

City of New Port Richey, Florida

**Comprehensive Annual
Financial Report**



**Fiscal Year Ended
September 30, 2018**

A photograph of a modern gym with large windows overlooking a green landscape. The gym contains several treadmills and exercise bikes. The text is overlaid on this image.

City of New Port Richey, Florida

Council-Manager Form of Government

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2018

City Council

Robert Marlowe, Mayor

Jeff Starkey
Chopper Davis
Peter Altman
Matt Murphy

City Manager

Debbie L. Manns

Prepared By:
Finance Department

Crystal S. Feast, Finance Director

City of New Port Richey, Florida

Listing of City Officials

As of September 30, 2018

Elected Officials

Mayor-Council Member
Deputy Mayor-Council Member
Council Member
Council Member
Council Member

Robert Marlowe
Jeff Starkey
Chopper Davis
Peter Altman
Matt Murphy

Appointed Officials

City Manager
City Attorney
Finance Director
Public Works Director
Police Chief
Fire Chief
Development Director
Economic Director
City Clerk
Parks & Recreation Director
Library Director

Debbie L. Manns
Timothy Driscoll
Crystal S. Feast
Robert Rivera
Kim Bogart
Christopher Fitch
George Romagnoli
Mario Iezoni
Judy Meyers
Elaine Smith
Andrea Figart

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NEW PORT RICHEY

5919 MAIN STREET • NEWPORTRICHEY, FL 34652 • 727.853.1016

June 30, 2019

To the Honorable Mayor, Members of the City Council, City Manager and Citizens of the City of New Port Richey, Florida:

INTRODUCTION

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of New Port Richey, Florida, for the fiscal year ending September 30, 2018. This report is presented in conformity with generally accepted accounting principles (GAAP) and was audited by an independent firm of certified public accountants, CliftonLarsonAllen LLP, as mandated by both local ordinances and State Statute. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presented data, including all disclosures, rests with management of the City. We believe the data presented is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City of New Port Richey as measured by the financial activity of its various funds.

Management of the City is responsible for establishing and maintaining a system of internal controls designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY OF NEW PORT RICHEY PROFILE

The City of New Port Richey, incorporated in 1924, is located in Pasco County on Florida's central Gulf Coast, approximately thirty miles northwest of Tampa. The Gulf of Mexico coastline borders the west side and the Pithlachascotee River runs through the City. The City has a total area of 4.6 square miles and approximately 16,000 residents, which makes the City of New Port Richey the largest city in Pasco County. The City is empowered to levy a property tax on real property

located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City operates under the Council-Manager form of government. The City Council is comprised of the Mayor and four City Council Members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members to various statutory and advisory boards. As chief administrative officer, the City Manager is responsible for implementing the City's policies and manages daily operations through an executive management staff. The City provides a full range of municipal services, including police and fire protection, potable water, wastewater collection and treatment, reclaimed water, community planning, street repair and maintenance, stormwater repair and maintenance, recreation, parks, arts and library services.

LOCAL ECONOMY

The City of New Port Richey is the largest city in Pasco County, but is considered a small city by population standards. It is both a beautiful waterfront community with access to the Gulf of Mexico with an unmatched system of parks and recreation facilities and a City with an aging housing stock and challenges with employment opportunities for its residents.

The local economy has traditionally been centered on the medical community, hospitality and service industries. Historically a retirement community, the City's economy is in a transitional stage. The nursing homes, winter residences and empty nest retirees are still prominent, but many of the associated medical, legal, real estate, and other elder service providers have followed the eastward movement to areas with new housing. The City was fortunate to be chosen by Pasco County as the location for several development projects during FY 2016 and was identified by those experts as a prime location for a younger demographic. National demographic predictors have identified that Baby Boomers are integrating with emerging Millennials exceptionally well and at a rapid pace, which may bode well for the City.

There are many areas in the City that will qualify for Community Development Block Funds and other incentives and Pasco County has targeted the Commercial Highway Corridor of US Highway 19 for economic investment.

LONG-TERM FINANCIAL PLANNING

The City Council is required to adopt an operating budget for the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests to the City Manager. The City Manager uses these requests as the starting point for developing the proposed budget. The City Manager, with the assistance of the Finance Director, then presents the proposed budget to the City Council for review during several budget work sessions throughout the summer months. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may transfer resources within a department as needed. Transfers between departments, however, need special approval from the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

By charter, the City prepares a maintains a five-year Capital Improvement Program (CIP), which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the City identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. The fiscal year 2017-2018 Capital Improvement Program anticipates approximately \$13.6 million in capital projects, which included approximately \$370,000 for stormwater utility projects, \$2.7 million in water & sewer improvement projects, \$3.7 million in street improvement projects, \$2.6 million in public safety projects, \$2.0 million in recreational and environmental projects, \$350,000 for transportation projects, and \$1.9 million for various economic development and community redevelopment projects.

The City Council must adopt a Capital Improvement Program in accordance with requirements of the City Charter and the State of Florida. The CIP is an integral component of the City's financial management system, but does not appropriate funds. Projections are updated and the first year's projects are incorporated into the adopted operating budget. The City of New Port Richey is projected to remain in relatively stable but fair financial condition over the next several years. The City's responsible fiscal policies have placed the City in a better financial condition than it was in several years ago.

Ending fund balances are deemed adequate, with the exception of the Community Redevelopment Fund. Overall, Governmental fund balances have inched up slightly in the past five years, primarily due to conservative spending by city management and the City Council.

RELEVANT FINANCIAL POLICIES

The City Council has adopted sound accounting policies to guide the City's financial activities. Policy descriptions are included in the Financial Statements section of the CAFR. Policies cover the following areas:

- ❖ Operating Budget
- ❖ Purchasing
- ❖ Revenues
- ❖ Reserves
- ❖ Debt
- ❖ Investment Management
- ❖ Accounting, Auditing & Financial Reporting
- ❖ Long-term Financial Planning
- ❖ Capital Improvements

Additional financial management policies are included in the Adopted Budget document each year.

INDEPENDENT AUDIT

The City Charter requires an annual audit of the City's financial statements by independent accountants, selected by the City Council. This requirement has been complied with and the independent auditors' report is included in the financial section of this report.

AWARDS AND ACKNOWLEDGMENTS

The City received the GFOA's Distinguished Budget Presentation Award for its FY 2018 annual budget. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications medium.

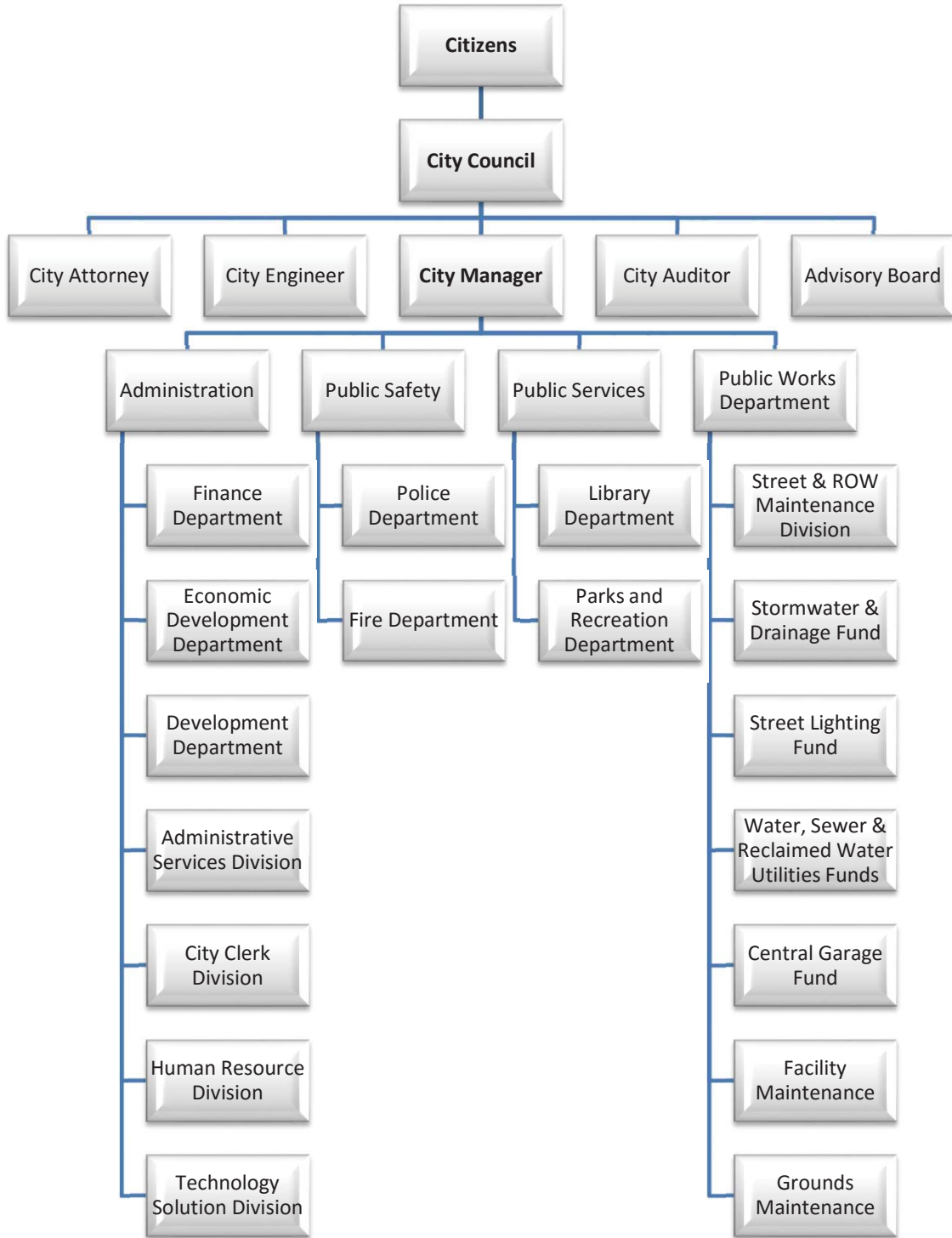
This report represents countless hours of preparation and could not have been accomplished without the dedicated efforts of the employees in the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Crystal S. Feast". The signature is written in a cursive, flowing style.

Crystal S. Feast
Finance Director

Citywide Organization Chart



Financial Section

This section contains the following subsections:

Report of Independent Certified
Public Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining Financial Statements

Other Supplementary Schedules



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Members of the City Council,
and City Manager
City of New Port Richey, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Officers' Retirement System and the Firefighters' Pension Plan, which represent 100% of the total assets, total revenues, and total net position of these pension trust funds and represent 93% of the total assets, 70% of the total revenues, and 94% of the total net position of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those components, is based solely on the reports of other auditors. 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 auditors' 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.

To the Honorable Mayor, Members of the City Council,
and City Manager
City of New Port Richey, Florida

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note P, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Plans Other Than Pensions*. As a result of the implementation of GASBS No. 75, the City reported a restatement for the change in accounting principle. The auditors' opinion was not modified with respect to the restatement.

