer	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	3,354,885
Stormwater Utility	117,552	133,892	105,665	86,503	111,769	110,337	135,184	129,055	158,926	134,250
Total business-type activities expenses	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	3,489,135
Total primary government expenses	\$ 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	\$ 9,351,863
Program Revenues										
Governmental activities:										
Charges for services	\$ 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	\$ 1,674,259
Operating grants and contributions	157,634	112,923	63,031	-	-	-	-	-	39,104	34,466
Capital grants and contributions	-	33,156	89,638	15,908	81,105	-	-	19,313	-	24,200
Total governmental activities program revenues	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	1,732,925
Business-type activities:										
Charges for services	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	3,575,233
Capital grants and contributions	-	-	-	-	-	-	125,112	121,098	-	-
Total business-type activities program revenues	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	3,575,233
Total primary government program revenues	\$ 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	\$ 5,308,158
Net (Expense)/Revenue										
Governmental activities net expense										
Governmental activities net expense	\$ (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)	\$ (4,129,803)
Business-type activities net revenue										
Business-type activities net revenue	(142,878)	(204,312)	507,231	372,413	51,898	(595,090)	166,940	122,888	(707)	86,098
Total primary government net expense	\$ (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)	\$ (4,043,705)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem	\$ 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	\$ 2,027,984
Franchise fees	333,447	349,058	314,782	304,713	326,650	352,568	304,574	302,133	294,965	317,873
Utility taxes	50,981	26,140	247,995	345,236	314,897	324,164	364,249	392,298	392,946	417,278
Communication services tax	230,508	199,224	178,161	185,064	190,187	144,171	137,442	145,681	181,964	176,472
Half-cent sales tax	155,317	152,289	154,363	132,247	138,214	146,394	154,080	163,992	168,869	177,277
Local option gas tax	123,683	122,832	118,581	116,949	124,580	135,918	62,299	66,713	69,412	78,966
Discretionary sales surtax - infrastructure	217,887	225,272	247,641	270,236	295,688	316,892	353,551	386,170	401,332	425,647
Other taxes	30,679	29,583	33,582	32,241	29,502	29,260	28,506	36,286	34,549	29,917
State revenue sharing	100,327	100,380	100,817	100,727	99,749	100,046	101,057	101,277	102,044	102,840
Impact fees	-	4,784	4,627	428	24,508	277	-	62,015	93,257	27,177
Investment income	10,612	2,439	2,304	1,068	516	902	4,235	298	2,989	13,806
Miscellaneous	94,563	40,556	27,750	37,900	12,889	12,122	22,440	53,871	43,949	79,577
Transfers	(8,770)	(1,701)	-	(21,486)	-	-	-	-	-	-
Total governmental activities	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	3,874,814
Business-type activities										
Impact fees	15,550	9,045	7,503	7,800	6,504	5,700	82,750	11,760	715,659	49,137
Investment and other income	67,787	27,511	4,895	3,913	481	-	-	-	7,983	-
Miscellaneous	-	-	-	-	-	-	-	-	-	5,776
Transfers	8,770	1,701	-	21,486	-	-	-	-	-	-
Total business-type activities	92,107	38,257	12,398	33,199	6,985	5,700	82,750	11,760	723,642	54,913
Total primary government	\$ 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	\$ 3,929,727
Change in Net Position										
Governmental activities										
Governmental activities	\$ 328,523	\$ (75,249)	\$ 69,135	\$ 145,674	\$ 226,024	\$ (702,653)	\$ (427,356)	\$ (136,973)	\$ 502,417	\$ (254,989)
Business-type activities										
Business-type activities	(50,771)	(166,055)	519,629	405,612	58,883	(589,390)	249,690	134,648	722,935	141,011
Total primary government	\$ 277,752	\$ (241,304)	\$ 588,764	\$ 551,286	\$ 284,907	\$ (1,292,043)	\$ (177,666)	\$ (2,325)	\$ 1,225,352	\$ (113,978)