As described in Note Q, the financial statements for the year ended September 30, 2018, reflect certain adjustments impacting prior periods. Our opinion was not modified with respect to these restatements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and budget and actual 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.

To the Honorable Mayor, Members of the City Council,
and City Manager
City of New Port Richey, Florida

The combining and individual nonmajor fund financial statements and budget and actual 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tampa, Florida
June 28, 2019

Management's Discussion and Analysis

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2018**

INTRODUCTION

The City of New Port Richey's (the City's) Comprehensive Annual Financial Report (CAFR) was prepared in accordance with generally accepted accounting principles (GAAP) applicable to government entities. This Management's Discussion and Analysis report (MD&A) is required supplementary information (RSI), which must be presented to remain in compliance with GAAP. Additional RSI is also included throughout the CAFR. The CAFR and MD&A are published and hereby distributed to inform all interested parties of the activities undertaken and the financial resources committed over the fiscal year which began on October 1, 2017 and ended on September 30, 2018. While some interested parties may require more details of the City's operations, this MD&A has been prepared to provide most readers with enough analysis to inform them of the City's general financial condition at the conclusion of the stated fiscal year.

The MD&A presents an overview of financial information included in the CAFR. Readers are encouraged to consider MD&A information in conjunction with information provided in the basic financial statements, the Letter of Transmittal, and the notes to the financial statements.

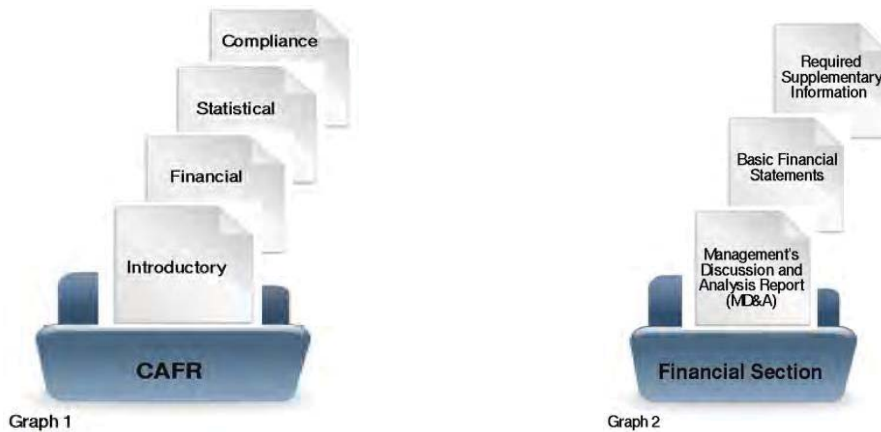
FINANCIAL HIGHLIGHTS

- ◇ The City's total assets and deferred outflows of resources (\$125.4 million) exceeded total liabilities and deferred inflows of resources (\$34.8 million) by \$90.7 million at year-end (net position). Of this amount, \$11.1 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- ◇ The City's total net position increased over prior period by \$2.1 million or 2.3%.
- ◇ The City's governmental funds reported a combined ending fund balance of \$11,918,847, a decrease of \$1,143,491 in comparison to prior year's fund balance.
- ◇ The City's total debt for revenue bonds and notes decreased by a net amount of \$906,886 or 5.2% during the fiscal year. This decrease is net of the addition of a new capital lease for a vacuum truck and the repayment of principal.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) OVERVIEW

As shown in Graph 1, the CAFR is organized into four main sections. The Financial Section is the CAFR's main section and is organized into three subsections, as shown in Graph 2.



The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water & sewer utilities and stormwater utilities.

The government-wide financial statements include not only the City itself, but also a legally separate community redevelopment agency for which the City is financially accountable. Financial information for this component unit is blended into the financial statements of the primary government as a special revenue fund.

The government-wide financial statements can be found on pages 18-21 of this report.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

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

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

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community redevelopment fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other two governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water & sewer utility operations and stormwater utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the repair and maintenance of its vehicle fleet. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water & sewer operations and the stormwater operations, both of which are considered to be major funds of the City. The internal service fund is also presented separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements include the pension plans of the City.

The fiduciary fund financial statements can be found on pages 30-31 of this report.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-79 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees and budgetary comparison schedules for the major governmental funds. Required supplementary information can be found on pages 82-93 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 96-99 of this report.

GOVERNMENT WIDE-FINANCIAL ANALYSIS

Summary Statement of Net Position. Net position over time may serve as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$90.7 million. The following table reflects the condensed Statement of Net Position compared to the prior year. Throughout this report, increases and decreases are reflected based on current year impacts.

	Activities		Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 14,740,132	\$ 16,195,364	\$ 11,051,887	\$ 9,411,045	\$ 25,792,019	\$ 25,606,409
Capital assets	39,672,828	36,427,594	49,226,114	49,871,698	88,898,942	86,299,292
Other non-current assets	18,650	-	6,016,399	6,535,255	6,035,049	6,535,255
Total assets	54,431,610	52,622,958	66,294,400	65,817,998	120,726,010	118,440,956
Deferred Outflow s	4,042,464	5,157,099	731,346	808,155	4,773,810	5,965,254
Current liabilities	2,928,056	3,309,529	2,305,202	2,595,300	5,233,258	5,904,829
Non-current liabilities	18,485,590	19,700,269	8,470,999	8,737,018	26,956,589	28,437,287
Total liabilities	21,413,646	23,009,798	10,776,201	11,332,318	32,189,847	34,342,116
Deferred Inflow s	2,393,269	1,356,046	258,165	129,421	2,651,434	1,485,467
Net position:						
Net investment in						
capital assets	28,997,102	25,979,394	42,368,692	42,717,025	71,365,794	68,696,419
Restricted	4,734,833	5,953,485	3,429,235	3,429,235	8,164,068	9,382,720
Unrestricted	935,224	1,481,334	10,193,453	9,018,154	11,128,677	10,499,488
Total net position	\$ 34,667,159	\$ 33,414,213	\$ 55,991,380	\$ 55,164,414	\$ 90,658,539	\$ 88,578,627

By far, the largest portion of the City's net position (78.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

An additional portion of the City's net position, \$8,164,068 (9.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,128,677 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities, except in the Community Redevelopment Agency Fund. The same situation held true for the prior fiscal year.

Summary Statement of Activities. The following schedule compares the revenues, expenses and other sources/uses of funds for the current and previous fiscal year. These items are responsible for any changes in net position discussed above.

	Governmental Activities		Business Type Activities		Primary Government Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 3,956,099	\$ 3,280,464	\$ 14,494,331	\$ 13,649,846	\$ 18,450,430	\$ 16,930,310
Operating grants and contributions	1,015,975	935,042	-	-	1,015,975	935,042
Capital grants and contributions	189,541	140,457	-	55,337	189,541	195,794
General Revenues:						
Taxes	13,013,856	12,359,195	-	-	13,013,856	12,359,195
State revenue sharing	1,850,325	1,794,217	-	-	1,850,325	1,794,217
Investment income	(339,826)	(732,379)	421,809	409,836	81,983	(322,543)
Miscellaneous	736,011	158,389	17,357	124,065	753,368	282,454
Total revenues	20,421,981	17,935,385	14,933,497	14,239,084	35,355,478	32,174,469
Expenses:						
General government	5,122,749	5,255,579	-	-	5,122,749	5,255,579
Public Safety	10,713,611	9,867,703	-	-	10,713,611	9,867,703
Public works	3,004,870	2,959,339	-	-	3,004,870	2,959,339
Culture and recreation	3,524,029	3,422,156	-	-	3,524,029	3,422,156
Interest on long-term debt	260,118	282,297	-	-	260,118	282,297
Water, reclaimed water, and sewer	-	-	8,336,216	8,459,773	8,336,216	8,459,773
Stormwater utility	-	-	838,209	675,874	838,209	675,874
Total expenses	22,625,377	21,787,074	9,174,425	9,135,647	31,799,802	30,922,721
Insurance proceeds	43,826	-	-	-	43,826	-
Transfers	4,697,700	5,236,119	(4,697,700)	(5,236,119)	-	-
NET INCREASE(DECREASE) IN NET POSITION	2,538,130	1,384,430	1,061,372	(132,682)	3,599,502	1,251,748
Net position - beginning of year	32,129,029	32,029,783	54,930,008	55,297,096	87,059,037	87,326,879
Net position - end of year	\$ 34,667,159	\$ 33,414,213	\$ 55,991,380	\$ 55,164,414	\$ 90,658,539	\$ 88,578,627

The City's overall net position increased \$2,347,754 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$2,538,130 from the prior fiscal year for an ending balance of \$34,667,159.

Total revenues for the City's governmental activities increased by \$2,486,596 over prior year. Key elements are as follows:

- ◇ Program Revenues increased by \$805,652 or 18.5%.
 - Charges for Services increased by \$675,635, mainly due to an increase in the number of red light camera fines issues and collected under the City's Red Light Camera program. The increase can also be attributed to an increase in recreational activities at the Recreation & Aquatics Center after renovations were completed during the year.
 - Operating and capital grants and contributions increased by \$80,933, mainly due to three new grants received from Florida Department of Transportation.

- ◇ General Revenues increased by \$1,724,770 or 12.7%.
 - Taxes increased by \$654,661, as a result of increased property values and better economic conditions.
 - State Revenue Sharing increased by \$56,108.
 - Investment Income increased by \$392,553, due to the smaller write down of certain property held for resale in the current year compared to the write down in the previous year.

Expenses for the City's governmental activities increased by \$838,303 or 3.8%. The key element of this net increase is related to an incline of Public Safety expenses, which increased by \$1,559,262. This increase can be attributed to an increase in the amount of red light camera fines remitted to the State, as a result of an increase in the number of red light cameras utilized in the City's Red Light Camera program. There were also increases in the General Government, Public Works, and Culture and Recreation expenses, which added to the overall increase in expenses.

Business-type activities. Business-type activities resulted in an increase in the City's net position by \$1,061,372.

Revenues for the City's business-type activities increased by \$694,413. The key elements are as follows:

- ◇ Program Revenues increased by \$789,148
 - Charges for services increased by \$844,485. This is a result of an annual 4% increase of water and sewer rates charged to customers. During the fiscal year, the City purchased a new utility system, so part of the increase is due to an increase in utility customers.
 - Capital grants and contributions decreased by \$55,337, due to the receipt of grants from the Gulf of Mexico Alliance, Southwest Florida Water Management District, and Florida Department of Transportation for the purchase of capital items in the previous year that were not received this year.

Expenses for the City's business-type activities increased by \$38,778, or 0.4%. The key element of this net decrease is related to a reduction in the cost to provide stormwater utility management services.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2018, the City's governmental funds reported combined fund balances of \$11,918,847, a decrease of \$1,143,491 in comparison to prior year's fund balance. This balance represents *nonspendable, restricted, committed, assigned, or unassigned*, which indicate that the funds are 1) not in spendable form, 2) restricted for particular purposes, 3) committed for particular purposes, 4) assigned for particular purposes, or 5) available for spending at the City's discretion.