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

	2009	2010	2011 (Note)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,174,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	(9,863)	-	-	-	-	-	-	-	-	-
Nonspendable	-	17,144	4,287	3,413	3,235	375	18,259	19,126	25,911	31,811
Restricted	-	1,040,627	880,482	914,339	950,387	970,334	1,003,701	868,143	829,768	814,186
Committed	-	-	-	-	-	-	-	25,000	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	1,201,812
Total general fund	<u>\$ 1,164,220</u>	<u>1,122,558</u>	<u>\$ 1,427,303</u>	<u>1,928,711</u>	<u>\$ 2,580,779</u>	<u>\$ 2,556,077</u>	<u>\$ 2,174,116</u>	<u>\$ 2,031,696</u>	<u>\$ 2,404,853</u>	<u>\$ 2,072,809</u>
All Other Governmental Funds										
Reserved	\$ 3,092,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	2,947,945	2,517,015	2,064,764	1,673,968	972,915	837,026	1,095,361	1,318,111	1,302,314
Total all other governmental funds	<u>\$ 3,092,174</u>	<u>\$ 2,947,945</u>	<u>\$ 2,517,015</u>	<u>\$ 2,064,764</u>	<u>\$ 1,673,968</u>	<u>\$ 972,915</u>	<u>\$ 837,026</u>	<u>\$ 1,095,361</u>	<u>\$ 1,318,111</u>	<u>\$ 1,302,314</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 2,939,607
Licenses and permits	120,766	132,369	174,617	181,826	174,848	157,095	229,989	218,668	567,724	260,896
Intergovernmental revenue	785,527	776,435	807,654	668,307	769,500	728,510	718,806	754,438	815,309	873,314
Impact fees	-	4,784	4,627	428	24,508	277	-	62,015	93,257	27,177
Charges for service	321,125	363,193	376,413	376,800	355,479	357,479	358,860	361,916	358,642	358,985
Fines and forfeitures	349,219	608,486	1,809,908	1,741,341	1,553,501	746,505	646,416	1,183,927	1,158,287	1,054,378
Interest	10,612	2,439	2,304	1,069	516	902	4,235	298	2,990	13,806
Miscellaneous revenue	91,025	37,020	24,328	34,744	9,961	9,498	20,198	52,046	37,732	74,512
Total revenues	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	5,602,675
Expenditures										
General government	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	1,604,588
Public safety	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	2,678,722
Physical environment	455,663	321,225	282,276	262,677	488,999	436,531	444,829	468,153	486,685	545,645
Transportation	2,442	144,796	145,070	151,783	-	-	-	-	-	-
Human services	12,900	26,382	23,191	19,037	17,444	18,840	19,877	21,766	24,478	30,949
Parks and recreation	110,917	84,783	90,549	106,374	-	-	-	-	-	-
Capital outlay	522,659	903,953	440,894	476,110	280,342	363,310	248,757	256,755	287,581	919,217
Debt service										
Principal retirement	120,587	147,655	154,241	181,522	165,804	388,800	167,514	180,203	251,006	153,062
Interest and fiscal charges	57,280	67,579	73,951	67,981	68,644	56,044	46,090	37,182	24,253	18,333
Total expenditures	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	5,950,516
Excess of revenues over (under) expenditures	33,552	(769,125)	(126,185)	(107,105)	258,068	(946,647)	(517,850)	106,505	595,907	(347,841)
Other Financing Sources (Uses)										
Proceeds from the sale of capital assets	-	-	-	8,686	3,204	-	-	7,629	-	-
Proceeds from capital lease obligations	-	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)	-	583,235	-	156,262	3,204	220,892	-	9,410	-	-
Net change in fund balances	33,552	(185,890)	(126,185)	49,157	261,272	(725,755)	(517,850)	115,915	595,907	(347,841)
Fund balances - beginning of year	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	3,722,964
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Fund balances - end of year	\$ 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	\$ 3,375,123
Debt service as a percentage of noncapital expenditures	4.6%	5.1%	4.3%	4.9%	4.8%	8.75%	4.5%	4.4%	5.5%	3.4%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function / Program										
Governmental activities :										
Charges for services										
General government	\$ 386,442	\$ 434,412	\$ 443,107	\$ 446,794	\$ 410,873	\$ 424,845	\$ 420,757	\$ 423,924	\$ 411,295	\$ 421,766
Police	349,219	608,486	1,809,908	1,741,341	1,553,501	746,430	646,416	1,183,927	1,158,287	1,054,378
Fire	-	-	-	-	-	75	-	-	-	-
Protective inspections	55,449	61,150	107,923	111,832	120,116	89,728	168,093	156,660	515,071	198,115
Total charges for services	<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>	<u>1,674,259</u>
Operating grants and contributions										
Police	2,232	50,030	16,970	-	-	-	-	-	39,104	34,466
Public Works	155,402	62,893	46,061	-	-	-	-	-	-	-
Total operating grants and contributions	<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>	<u>34,466</u>
Capital grants and contributions										
Police	-	3,851	-	8,408	81,105	-	-	-	-	-
Fire	-	-	55,735	-	-	-	19,313	-	-	-
Parks and recreation	-	29,305	33,903	-	-	-	-	-	-	-
Transportation	-	-	-	7,500	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	24,200
Total capital grants and contributions	<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>	<u>24,200</u>
Sub-total governmental activities	<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>	<u>1,732,925</u>
Business-type activities:										
Charges for services										
Water and Sewer	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	3,449,932
Stormwater utility	132,105	121,206	120,948	118,774	119,481	120,879	119,878	121,098	123,279	125,301
Total charges for services	<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>	<u>3,575,233</u>
Capital grants and contributions										
Water and Sewer	-	-	-	-	-	-	125,112	-	-	-
Sub-total business-type activities	<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>	<u>3,575,233</u>
Total primary government revenues	<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>	<u>\$ 5,308,158</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
2018	\$ 1,477,808	\$ 317,873	\$ 417,278	\$ 176,472	\$ 2,389,431
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