The City is reporting four major governmental funds: General, Redevelopment, Debt Service and Capital Projects, which comprise the majority of the City's governmental activities. To be classified as a major fund, a fund must report at least 10% of the City's total governmental funds' assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenses, and must report at least 5% of the City's total governmental funds' plus enterprise funds' total assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenses. The 10% and 5% tests must be passed for the same element (e.g., for assets) and the tests need only be passed for one of the four elements.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$3,227,971, inclusive of committed fund balance for emergency reserve and assigned fund balance for future expenditures. As a measure of the general fund's liquidity, it may be useful to compare both non-spendable and restricted fund balance as well as unrestricted fund balance to total general fund expenditures. Fund balance that is either non-spendable (advances, inventories, and prepaids) or restricted for a specific purpose is 45.1% of total general fund expenditures, while unrestricted fund balance is 16.2% of total general fund expenditures.

General Fund balance decreased by \$558,653 during the current year. Key elements of the increase are as follows:

- ◇ Expenditures of \$19,888,745 increased by \$891,801, or 4.7% compared to the prior year.
 - Public safety increased by \$400,805 over prior year. This can be attributed to an increase in expenditures related to the City's Red Light Camera program.

The following table presents the General Fund's largest revenues components for the past five years, excluding transfers and extraordinary revenues. These revenues comprise 80% - 90% of General Fund revenues, which means any changes can significantly impact the General Fund.

As indicated in the table below, most major sources of funds declined or reported low or no growth this year.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Property taxes	\$ 4,482,608	\$ 4,510,864	\$ 4,476,414	\$ 4,561,087	\$ 4,693,290
Utility taxes/franchise fees	1,317,052	1,247,460	1,174,076	1,279,322	2,756,644
Communications taxes	704,995	656,780	651,949	655,342	674,449
State shared revenue	2,004,171	2,000,972	2,060,565	2,137,479	2,202,397
Grants and contributions	261,314	336,758	583,788	459,397	390,304
Other revenues	3,033,884	2,904,603	3,987,227	3,435,186	4,030,132
Total	\$ 11,804,024	\$ 11,657,437	\$ 12,934,019	\$ 12,527,813	\$ 14,747,216

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Of the sources presented in the graph, only property taxes and charges for services can be increased by the City. All other revenues presented are uncontrollable by the City, because: rates are set at the maximum amount allowed by law; the tax base cannot be expanded by the City; revenue is based on a predetermined fixed formula; or, revenue is determined by contract.

Capital Improvement Fund. The One-Cent *Penny for Pasco* local option government infrastructure surtax was originally approved for a ten-year period beginning in January 2005 and ending December 31, 2014. A voter referendum in November, 2012 approved a second ten-year term for this surtax which will be effective until December 31, 2024.

The “Penny for Pasco” revenue may be expended to: finance, plan and construct infrastructure; acquire land; and purchase public safety vehicles and equipment with a life expectancy of at least five years. Revenue cannot be used for operating costs, such as salaries, utilities, or repairs, including the operating costs related to the projects constructed or purchased with P4P revenue.

The following table presents *Penny for Pasco* revenue for the past five years.

Penny for Pasco	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$ 1,673,113	\$ 2,003,421	\$ 2,186,944	\$ 2,262,697	\$ 2,409,524

Projections from Pasco County indicate that the City's share of *Penny for Pasco* will continue to grow in 2018 and beyond.

The Capital Improvement Program (CIP) Fund's total fund balance decreased by \$1,122,625 in comparison to prior year's fund balance. This is mainly due to the start up and completion of several construction projects that were postponed in the previous year. Fund balance in the CIP Fund can vary widely, due to the variability of capital projects between years. Any increase in available fund balance increases the City's flexibility to consider future major capital projects.

CAPITAL ASSETS, INFRASTRUCTURE, AND DEBT

Capital assets. The City's investment in capital assets is summarized below for the past two fiscal years, including additions and deletions during the year. Additional information on all capital assets can be found in Note F. of the CAFR. No major changes in capital assets are reported from the prior year.

	Governmental Activities		Business Type Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
Land, land rights, and improvements	\$ 3,822,002	\$ 3,822,012	\$ 1,220,787	\$ 1,220,787	\$ 5,042,789	\$ 5,042,799
Building and improvements	27,541,630	25,200,593	35,093,677	34,937,090	62,635,307	60,137,683
Improvements other than buildings	10,959,336	10,588,896	-	-	10,959,336	10,588,896
Machinery and equipment	11,838,648	11,947,894	5,716,734	5,226,931	17,555,382	17,174,825
Infrastructure	22,242,546	21,137,245	44,432,572	44,021,241	66,675,118	65,158,486
Less: Accumulated depreciation	(40,779,036)	(39,117,896)	(39,415,870)	(37,603,221)	(80,194,906)	(76,721,117)
Sub-total	35,625,126	33,578,744	47,047,900	47,802,828	82,673,026	81,381,572
Construction in progress	4,047,702	2,848,850	2,178,214	2,068,870	6,225,916	4,917,720
Total	\$ 39,672,828	\$ 36,427,594	\$ 49,226,114	\$ 49,871,698	\$ 88,898,942	\$ 86,299,292

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Long-term liabilities. The cornerstone of a City's good financial condition is a conservative debt policy. At year-end, the City reported total loans outstanding of approximately \$16.6 million compared to \$17.5 million at the end of the prior year. The City also has other long-term liabilities such as Compensated Absences payable (unused vacation leave), Other Postemployment Benefits payable (implicit "subsidized" retiree healthcare premiums), and other items as listed in Note I in the CAFR.

The following table presents the City's loans outstanding for Governmental Activities and Business-type Activities (Water-Sewer Fund). Total loans outstanding decreased approximately \$906,886. Details on all long-term loans are included in Note G in the CAFR.

	Totals	
	2018	2017
Governmental:		
Redevelopment note, Series 2016	\$ 9,720,000	\$ 10,345,000
Sub-total	9,720,000	10,345,000
Business Type:		
W&S Revenue bond, Series 2012	5,807,261	6,373,551
W&S Revenue bond, Series 2017A	712,000	758,000
Capital lease, Equipment	330,404	-
Sub-total	6,849,665	7,131,551
Total	\$ 16,569,665	\$ 17,476,551

The City now maintains a "pay-as-you-go" policy for most capital purchases. Borrowing is only used for large, infrequent capital projects after considering many factors, including the City's ability to repay the debt, prioritization of needs versus wants and the related asset's useful life. A measure of a City's debt levels is the amount of debt outstanding compared to the cost of the City's capital assets.

ECONOMIC CONDITIONS, NEXT YEAR'S BUDGET, AND NEXT YEAR'S RATES

Economic Conditions. City staff monitors economic conditions on a continual basis. The national, state, and local economies reported some economic improvement, although most improvement was due to artificial economic stimulus, which may not be sustainable. Continued weakness continued in the housing market and in unemployment, neither of which reflect levels near levels reported in 2008.

The weakened economy continued to affect General Fund revenues. The only significant improvement was seen in service charges as property values and other revenue continued to remain relatively stagnant.

As a mature City, New Port Richey has a well-established base of quality services. The City's future challenge will be to maintain its service quality with continued declining revenues.

Next Year's Budget and Rates. The 2019 property tax rate has been reduced to 8.9000 mills, from 8.9950 mills in the previous year.

Most major revenues are projected to exhibit low or no growth, while many costs are projected to increase, including fuel, health insurance, and pension expenses. However, pension expenses are heavily dependent on investment returns, which can be volatile.

The FY 2019 budget includes cost of living raises for non-represented employees and as allowable for firefighters and police officers for the first time in five years.

Fund balance is projected to remain steady in the General Fund and in most Government funds. The Redevelopment fund will see declines due to the levels of assigned debt. The Utility funds will continue to see increase in net position.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

The City is faced with balancing growth in some revenue categories against others that can be highly volatile with significant fluctuations through economic cycles. As such, a thoughtful and disciplined approach to budgeting and spending is necessary.

Long-term Projections. Most of the City's major tax rates are set at the maximum amounts allowed by law; therefore, growth is dependent on the growth in the tax base, which is projected to be negligible for most revenues. Competitive pressures have limited growth in the communications services tax base.

The most critical element on the horizon is the City's commitment to exploring all viable alternatives to enhance the commercial infrastructure within the city limits, to encourage future economic growth and future economic opportunities.

Economic Condition Summary. The City of New Port Richey has addressed the continuation of the prolonged period of economic weakness with numerous budget reductions and currently remains in a strong financial condition. The City maintains adequate fund balances and decreasing debt levels. The City has also maintained City facilities and infrastructure and the City's workforce is highly trained and productive.

The City maintains a diversified revenue base, which helps mitigate revenue reductions in a single source and has significant operating flexibility to reduce most costs, because most general government costs are variable. However, additional cost reductions cannot be made as easily as over the past few years, due to several years of budget reductions.

REQUESTS FOR INFORMATION

This CAFR provides an overview of the City of New Port Richey's financial position, financial condition, and results of operations as of and for the year ended September 30, 2018. More financial information, including a copy of the City's Annual Operating Budget and the City's Long-term Financial Plan and Capital Improvements Program can be obtained from the City's website, at: www.citynpr.org. Telephone inquiries may be directed to the Finance Director at (727) 853-1053. Written questions requests for information may be addressed to the Finance Director, 5919 Main Street, New Port Richey, FL 34652 or may be emailed to the Finance Director at: nprfinance@cityofnewportrichey.org

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Basic Financial Statements

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

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**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash, Cash Equivalents, and Investments	\$ 9,880,308	\$ 3,053,440	\$ 12,933,748
Restricted Assets:			
Cash, Cash Equivalents, and Investments			
Impact Fees	-	3,429,235	3,429,235
Customer Deposits	-	1,173,698	1,173,698
Receivables (Net of Allowance):			
Accounts, Billed	414,733	2,047,163	2,461,896
Taxes	262,209	-	262,209
Special Assessments	61,279	1,815	63,094
Note Receivable - Current Portion	-	518,856	518,856
Due from Other Governments	1,638,009	446,782	2,084,791
Redevelopment Properties Held for Resale	2,330,000	-	2,330,000
Inventories - at Cost	128,966	380,898	509,864
Prepaid Items	24,628	-	24,628
Total Current Assets	14,740,132	11,051,887	25,792,019
NONCURRENT ASSETS			
Capital Assets:			
Nondepreciable	7,869,704	3,399,001	11,268,705
Depreciable, Net of Accumulated Depreciation	31,803,124	45,827,113	77,630,237
Note Receivable - Long-Term Portion	-	6,016,399	6,016,399
Net Pension Asset	18,650	-	18,650
Total Noncurrent Assets	39,691,478	55,242,513	94,933,991
Total Assets	54,431,610	66,294,400	120,726,010
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	3,972,129	716,888	4,689,017
OPEB Related Amounts	70,335	14,458	84,793
Total Deferred Outflows of Resources	4,042,464	731,346	4,773,810

See accompanying Notes to Financial Statements.

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2018

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,390,581	\$ 173,780	\$ 1,564,361
Accrued Liabilities	655,362	92,410	747,772
Due to Other Governments	17,181	37,313	54,494
Customer Deposits	-	1,173,698	1,173,698
Unearned Revenue	97,021	90,702	187,723
Current Portion of:			
Revenue Bonds Payable	-	628,013	628,013
Capital Lease Payable - Current Portion	-	78,704	78,704
Redevelopment Revenue Notes Payable	640,000	-	640,000
Net Pension Liability	39,229	9,202	48,431
Net OPEB Obligation - Current Portion	70,859	13,933	84,792
Compensated Absences	17,823	7,447	25,270
Total Current Liabilities	2,928,056	2,305,202	5,233,258
NONCURRENT LIABILITIES			
Lawsuit Settlement Payable	50,000	-	50,000
Revenue Bonds Payable	-	5,891,248	5,891,248
Capital Lease Payable	-	251,700	251,700
Redevelopment Revenue Notes Payable	9,080,000	-	9,080,000
Net Pension Liability	5,838,834	1,672,988	7,511,822
Net OPEB Obligation	3,054,768	600,617	3,655,385
Compensated Absences	461,988	54,446	516,434
Total Noncurrent Liabilities	18,485,590	8,470,999	26,956,589
Total Liabilities	21,413,646	10,776,201	32,189,847
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	2,162,864	212,864	2,375,728
OPEB Related Amounts	230,405	45,301	275,706
Total Deferred Inflows of Resources	2,393,269	258,165	2,651,434
NET POSITION			
Net Investment in Capital Assets	28,997,102	42,368,692	71,365,794
Restricted:			
Law Enforcement Programs	34,782	-	34,782
Debt Service	702,135	-	702,135
Impact Fees	-	3,429,235	3,429,235
Infrastructure	2,021,448	-	2,021,448
Transportation	1,976,468	-	1,976,468
Unrestricted	935,224	10,193,453	11,128,677
Total Net Position	\$ 34,667,159	\$ 55,991,380	\$ 90,658,539

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 5,122,749	\$ 3,033,865	\$ -	\$ -
Public Safety	10,713,611	305,586	49,976	-
Public Works	3,004,870	42,826	775,115	-
Culture and Recreation	3,524,029	573,822	190,884	189,541
Interest and Fiscal Charges on Long-Term Debt	260,118	-	-	-
Total Governmental Activities	22,625,377	3,956,099	1,015,975	189,541
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	8,336,216	13,436,183	-	-
Stormwater Utility	838,209	1,058,148	-	-
Total Business-Type Activities	9,174,425	14,494,331	-	-
Total	\$ 31,799,802	\$ 18,450,430	\$ 1,015,975	\$ 189,541
		General Revenues:		
		Taxes:		
		Ad Valorem		
		Franchise Taxes		
		Utility Taxes		
		Communication Services Tax		
		Infrastructure Tax		
		Local Option Gas Tax		
		Insurance Premium Taxes		
		State Revenue Sharing		
		Investment Income (Loss)		
		Miscellaneous		
		Total General Revenues		
		Insurance proceeds		
		Transfers		
		Total General Revenue and Transfers		
		Change in Net Position		
		Net Position - Beginning of Year as Previously Reported		
		Prior Period Adjustment - See Note Q		
		Net Position - Beginning of Year Restated		
		Net Position - End of Year		

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (2,088,884)	\$ -	\$ (2,088,884)
(10,358,049)	-	(10,358,049)
(2,186,929)	-	(2,186,929)
(2,569,782)	-	(2,569,782)
(260,118)	-	(260,118)
(17,463,762)	-	(17,463,762)
-	5,099,967	5,099,967
-	219,939	219,939
-	5,319,906	5,319,906
(17,463,762)	5,319,906	(12,143,856)
5,514,362	-	5,514,362
1,301,335	-	1,301,335
1,455,309	-	1,455,309
674,449	-	674,449
2,904,945	-	2,904,945
811,384	-	811,384
352,072	-	352,072
1,850,325	-	1,850,325
(339,826)	421,809	81,983
736,011	17,357	753,368
15,260,366	439,166	15,699,532
43,826	-	43,826
4,697,700	(4,697,700)	-
20,001,892	(4,258,534)	15,743,358
2,538,130	1,061,372	3,599,502
33,414,213	55,164,414	88,578,627
(1,285,184)	(234,406)	(1,519,590)
32,129,029	54,930,008	87,059,037
<u>\$ 34,667,159</u>	<u>\$ 55,991,380</u>	<u>\$ 90,658,539</u>

**CITY OF NEW PORT RICHEY, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2018**

	General	Redevelopment	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash, Cash Equivalents, and Investments	\$ 2,969,382	\$ 1,591,080	\$ 743,283	\$ 1,708,312	\$ 2,244,913	\$ 9,256,970
Receivables (Net of Allowance):						
Accounts, Billed	388,245	26,488	-	-	-	414,733
Taxes	262,209	-	-	-	-	262,209
Special Assessments	-	-	-	-	61,279	61,279
Advances to Other Funds	8,877,157	-	-	-	-	8,877,157
Due from Other Governments	632,992	125,000	-	741,662	138,355	1,638,009
Redevelopment Properties Held for Resale	-	2,330,000	-	-	-	2,330,000
Inventories - at Cost	29,000	-	-	-	-	29,000
Prepaid Items	24,628	-	-	-	-	24,628
Total Assets	\$ 13,183,613	\$ 4,072,568	\$ 743,283	\$ 2,449,974	\$ 2,444,547	\$ 22,893,985
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 344,223	\$ 211,301	\$ -	\$ 428,526	\$ 394,332	\$ 1,378,382
Accrued Liabilities	605,397	-	-	-	-	605,397
Advances from Other Funds	-	8,877,157	-	-	-	8,877,157
Due to Other Governments	17,181	-	-	-	-	17,181
Unearned Revenues	23,274	-	-	-	73,747	97,021
Total Liabilities	990,075	9,088,458	-	428,526	468,079	10,975,138
FUND BALANCES:						
Nonspendable:						
Advances from Other Funds	8,877,157	-	-	-	-	8,877,157
Inventories	29,000	-	-	-	-	29,000
Prepaid Items	24,628	-	-	-	-	24,628
Restricted for:						
Law Enforcement Programs	34,782	-	-	-	-	34,782
Debt Service	-	-	743,283	-	-	743,283
Infrastructure	-	-	-	2,021,448	-	2,021,448
Transportation	-	-	-	-	1,976,468	1,976,468
Committed to:						
Emergency Reserve	2,885,848	-	-	-	-	2,885,848
Assigned to:						
Tree Removal	66,218	-	-	-	-	66,218
Senior Programming (Library)	1,400	-	-	-	-	1,400
Youth Education	2,450	-	-	-	-	2,450
Unassigned:						
General Fund	272,055	-	-	-	-	272,055
Redevelopment Fund	-	(5,015,890)	-	-	-	(5,015,890)
Total Fund Balances	12,193,538	(5,015,890)	743,283	2,021,448	1,976,468	11,918,847
Total Liabilities and Fund Balances	\$ 13,183,613	\$ 4,072,568	\$ 743,283	\$ 2,449,974	\$ 2,444,547	\$ 22,893,985

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Fund Balances - Total Governmental Funds		\$ 11,918,847
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	\$ 79,912,077	
Less: accumulated depreciation	(40,480,675)	39,431,402
Deferred outflows of resources relating to net pension liabilities and OPEB do not have a current financial resources focus, and therefore are not recognized in the governmental fund financial statements		4,011,825
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Long-term lawsuit settlement	(50,000)	
Redevelopment revenue notes payable	(9,720,000)	
Compensated absences	(471,217)	
Net pension liability	(5,768,002)	
Net OPEB obligation	(3,069,108)	(19,078,327)
Certain liabilities which do not require current financial resources are reported on the statement of net position.		
Accrued interest on long-term liabilities		(41,148)
Deferred inflows of resources relating to net pension and OPEB liabilities do not have a current financial resources focus, and therefore are not recognized in the governmental fund financial statements		(2,375,459)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows, of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities.		800,019
Net Position of Governmental Activities		<u>\$ 34,667,159</u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2018**

	General	Redevelopment	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 8,124,383	\$ 840,755	\$ -	\$ 2,409,524	\$ 1,251,653	\$ 12,626,315
Licenses and Permits	451,759	-	-	-	-	451,759
Intergovernmental Revenue	2,592,701	175,000	-	625,671	-	3,393,372
Charges for Services	988,105	-	-	-	-	988,105
Fines and Forfeitures	2,513,728	2,507	-	-	-	2,516,235
Investment Income (Loss)	31,940	(512,818)	-	72,725	47,197	(360,956)
Miscellaneous Revenues	44,600	55,619	-	2,102	704,830	807,151
Total Revenues	14,747,216	561,063	-	3,110,022	2,003,680	20,421,981
EXPENDITURES						
Current:						
General Government	3,732,669	490,809	-	-	458,659	4,682,137
Public Safety	10,570,319	-	-	-	-	10,570,319
Public Works	2,209,928	-	-	-	13,638	2,223,566
Culture and Recreation	2,211,104	-	-	-	-	2,211,104
Capital Outlay	1,164,725	-	-	2,590,167	1,864,576	5,619,468
Debt Service						
Principal Retirement	-	-	625,000	-	-	625,000
Interest and Fiscal Charges	-	-	262,764	-	-	262,764
Total Expenditures	19,888,745	490,809	887,764	2,590,167	2,336,873	26,194,358
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,141,529)	70,254	(887,764)	519,855	(333,193)	(5,772,377)
OTHER FINANCING SOURCES (USES)						
Proceeds from Insurance	-	43,826	-	-	-	43,826
Transfers In	5,876,960	1,768,484	887,760	403,000	630,000	9,566,204
Transfers Out	(1,294,084)	(1,137,760)	-	(2,045,480)	(391,180)	(4,868,504)
Total Other Financing Sources (Uses)	4,582,876	674,550	887,760	(1,642,480)	238,820	4,741,526
NET CHANGE IN FUND BALANCES	(558,653)	744,804	(4)	(1,122,625)	(94,373)	(1,030,851)
FUND BALANCES - BEGINNING OF YEAR AS PREVIOUSLY REPORTED	12,901,891	(5,760,694)	743,287	3,305,983	1,871,871	13,062,338
Prior Period Adjustment - Note Q	(149,700)	-	-	(161,910)	198,970	(112,640)
FUND BALANCES - BEGINNING OF YEAR AS RESTATED	12,752,191	(5,760,694)	743,287	3,144,073	2,070,841	12,949,698
FUND BALANCES - END OF YEAR	\$ 12,193,538	\$ (5,015,890)	\$ 743,283	\$ 2,021,448	\$ 1,976,468	\$ 11,918,847

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

Net Change in Fund Balances - Total Governmental Funds		\$ (1,030,851)
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	\$ 5,685,922	
Loss on disposal of capital assets		
Less: current year depreciation	<u>(2,542,302)</u>	3,143,620
Debt issuances provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the statement of net position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds		
Principal payments - refunding notes		625,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in lawsuit settlement payable	50,000	
Change in pension related amounts	(36,051)	
Change in accrued interest payable	2,646	
Change in net OPEB obligation	(250,488)	
Change in compensated absences	<u>(72,116)</u>	(306,009)
Disposition of capital assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds are reported with governmental activities.		106,370
Change in Net Position of Governmental Activities		<u>\$ 2,538,130</u>

See accompanying Notes to Financial Statements.