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
2018	\$ 262,993,747	\$ 18,468,436	\$ 281,462,183	\$ 41,220,723	\$ 240,241,460	5.8293
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

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
2018	5.8293	7.6076	-	-	1.8036	9.4112	4.7790	1.5000
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

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
-	-	6.2790	0.2955	-	0.2034	0.4989	22.0184
-	-	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

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

Taxpayer	2018			2009		
	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	\$ 10,050,190	1	3.57%	\$ 16,605,324	1	3.99%
Cappo Management XXV Inc.	6,711,018	2	2.38%			
NHC-FL 133 LLC	6,348,889	3	2.26%			
Duke Energy / Progress Energy	4,068,414	4	1.45%	2,672,404	9	0.64%
4606 Taylor LLC	3,589,763	5	1.28%			
New Florida Team Group	3,534,453	6	1.26%			
Abigail Court LTD	3,048,707	7	1.08%			
Seaway Plastics Engineering Inc.	2,563,735	8	0.91%			
Deremer Gary A & Patricia S	2,443,839	9	0.87%			
Haverty Furniture Companies Inc	2,384,805	10	0.85%	3,610,023	8	0.87%
Wood Motors South, Inc.				8,002,268	2	1.92%
Wal Den Greene Developers, Inc.				7,356,012	3	1.77%
Caterpillar Financial Services				5,235,004	4	1.26%
Port Richey 1031, LLC				4,799,235	5	1.15%
Suncoast Gateway Mobile Village, Inc.				4,731,335	6	1.14%
Ridge Road Center LLC				4,170,414	7	1.00%
Paradise of Port Richey, LLC				2,543,486	10	0.61%
Total Principal Taxpayers	44,743,813		15.90%	59,725,505		14.35%
All Other Taxpayers	236,718,370		84.10%	356,472,936		85.65%
Total	\$ 281,462,183		100.00%	\$ 416,198,441		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
2018	\$ 1,640,728	\$ 1,477,808	90.07%
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%

Note:

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

Source:

Pasco County Property Appraiser

(This page left blank intentionally)

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			
2018	\$ -	\$ -	\$ 260,000	\$ -	\$ -	\$ 89,618	\$ -	\$ 2,345,000	\$ -	\$ 2,694,618	N/A	\$ 936
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