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities			Governmental	Total
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	
ASSETS					
CURRENT ASSETS					
Cash, Cash Equivalents, and Investments	\$ 2,295,282	\$ 758,158	\$ 3,053,440	\$ 623,338	\$ 3,676,778
Restricted:					
Cash, Cash Equivalents, and Investments					
Impact Fees	3,429,235	-	3,429,235	-	3,429,235
Customer Deposits	1,173,698	-	1,173,698	-	1,173,698
Receivables (Net of Allowance):					
Accounts, Billed	2,047,163	-	2,047,163	-	2,047,163
Special Assessments	1815	-	1815	-	1815
Note Receivable - Current Portion	518,856	-	518,856	-	518,856
Due from Other Governments	442,608	4,174	446,782	-	446,782
Inventories - at Cost	380,898	-	380,898	99,966	480,864
Prepaid Items	-	-	-	-	-
Total Current Assets	10,289,555	762,332	11,051,887	723,304	11,775,191
NONCURRENT ASSETS					
Capital Assets:					
Nondepreciable:					
Land, Land Rights, and Improvements	1,016,036	204,751	1,220,787	-	1,220,787
Construction in Progress	1,978,679	199,535	2,178,214	-	2,178,214
Depreciable:					
Buildings and Improvements	34,766,959	326,718	35,093,677	17,927	35,111,604
Machinery and Equipment	5,024,899	691,835	5,716,734	199,465	5,916,199
Infrastructure and Other Improvements	35,731,693	8,700,879	44,432,572	322,395	44,754,967
Accumulated Depreciation	(35,636,949)	(3,778,921)	(39,415,870)	(298,361)	(39,714,231)
Note Receivable - Long-Term Portion	6,016,399	-	6,016,399	-	6,016,399
Total Noncurrent Assets	48,897,716	6,344,797	55,242,513	24,1426	55,483,939
Total Assets	59,187,271	7,107,129	66,294,400	964,730	67,259,130
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Amounts	559,173	157,715	716,888	48,031	764,919
OPEB Related Amounts	13,287	1,171	14,458	1,258	15,716
Total Deferred Outflows	572,460	158,886	731,346	49,289	780,635
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	164,362	9,418	173,780	12,199	185,979
Accrued Liabilities	86,404	6,006	92,410	8,817	101,227
Due to Other Governments	37,313	-	37,313	-	37,313
Customer Deposits	1,173,698	-	1,173,698	-	1,173,698
Unearned Revenue	90,702	-	90,702	-	90,702
Revenue Bonds Payable - Current Portion	628,013	-	628,013	-	628,013
Capital Lease Payable - Current Portion	78,704	-	78,704	-	78,704
Net Pension Liability - Current Portion	6,296	2,906	9,202	484	9,686
Net OPEB Obligation - Current Portion	12,885	1,048	13,933	1,281	15,214
Compensated Absences - Current Portion	6,484	963	7,447	3,700	11,147
Total Current Liabilities	2,284,861	20,341	2,305,202	26,481	2,331,683
NONCURRENT LIABILITIES					
Revenue Bonds Payable	5,891,248	-	5,891,248	-	5,891,248
Capital Lease Payable	251,700	-	251,700	-	251,700
Net OPEB Obligation	555,459	45,158	600,617	55,238	655,855
Net Pension Liability	1,288,178	384,810	1,672,988	109,577	1,782,565
Compensated Absences	49,889	4,557	54,446	4,894	59,340
Total Noncurrent Liabilities	8,036,474	434,525	8,470,999	169,709	8,640,708
Total Liabilities	10,321,335	454,866	10,776,201	196,190	10,972,391
DEFERRED INFLOWS OF RESOURCES					
Pension Related Amounts	16,194	50,950	212,864	13,644	226,508
OPEB Related Amounts	4,1895	3,406	45,301	4,166	49,467
Total Deferred Inflows	203,809	54,356	258,165	17,810	275,975
NET POSITION					
Net Investment in Capital Assets	36,027,587	6,341,105	42,368,692	24,1426	42,610,118
Restricted:					
Water and Sewer Impact Fees	3,429,235	-	3,429,235	-	3,429,235
Unrestricted	9,777,765	415,688	10,193,453	558,593	10,752,046
Total Net Position	\$ 49,234,587	\$ 6,756,793	\$ 55,991,380	\$ 800,019	\$ 56,791,399

See accompanying Notes to Financial Statements.

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Business- Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
OPERATING REVENUE					
Charges for Services	\$ 13,138,478	\$ 1,058,148	\$ 14,196,626	\$ 925,640	\$ 15,122,266
Impact Fees	297,705	-	297,705	-	297,705
Total Operating Revenue	13,436,183	1,058,148	14,494,331	925,640	15,419,971
OPERATING EXPENSES					
Personal Services	2,237,088	304,503	2,541,591	245,378	2,786,969
Contractual Services	185,218	108,842	294,060	75,535	369,595
Operating Supplies	632,442	48,073	680,515	463,336	1,143,851
Repairs and Maintenance	211,759	23,108	234,867	2,815	237,682
Utilities	1,002,604	64,901	1,067,505	1,889	1,069,394
Depreciation	1,865,206	252,195	2,117,401	21,751	2,139,152
Subsidy from County	(1,071,522)	-	(1,071,522)	-	(1,071,522)
Other Operating Expenses	3,081,864	36,587	3,118,451	-	3,118,451
Total Operating Expenses	8,144,659	838,209	8,982,868	810,704	9,793,572
OPERATING INCOME	5,291,524	219,939	5,511,463	114,936	5,626,399
NONOPERATING REVENUES (EXPENSES)					
Investment Income	405,098	16,711	421,809	3	421,812
Gain/(Loss) on Sale of Assets	-	2	2	(8,783)	(8,781)
Miscellaneous Revenues	17,355	-	17,355	214	17,569
Interest and Fiscal Charges	(191,557)	-	(191,557)	-	(191,557)
Total Net Nonoperating Revenues	230,896	16,713	247,609	(8,566)	239,043
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	5,522,420	236,652	5,759,072	106,370	5,865,442
Transfers Out	(4,154,700)	(543,000)	(4,697,700)	-	(4,697,700)
Total Transfers	(4,154,700)	(543,000)	(4,697,700)	-	(4,697,700)
CHANGE IN NET POSITION	1,367,720	(306,348)	1,061,372	106,370	1,167,742
Net Position - Beginning of Year as Previously Reported	48,081,397	7,083,017	55,164,414	704,471	55,868,885
Prior Period Adjustment - See Note Q	(214,530)	(19,876)	(234,406)	(10,822)	(245,228)
NET POSITION - BEGINNING OF YEAR, RESTATED	47,866,867	7,063,141	54,930,008	693,649	55,623,657
NET POSITION - END OF YEAR	<u>\$ 49,234,587</u>	<u>\$ 6,756,793</u>	<u>\$ 55,991,380</u>	<u>\$ 800,019</u>	<u>\$ 56,791,399</u>

See accompanying Notes to Financial Statements.

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Business- Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 13,586,654	\$ 1,089,067	\$ 14,675,721	\$ -	\$ 14,675,721
Cash Received from Interfund Services Provided	-	-	-	925,640	925,640
Cash Paid to Suppliers for Goods and Services	(4,312,863)	(395,788)	(4,708,651)	(595,451)	(5,304,102)
Cash Paid to and for the Benefit of Employees	(2,255,274)	(185,934)	(2,441,208)	(243,566)	(2,684,774)
Net Cash Provided by Operating Activities	7,018,517	507,345	7,525,862	86,623	7,612,485
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Transfers to Other Funds	(4,154,700)	(543,000)	(4,697,700)	-	(4,697,700)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest and Fiscal Charges Paid on Revenue Bonds and Capital Lease	(191,557)	-	(191,557)	-	(191,557)
Proceeds from Issuance of Capital Lease	413,036	-	413,036	-	413,036
Principal Paid on Revenue Bonds, including Current Refinancing, and Capital Lease	(694,922)	-	(694,922)	-	(694,922)
Acquisition and Construction of Capital Assets	(1,253,437)	(218,380)	(1,471,817)	(3,771)	(1,475,588)
Loss from Disposal of Capital Assets	-	-	-	(8,785)	(8,785)
Proceeds from Sale of Water Rights	494,384	-	494,384	-	494,384
Net Cash Used by Capital and Related Financing Activities	(1,232,496)	(218,380)	(1,450,876)	(12,556)	(1,463,432)
CASH FLOWS FROM INVESTING ACTIVITIES					
Earnings on Investments	405,098	16,711	421,809	3	421,812
Other Revenues	17,355	-	17,355	214	17,569
Net Cash Provided by Investing Activities	422,453	16,711	439,164	217	439,381
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,053,774	(237,324)	1,816,450	74,284	1,890,734
Cash and Cash Equivalents - Beginning of Year	4,844,441	995,482	5,839,923	549,054	6,388,977
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,898,215	\$ 758,158	\$ 7,656,373	\$ 623,338	\$ 8,279,711
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET					
Unrestricted Cash and Pooled Cash, Cash Equivalents, and Investments	\$ 2,295,282	\$ 758,158	\$ 3,053,440	\$ 623,338	\$ 3,676,778
Restricted Cash and Pooled Cash, Cash Equivalents, and Investments:					
Impact Fees	3,429,235	-	3,429,235	-	3,429,235
Customer Deposits	1,173,698	-	1,173,698	-	1,173,698
Total	\$ 6,898,215	\$ 758,158	\$ 7,656,373	\$ 623,338	\$ 8,279,711

See accompanying Notes to Financial Statements.

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Business- Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 5,291,524	\$ 219,939	\$ 5,511,463	\$ 114,936	\$ 5,626,399
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	1,865,206	252,195	2,117,401	21,751	2,139,152
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(230,222)	-	(230,222)	-	(230,222)
(Increase) Decrease in Due from Other Governments	380,693	30,917	411,610	-	411,610
(Increase) Decrease in Inventories	18,692	-	18,692	(3,975)	14,717
Increase (Decrease) in Accounts Payable	(203,501)	(114,275)	(317,776)	(47,901)	(365,677)
Increase (Decrease) in Accrued Liabilities	15,278	1,530	16,808	1,960	18,768
Increase (Decrease) in Customer Deposits	59,525	-	59,525	-	59,525
Increase (Decrease) in Due to Other Governments	(163,024)	-	(163,024)	-	(163,024)
Increase (Decrease) in Unearned Revenue	17,810	-	17,810	-	17,810
Increase (Decrease) in Compensated Absences	1,794	4,368	6,162	1,396	7,558
Increase (Decrease) in Net Pension Liability	(256,871)	122,404	(134,467)	(22,596)	(157,063)
(Increase) Decrease In Deferred Outflows - OPEB	(13,286)	(1,171)	(14,457)	(1,258)	(15,715)
Increase (Decrease) in Deferred Outflows Relating to Pensions	131,955	(40,688)	91,267	10,483	101,750
Increase (Decrease) in Deferred Inflows Relating to Pensions	51,682	31,761	83,443	4,049	87,492
Increase (Decrease) in Net OPEB Obligation	51,262	365	51,627	7,778	59,405
Net Cash Provided by Operating Activities	<u>\$ 7,018,517</u>	<u>\$ 507,345</u>	<u>\$ 7,525,862</u>	<u>\$ 86,623</u>	<u>\$ 7,612,485</u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018**

		Employee Retirement Funds
ASSETS		
Cash		\$ 137,895
Investments:		
U.S. Government Obligations		4,152,164
U.S. Government Agency Obligations		2,309,378
Domestic Corporate Bonds and Stocks		26,504,651
Real Estate Investment Trust		3,294,830
Temporary Investment Funds		1,063,082
Pooled Equity and Fixed Income Funds		5,326,276
Total Investments		42,650,381
Receivables:		
Accrued Dividends and Interest		73,034
Intergovernmental		115,153
Total Receivables		188,187
Prepaid Items		195,587
Total Assets		43,172,050
LIABILITIES		
Accounts Payable		52,624
Total Liabilities		52,624
NET POSITION		
Restricted for Pension Benefits		\$ 43,119,426

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2018**

		Employee Retirement Funds
ADDITIONS		
Contributions:		
Employer		\$ 1,154,632
Employee		213,270
State		352,072
Total Contributions		1,719,974
Investment Earnings:		
Net Increase in Fair Value of Investments		4,475,667
Interest and Dividends		741,975
Other		21,360
Total Investment Earnings		5,239,002
Less Investment Expense		218,121
Net Investment Earnings		5,020,881
Total Additions		6,740,855
DEDUCTIONS		
Benefits		2,232,998
Refunds of Contributions		47,518
Administrative Expense		146,867
Total Deductions		2,427,383
CHANGE IN NET POSITION		4,313,472
Net Position - Beginning of Year		38,805,954
NET POSITION - END OF YEAR		\$ 43,119,426

See accompanying Notes to Financial Statements.

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**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of New Port Richey, Florida (the City) is a political subdivision of the state of Florida. The City was originally incorporated on October 27, 1924, and officially established on May 15, 1925 by Chapter 10929, Laws of Florida, Acts of 1925 (regular session), an act of the Florida legislature, approved by the Governor and filed with the Secretary of State. This act was amended by Chapter 11647, No. 312, Laws of Florida, extraordinary session, November 1925, and approved by the Governor and filed with the Secretary of State on December 18, 1925. House Bill 1132, enacted by act of legislature, Special Laws of Florida, Acts of 1941, abolished the old municipality and created a new municipality, becoming a law (Chapter 21419) without Governor's approval after its filing with the Secretary of State on May 28, 1941, later being sealed by the Secretary of State on June 14, 1941. Various amendments were made to the charter during the 1950's, 1960's, and 1970's. The City of New Port Richey amended its charter with Ordinance #947-100 on November 2, 1982 and on December 7, 1982; the citizens of the City ratified this charter. More recently, the City amended its charter with Ordinance #1354, adopted on February 7, 1995, and on April 11, 1995, the citizens of the City ratified this charter. The charter, as amended, provides for a Council-Manager form of government. The government of the City is operated by the authority of the powers granted by its charter, as limited by the State Legislature. The City provides a full complement of municipal services, except for certain education, health, and welfare services that are administered by other governmental entities.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units, in accordance with Governmental Accounting Standards Board (GASB).

1. Defining the Financial Reporting Entity: In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable, and, as such be included in the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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. The CRA was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 1202 and City Resolutions 885, 8826, and 897. The CRA was modified and the redevelopment plan revised with the adoption of City Resolution 0105. Separate financial statements are not prepared for the CRA.

The City includes advisory boards and commissions within the City in its financial statements in circumstances where the City selects the governing authority, designates management, has the ability to influence operations, and has accountability for fiscal matters of the advisory boards and commissions.

CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organization - Tampa Bay Water Authority (TBWA): The TBWA was organized in 1998, by an inter-local agreement pursuant to Chapter 98-402 of the Florida Statutes between the counties of Hillsborough, Pasco, and Pinellas and the cities of New Port Richey, St. Petersburg, and Tampa, Florida (the members). The purpose of the TBWA is to develop regional water supplies and to supply water to its members at a wholesale price. The TBWA is the reorganized West Coast Regional Water Supply Authority with a governing board of nine voting members, two from each of the county governments and one from each of the city governments.

2. Government-Wide and Fund Financial Statements: The basic financial statements are made up of the government-wide financial statements and fund financial statements. Both of these set of financial statements distinguish between the governmental and business-type activities of the City of New Port Richey. These statements consist of a Statement of Net Position and a Statement of Activities. These statements report on the financial condition of the City of New Port Richey, at the reporting entity level. Internal balances represent net amounts due between the governmental and business-type activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Internal service fund activity is reported as a single column in the proprietary fund financial statements. Fiduciary funds are not included in these presentations as their assets due not represent amounts that are available for City of New Port Richey government operations. The Statement of Net Position reports all financial and capital resources of the City's governmental and business-type activities. Net position equals assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources, and is shown in three categories: net investment of capital assets, restricted net position, and unrestricted net position. The Statement of Activities reports results of operations on a functional activity (program) basis and demonstrates to what degree the particular program has been self-supporting.

Direct expenses are those that are specifically associated with a service, program, or department and, thus are clearly identifiable to a particular function. The effect of indirect expense allocations has been eliminated at the government-wide financial statements. Depreciation expense for capital assets that can be specifically identified with a function is recorded as a direct expense of that function. Depreciation expense for capital assets that serve all functions is recorded as a direct expense of the general government function on the government-wide Statement of Activities. All interest on general long-term debt is considered indirect and reported separately in the government-wide Statement of Activities.

Program revenues are reported in the following three categories: charges for services, operating grants and contributions, and capital grants and contributions. 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 capital or operational use in a particular 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 and internal service fund are charges to customers for services. Operating expenses for the City's enterprise funds and internal service fund 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.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The fund financial statements follow the government-wide statements and report more detailed information about operations of major funds on an individual basis and nonmajor funds on an aggregate basis for the governmental and proprietary funds. Following the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances are reconciliations explaining the differences between governmental fund presentation and the government-wide presentation.

3. Basis of Accounting and Measurement Focus: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The government-wide financial statements, as well as the fund financial statements for the proprietary funds, are reported using the economic resources measurement focus and the accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis of accounting.

All proprietary funds are maintained on the accrual basis of accounting with revenues being recognized when earned and expenses recognized when incurred. Operating revenues and expenses of the proprietary funds are defined revenues or expenses related to the provision of applicable service. Nonoperating revenues and expenses include items unrelated to the provision of services.

Under the modified accrual basis, revenues are recognized in the accounting period when they become measurable and available. 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 (i.e., within 60 days of the end of the current fiscal period). In addition, grant revenues are considered available if they are expected to be collected within one year of the end of the fiscal period.

Expenditures are recognized at the time the fund liability is incurred, if measurable. Interest and principal payments on general long-term debt and compensated absences are recognized when paid. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

4. Fund Financial Statements: Separate financial statements are provided by governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. An emphasis is on the major funds in either the governmental or business-type categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds (by category) are summarized into a single column.

The City reports the following major governmental funds:

General Fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Redevelopment Fund: This fund is used to account for the proceeds of tax incremental funding and the associated costs for redevelopment initiatives. In addition, other development service proceeds (i.e., building permits and zoning fees) are accounted for in this fund along with the associated operating costs of this function.

Debt Service Fund: This fund accounts for the accumulation of resources for and payment of principal, interest, and related costs of the City's general long-term debt.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Projects Fund: This fund accounts for financial resources earmarked or segregated for the acquisition and construction of major capital facilities and other project-oriented activities, except for those financed by and accounted for the Redevelopment Fund or proprietary funds.

The City reports the following major enterprise funds:

The Water and Sewer Fund: This fund is used to account for the financing, construction, operation, and maintenance of the water and sewer services of the City from charges made to users of the service.

The Stormwater Utility Fund: This fund is used to account for the financing, construction, operation, and maintenance of the stormwater management system of the City from charges assessed against each developed property.

Additionally, the City reports the following fund types:

Internal Service Fund: This fund accounts for the operations of one department that provides services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The City's central garage provides automotive fleet services to other departments.

Fiduciary Fund Types: Pension trust funds account for the financial operation and condition of the Police Officer and Firefighters' and Employee Retirement funds.

- 5. Budgets and Budgetary Accounting:** The City follows these procedures in establishing the budgetary data reflected in the financial statements.
- a. The City Manager submits to the City Council a proposed operating budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage.
 - b. Public hearings are conducted by the City Council as required by state and federal law to obtain taxpayer comments on the proposed budget.
 - c. The budget and property tax millage is approved by the City Council in September.
 - d. Annual budgets are adopted for the following funds: General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Enterprise Funds, and Internal Service Fund.
 - e. The City Council must approve budget amendments that affect revenue accounts or appropriations in more than one department. The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between specific classifications of expenditures within a department or office. Expenditures may not exceed legal appropriations at the department level. Appropriations lapse at year-end. All budget amounts presented in the accompanying financial statements and supplemental information have been adjusted for revisions as approved by the City Council during the year.
 - f. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.
 - g. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash, Cash Equivalents, and Investments: The City utilizes a consolidated cash pool to account for cash, cash equivalents, and investments of all City funds other than those that are required by ordinance to be physically segregated. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield that are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds.

Investments in U.S. Treasury and government agency securities are recorded at fair value, as determined by the quoted market prices. If quoted market prices are not available, fair values are estimated on the basis of dealer quotes, pricing models, or quoted market prices for instruments with similar characteristics. The Local Government Surplus Funds Trust Fund operated by the Florida State Board of Administration is treated as a "2a-7 like" and therefore it is presented at its actual pooled share price of \$1.

Cash Equivalents: For purposes of the statement of cash flows, the proprietary funds consider equity in pooled cash and investments with an original maturity date of three months or less when purchased, both restricted and unrestricted, to be cash equivalents.

Investments: Investments are reported at fair value. Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices. Investments in mutual fund type securities are valued at the net asset value of the fund based on the underlying assets held in the funds. The fair value of an investment is the amount that could reasonably be expected to be received for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.

Receivables: Utility (water and sewer) operating revenues are generally recognized on the basis of cycle billings rendered monthly.

Inventories and Prepaid Costs: Inventory is valued at cost using the first-in, first-out method. Inventory in governmental funds consists of supplies held for consumption. The cost is recorded as an expenditure at the time inventory items are consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Inventories and prepaid costs reported within governmental funds are classified as nonspendable, which indicates that they do not constitute available resources. Inventories and prepaid costs in the governmental-wide and proprietary fund financial statements are reported as an expense when consumed.

Redevelopment Properties Held for Resale: Real estate properties acquired in economically depressed areas and held for resale to the private sector are stated at lower of cost or market value. These properties are not intended to be used in the City's operations but rather are intended to be converted to cash upon resale.