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, 2018

<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)	\$ 509,369,443	1.121%	\$ 5,707,961
City direct governmental activities debt			<u>349,618</u>
Total direct and overlapping debt			<u>\$ 6,057,579</u>
Total direct and overlapping governmental activities debt per capita			<u>\$ 2,270</u>

Note:

(1) The City's share is calculated based on the ratio of the 2018 City Taxable Value of \$240,241,460 to the County's Taxable Value of \$ 21,438,768,973

Source:

Pasco County School Board CAFR Table 11 Page 164

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>
2018	2,879	\$ 38,911	44.6	76,409	7.00%
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%

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	2018		2009	
	Employees	Rank	Employees	Rank
Wal Mart Management Corporation	288	1	380	1
Seaway Mold & Engineering	155	2	-	-
Whiskey Joe's	150	3	-	-
Hooters Restaurant	115	4	70	3
Ocean Honda (Gateway Honda)	89	5	50	6
City of Port Richey	55	6	52	5
Catches	50	7	44	10
Golden Coral	46	8	52	4
Red Lobster	41	9	45	7
Culvers	36	10	-	-
Sun Cruz	-	-	200	2
U. S. Post Office	-	-	45	8
The Cottages of Port Richey	-	-	44	9
	<u>1,025</u>		<u>982</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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	3.0	2.5	2.0	2.0
City Clerk / Administration	4.0	3.0	3.0	4.0	4.0	5.0	5.0	3.0	3.0	3.0
IT	-	-	-	2.0	2.0	2.0	-	-	-	-
Fire	6.0	7.0	7.0	7.0	7.0	7.0	6.5	6.5	6.0	6.0
Police	17.0	20.0	19.0	20.0	21.0	19.0	21.0	19.0	19.0	16.0
Public Works										
Parks/Horticulture	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Public Works/Roads	7.0	7.0	5.0	5.0	5.0	10.0	5.5	5.0	5.0	5.0
Water/Sewer	9.0	9.0	8.0	8.0	8.0	7.0	8.5	8.0	8.0	7.0
Administration/Billing	2.0	3.0	3.0	3.0	4.0	3.0	-	-	-	-
Building Permitting/Licensing										
Administration	2.0	2.0	1.5	1.5	1.5	1.0	1.5	1.5	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	1.5	1.0	1.0	1.0	1.0	-	-	-	-
	<u>58.5</u>	<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>

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

<u>Function/Program</u>	<u>2018</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>
Fire										
Fire dept. responses	1024	910	1,011	879	849	926	895	868	861	982
Water										
Avg. daily consumption (thousands of gallons)	0.700	0.700	0.700	0.800	0.750	0.800	0.800	0.656	0.742	0.722
Residential Units	2046	1,887	1,914	2,016	2,007	2,004	2,155	2,221	2,146	4,695
Commercial Units	238	367	358	377	355	361	359	401	393	454
Sewer										
Number of Lift Stations	56	54	54	48	48	48	48	54	54	53
Number of residential	1014	1,002	1,005	1,051	1,040	1,051	1,043	1,058	1,058	3,476
Number of commercial	230	277	269	270	262	260	261	260	254	454
Police										
Physical arrests	N/A	N/A	N/A	660	981	950	914	982	625	451
Traffic violations	N/A	N/A	N/A	1,047	3,291	5,354	5,634	6,890	5,680	5,101

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>2018</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>
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	20.96	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.

(This page left blank intentionally)

**OTHER REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



Powell & Jones
Certified Public Accountants

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

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

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, 2018, 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 12, 2019.

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.

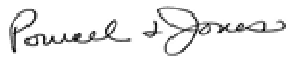
Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

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 12, 2019



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

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

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, 2018, and have issued our report thereon dated June 12, 2019. 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, 2018.

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 Section 10.554(1)(i)5.b and 10.556(8), *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.


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

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

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 12, 2019



Powell & Jones
Certified Public Accountants

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

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

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, 2018. 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, 2018.

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 12, 2019

(This page left blank intentionally)