Restricted Assets: Certain resources of the Water and Sewer Fund are classified as restricted assets and represent assets set aside for customer deposits.

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 Property Appraiser and 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 the fiscal year ended September 30, 2018 was 8.9950 mills.

CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 millages 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 Florida 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. 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.

Capital Assets: Land and land rights, buildings, improvements, and machinery and equipment are stated at cost. Capital contributions are recorded at their acquisition value on the date donated.

The City capitalizes expenditures with a cost in excess of \$1,500 or more for equipment and with a useful life in excess of five years and capital improvements and/or additions constructed or acquired in excess of \$10,000. Expenditures for maintenance and repairs are charged to operating expense. The cost of capital assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to government-wide financial statements and proprietary fund financial statements.

Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Capital Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	20 to-50 Years
Buildings and Improvements	10 to 50 Years
Improvements Other than Buildings	40 to 50 Years
Machinery and Equipment	5 to 10 Years

Deferred Outflows/Inflows of Resources: The statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and as such will not be recognized as an expense or expenditure in the current year.

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue: In instances where assets have been received by the City for services rendered in future periods, asset balances are offset by an unearned revenue liability account in the financial statements.

Compensated Absences: The City follows the provisions of GASB No. 16, *Accounting for Compensated Absences*, as amended. This statement provides for the measurement of accrued vacation leave and other compensated absences using the pay or salary rates in effect at the balance sheet date. It also requires additional amounts to be accrued for certain salary related payments associated with the payment of compensated absences. Annual vacation accruals vary based on years of service. The maximum number of annual leave hours that an employee may accrue is equal to the employee's rate of annual accrual. Payments for compensated absences are made by the respective fund. Accrued compensated absences are recorded as liabilities in the government-wide financial statements and the proprietary fund financial statements. A liability is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements, and are considered due and payable as of year-end.

Net Position: Net position represents the difference between total assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is categorized as follows:

- Net investment in capital assets – Total capital assets, net of debt issued in the acquisition of these assets and net of depreciation is reported separately in the net position section.
- Restricted – This component consists of net position that has constraints placed on it 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 arose, but reserves the right to selectively defer the use of these funds. The government-wide statement of net position reports \$8,164,068 of restricted net position.
- Unrestricted – Balance are not restricted for specific purposes.

Fund Balance Classification: The governmental fund financial statements 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:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Redevelopment Properties Held for Resale, Inventories, Prepaid Items, and Repayable Advances from Other Funds 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.
- 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. The City has classified forfeitures as being restricted as their use is restricted by Florida Statutes for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and bonds and are restricted through debt covenants. Infrastructure projects are restricted by Florida Statute and the laws of Pasco County and are legally segregated for funding of infrastructure improvements.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council that constitutes the most binding constraint, which is an ordinance. 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- 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. The City has assigned funds for Capital Projects that are to be used for the repair and replacement of equipment, street improvements, debt services and future expenditures, funds designated for future expenditures and an amount designated for minimum funding as established by Ordinance 1119.
- 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 spending order of fund balances as established by the City is to first spend restricted amounts when both restricted and unrestricted fund balances are available, unless there are legal restrictions that prohibit such action, such as grant agreements that require a dollar match. Additionally, when expenditures are incurred for purposes for which unrestricted fund balances could be used, the City shall first spend committed fund balance, followed by assigned fund balance, and then unassigned fund balance.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Interfund Transactions: Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation. Amounts reported in the funds as receivable from or payable to fiduciary funds are included in the statement of Net position as receivable from and payable to external parties.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE B CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2018, the carrying amount of the City's deposits with financial institutions was \$397,484 and the bank account balance was \$2,079,804. The City's cash deposits were fully insured by federal depository insurance or by collateral held by the City's agent pursuant to the Public Depository Security Act of the state of Florida. This act establishes a multiple financial institution collateral pool in which all financial institutions holding public deposits pledge a pool of collateral against all public deposits they collectively hold. In the event of a default or insolvency by a qualified public depository, any loss not covered by deposit insurance or the proceeds from the sale of securities pledged by the defaulting depository is covered by an assessment against the other qualified public depository in default. The assessment is based upon the average share of the public fund deposits held by each of these depositories during the previous 12 months in relation to total public deposits held by all depositories of the same type during the same period.

Custodial Risk: Custodial credit risk is the risk that a government will not be able to recover deposits or the value of investments in the event of the failure of a depository financial institution or a third party holding the investments securities. All investments are held in the name of the City and all time deposits are maintained with qualified public depositories, as previously discussed.

Credit Risk: Credit quality risk results from potential default of investments that are not financially sound. Florida Statutes (166.261 and 218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, Local Government Surplus Funds Trust Fund, and mutual funds investing in U.S. Government securities. The City adopted its own investment policy that also authorizes the City to invest in the following: a) obligations of government-sponsored corporations (Instrumentalities – which are usually “AAA” rated but have no explicit government guarantee) that are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve; b) collateralized mortgage obligations (CMO) with very accurately defined maturities issued by Federal Agencies and Instrumentalities with an average life less than three years; c) bankers' acceptance guaranteed by banking institutions with a bank rating of “AA” on its long-term debt; d) prime commercial paper having received an “A1/P1” or higher rating by a nationally recognized rating agency; e) nonnegotiable certificates of deposit and bank investment contracts (BIC), which can be insured, collateralized at the Federal Reserve or quality as state qualified public deposits as defined by Florida Statutes; f) taxable or tax-exempt government bonds, notes or other obligations of state or local governments, including municipal corporations and special districts, of investment grade quality; g) repurchase agreements with a “primary securities dealer” or with the City's primary state certified public depository that are collateralized pursuant to state law and pursuant to a Master Repurchase Agreement entered into with the selling institution; h) auction rate securities (Dutch Auctions) rated “AA” or “AAA” with 28 – 35 day resets rated by a nationally recognized rating agency; i) corporate debt of corporations whose long-term debt is rated at least “AA-” or equivalent by a nationally recognized rating agency; j) mortgaged back securities rated “AAA” or better by a nationally recognized rating agency; and k) any other investments authorized by law and by resolution of the City Council.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

The Local Government Surplus Funds Trust Fund (Florida PRIME) is operated by the Florida State Board of Administration and is a local government investment pool (LGIP). The Florida State Board of Administration is a three-member board made up of the state elected officials of Governor, Chief Financial Officer, and Attorney General. This Board is empowered by Florida law to invest funds at the request of local governments. The Florida PRIME is treated as a qualified external investment pool in accordance with GASB Statement No. 79 and is valued using the pooled share price (amortized cost), which approximates fair value.

Qualifying local government investment pools in the state of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes, states that the principal balance within a LGIP trust fund is subject to withdrawal at any time. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council.

With regard to liquidity fees, Chapter 218.409(4) provides authority for an LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the SBA.

At September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value within Florida PRIME.

The Florida Municipal Investment Trust (the Trust) is an investment pool created under the laws of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds. The Trust is administered by a Board of Trustees consisting of the President and Second Vice President of the Florida League of Cities, two representatives from the Florida Municipal Investment Trust, and three additional members who are elected officials of governmental entities who actively participate in the Trust. The City has invested in the Trust's 0-2 Year High Quality Bond Fund, which invests in government and high quality fixed income securities. The Trust is an authorized investment under the City's investment policy.

The City's investments as of September 30, 2018, consist of the following:

Investment	Weighted Average Maturity	Fair Value	Overall Credit Rating (Standard & Poors)
State Board of Administration - Florida PRIME	33	\$ 7,606,291	AAAm
Florida Municipal Investment Trust - 0-2 Year High Quality Bond Fund	0.69 Year	4,161,264	Not Rated
United States Treasury Bill	12 Months	5,369,313	Not Rated
Portfolio Total		<u>\$ 17,136,868</u>	

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to the City's investment policy, as of September 30, 2018, the City minimized the interest rate risk, related to the decline in market value of securities due to rising interest rates, by limiting the maturity of individual securities to not exceed five years from the date of purchase with the exception of securities related to a specific cash flow such as a reserve fund and investing operating funds in primarily shorter-term securities or similar government investment pools so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single user. Appropriate diversification is maintained between security types and issuers to reduce concentration of credit risk.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

A reconciliation of the amount of cash, cash equivalents, and investments to the Statement of Net Position is as follows:

Bank Deposits	\$ 397,484
Petty Cash	2,329
Investments	17,136,868
Total	\$ 17,536,681
Unrestricted:	
Cash, Cash Equivalents, and Investments	\$ 12,933,748
Restricted:	
Cash, Cash Equivalents, and Investments - Customer Deposits	4,602,933
Total Cash, Cash Equivalents, and Investments	\$ 17,536,681

Pension Trust Funds: The City has two defined benefit single-employer pension plans: Police Officers' and Firefighters' (Pension Funds).

Firefighters' Retirement System

Cash and Cash Equivalents: Fiduciary Trust Company of the South, Inc. periodically holds uninvested cash in its capacity as custodian of the Firefighters' Retirement System (the Plan). These funds exist temporarily as cash in the process of collection from the sale of securities. At September 30, 2018, the carrying amount of the Plan's cash and cash equivalents was \$4,217.

Investments: The Board of Trustees of the Firefighters' Retirement System are authorized to invest and reinvest in such securities or property, real or personal, as shall be approved by the Board of Trustees; including but not limited to stocks, common or preferred, bonds, so long as such stocks or bonds retain one of the three highest quality ratings on a major recognized rating service, and other evidence of indebtedness or ownership, including shares or units of common trust funds approved as investments for pension and profit sharing plans.

The Firefighters' Retirement System held the following fixed investments as of September 30, 2018:

Investment Type	Fair Value	Overall Credit Rating (S&P & Moody's)	Average Effective Duration (Years)
U.S. Government Obligations	\$ 233,489	AA	6.4
U.S. Government Agency Obligations	732,800	AA	8.1
Domestic Corporate Bonds	1,443,613	A	5.2
Domestic Fixed Income Investment Fund	647,280	Not Rated	N/A
Domestic Stocks	5,081,456	Not Rated	N/A
Domestic Equity Investment Fund	2,858,627	Not Rated	N/A
International equity investment fund	1,820,369	Not Rated	N/A
Temporary Investment Funds	136,082	Not Rated	N/A
Total Investments	\$ 12,953,716		

Credit Risk – The Plan's investment policy limits its fixed income securities to a qualifying rating of "A" or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments that are downgraded to a "BAA" or equivalent rating must be liquidated within a reasonable period of time not to exceed 12 months. Fixed income investments that are downgraded below a "BAA" rating are to be liquidated immediately.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Interest Rate Risk – Through its investment policy, the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard, the Plan adopted the Barclays Capital Aggregate Bond Index benchmark performance evaluator. The Plan further limited the effective duration of its fixed investment portfolio to 120% of the duration of the Lehman Brothers Aggregate Bond Index duration.

Custodial Credit Risk – Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another in the event of a financial failure. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” during the current plan year.

Police Officers’ Retirement System

Cash and cash equivalents: Fiduciary Trust Company of the South, Inc. periodically holds un-invested cash in the capacity as custodians of the Police Officers’ Retirement System (the Plan). These funds exist temporarily as cash in the process of collection from the sale of securities. At September 30, 2018, the carrying amount of the Plan’s cash and cash equivalents was \$133,678.

Investments: The Board of Trustees of the Police Officers’ Retirement System are authorized to invest in time, savings and money market accounts of an institution insured by the Federal Deposit Insurance Corporation; obligations of the U.S. Government or an agency or instrumentality of the U.S. Government, high capitalization common or preferred stocks, pooled equity funds, high quality bonds or notes and fixed income funds. The Board requires that Plan assets be invested with no more than 70% in stocks and convertible securities measured at cost. Additionally, not more than 5% of the Plan’s assets shall be invested in the common stock of any one issuing company. The Plan’s investment in the common stock of any single corporation shall not exceed 5% of such corporation’s outstanding common or capital stock.

The Police Officers’ Retirement System held the following investments as of September 30, 2018:

Investment	Fair Value	Overall Credit Rating (S&P & Moody’s)	Average Effective Duration (Years)
U.S. Government Obligations	\$ 3,918,675	AA	5.2
U.S. Government Agency Obligations	1,576,578	AA	8.8
Domestic Corporate Bonds	2,150,898	A	6.7
Domestic Stocks	17,828,684	Not Rated	N/A
Real Estate Investment Fund	3,294,830	Not Rated	N/A
Temporary Investment Funds	927,000	Not Rated	N/A
Total Fixed Investments	\$ 29,696,665		

Credit Risk – Consistent with state law, the Plan’s investment guidelines limit its fixed income securities to a quality rating of “A” or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments that are downgraded to a “BAA” or equivalent rating must be liquidated within a reasonable period of time not to exceed 12 months. Fixed income investments that are downgraded below a “BAA” rating are to be liquidated immediately.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Interest Rate Risk – Through its investment policies, the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard, the Plan adopted the Barclays Capital Aggregate Bond Index benchmark performance evaluator. Additionally, the Plan further limited the effective duration of its fixed income investment portfolio to 120% of the duration of the Lehman Brothers Aggregate Bond Index.

Custodial Credit Risk – Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another in the event of a financial failure. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” during the current plan year.

Fair Value Measurement - The City and the Firefighters’ Retirement System and the Police Officers’ Retirement System categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments are reported at fair value other than those using Net Asset Value (NAV) or amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value determination, other than those measured using the NAV as a practical expedient, are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability, and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The investments of the City consist of the following:

- Florida PRIME, which is a qualified external investment pool and is valued at amortized cost of \$7,606,291 as of September 30, 2018.
- United States Treasury Bill, with a fair value of \$5,369,313 as of September 30, 2018. This is considered a Level 2 investment, whose pricing was obtained from an independent third-party custodian that utilizes matrix pricing.
- 0-2 Year High Quality Bond Fund, which is invested through the Florida Municipal Investment Trust (FMIVT), is an external investment pool. The 0-2 Year High Quality Bond Fund is valued at the net asset value (NAV) of \$4,161,264 as of September 30, 2018. The NAV, provided by FMIVT, is based upon the values of the underlying securities within the fund. The 0-2 Year High Quality Bond Fund invests mainly in U.S. government and agency securities and asset-backed securities. The investment objective of this fund is to meet or exceed the return of its benchmark, the Bank of America ML 1 Year Treasury Note. The fund’s underlying portfolio is valued on the 15th and last business day of the month. The fund is available to accept contributions or redemptions twice monthly, on the first business day following the portfolio valuation date. The minimum redemption amount is \$5,000, and the Administrator must have advance written notification of intended withdrawals.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

The Firefighters' Retirement System had the following recurring fair value measurements comprised of investments as of September 30, 2018:

	2018			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Obligations	\$ 233,489	\$ -	\$ 233,489	\$ -
U.S. Government Agency Securities	732,800	-	732,800	-
Domestic Corporate Bonds	1,443,613	-	1,443,613	-
Domestic Fixed Income Fund	647,280	647,280	-	-
Equity Securities:				
Domestic Equity Investment Fund	2,858,627	2,858,627	-	-
Domestic Stocks	5,081,456	5,081,456	-	-
International Equity Investment Fund	1,820,369	1,820,369	-	-
Temporary Investments	136,082	136,082	-	-
Total Investments Measured at Fair Value	<u>\$ 12,953,716</u>	<u>\$ 10,543,814</u>	<u>\$ 2,409,902</u>	<u>\$ -</u>

Debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.

The Police Officers' Retirement System had the following recurring fair value measurements comprised of investments as of September 30, 2018:

	2018			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Debt Securities:				
U.S. Government Obligations	\$ 3,918,675	\$ -	\$ 3,918,675	\$ -
U.S. Government Agency Securities	1,576,578	-	1,576,578	-
Corporate Bonds	2,150,898	-	2,150,898	-
Equity Securities:				
Domestic Stocks	17,828,684	17,828,684	-	-
Temporary Investments	927,000	927,000	-	-
Total Investments Measured at Fair Value	26,401,835	<u>\$ 18,755,684</u>	<u>\$ 7,646,151</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV)				
Real Estate Fund	3,294,830			
Total Investments Measured at Cost	3,294,830			
Total Investments	<u>\$ 29,696,665</u>			

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

Debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.

The real estate investment fund (U.S. Real Estate Investment Fund, LLC) is an open end, commingled private real estate portfolio. This REIT-based fund is structured as a limited partnership. Its primary focus is to invest in well-leased, income producing properties within major U.S. markets. The fair values of the investments in this fund have been determined using the NAV per unit of the Trust's ownership interest in partners' capital. The investments of the fund are valued quarterly. Withdrawal requests must be made 90 days in advance and may be paid in one or more installments.

NOTE C RECEIVABLES

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

	Receivable Balance	Allowance for Uncollectible Balance	Net
General Fund:			
Taxes and Franchise Fees	\$ 262,209	\$ -	\$ 262,209
Lot Mowing	22,950	-	22,950
Code Enforcement	874,180	699,344	174,836
Red Light Camera Fines	31,964	-	31,964
Other	158,495	-	158,495
Total General Fund	\$ 1,349,798	\$ 699,344	\$ 650,454
Redevelopment Fund:			
Lot Mowing	\$ 2,243	\$ -	\$ 2,243
Code Enforcement	315,139	315,139	-
Miscellaneous	24,245	-	24,245
Total Redevelopment Fund	\$ 341,627	\$ 315,139	\$ 26,488
Street Improvement Fund:			
Special Assessments	\$ 114,378	\$ 53,099	\$ 61,279
Water and Sewer Fund:			
Retail Utility Customers	\$ 2,465,347	\$ 477,013	\$ 1,988,334
Impact Fees	40,585	-	40,585
Miscellaneous	18,244	-	18,244
Special Assessments	36,307	34,492	1,815
Total Water and Sewer Fund	\$ 2,560,483	\$ 511,505	\$ 2,048,978

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE D INTERFUND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2018 is as follows:

	Fund Transfers In:					
	General	Redevelopment	Debt	Capital	Other	
Fund Transfer Out:	Fund	Fund	Service	Projects	Governmental	Total
General Fund	\$ -	\$ 994,084	\$ -	\$ -	\$ 300,000	\$ 1,294,084
Redevelopment Fund	250,000	-	887,760	-	-	1,137,760
Capital Projects Fund	941,080	774,400	-	-	330,000	2,045,480
Street Improvement Fund	391,180	-	-	-	-	391,180
Water and Sewer Fund	4,154,700	-	-	-	-	4,154,700
Stormwater Fund	140,000	-	-	403,000	-	543,000
Total	<u>\$ 5,876,960</u>	<u>\$ 1,768,484</u>	<u>\$ 887,760</u>	<u>\$ 403,000</u>	<u>\$ 630,000</u>	<u>\$ 9,566,204</u>

The majority of transfers to the General Fund represent each fund's share of operating overhead and administrative costs paid by the General Fund. In addition, the Redevelopment Fund transferred \$887,760 into the Debt Service Fund to make principal and interest payments on the Redevelopment Revenue Note, Series 2016. Also, a portion of transfers made from the Water and Sewer Fund to the General Fund represented payments in lieu of franchise fees on utility billing revenues.

In addition to transfers, the General Fund has a long-term advance to the Redevelopment Fund with an outstanding balance of \$8,877,157 as of September 30, 2018. The purpose of this advance was to provide the necessary funding to the Redevelopment Fund in order to meet its debt service obligations.

NOTE E NOTE RECEIVABLE

In May 1998, the City, along with the cities of Tampa, St. Petersburg and the counties of Pasco, Pinellas, and Hillsborough, entered into an interlocal agreement to reorganize the West Coast Regional Water Supply Authority. As part of this agreement, the City conveyed its interest in the North Pasco Wellfield, including water rights to the Authority, for the net amount of \$13,226,250 that is to be received in the form of credits applied against the cost of water purchased over the next 30 years. For the year ending September 30, 2018, these applied credits totaled \$847,279, represented by a principal portion of \$494,384 and an interest portion of \$353,195 at a rate of 4.865% compounded semi-annually. At September 30, 2018, the \$6,535,255 outstanding balance (\$518,856 – current portion and \$6,016,399 – long-term portion) on the note was reported as a note receivable. The Authority commenced operations under its reorganized form on October 1, 1998 under the name of Tampa Bay Water.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE F CAPITAL ASSETS

Capital asset activity of governmental activities for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance 10/1/17	Additions/ Transfers In	Deletions/ Transfers Out	Adjustments and Reclassifications	Ending Balance 9/30/18
Governmental Activities:					
Nondepreciable Assets:					
Land, Land Rights, and Improvements	\$ 3,822,012	\$ -	\$ -	\$ (10)	\$ 3,822,002
Construction in Progress	2,848,850	4,770,784	(3,571,932)	-	4,047,702
Depreciable Assets:					
Buildings and Improvements	25,200,593	2,408,812	(49,995)	(17,780)	27,541,630
Improvements Other than Buildings	10,588,896	48,046	-	322,394	10,959,336
Machinery and Equipment	11,947,894	698,270	(854,305)	46,789	11,838,648
Infrastructure	21,137,245	1,212,504	-	(107,203)	22,242,546
Total at Historical Cost	75,545,490	9,138,416	(4,476,232)	244,190	80,451,864
Less Accumulated Depreciation for:					
Buildings and Improvements	13,383,203	753,815	(7,082)	(60,684)	14,069,252
Improvements Other than Buildings	5,366,426	560,720	-	125,470	6,052,616
Machinery and Equipment	9,006,018	719,507	(854,305)	892	8,872,112
Infrastructure	11,362,249	530,011	-	(107,204)	11,785,056
Total Accumulated Depreciation	39,117,896	2,564,053	(861,387)	(41,526)	40,779,036
Capital Assets, Net	\$ 36,427,594	\$ 6,574,363	\$ (3,614,845)	\$ 285,716	\$ 39,672,828

Depreciation charged to the governmental activities as follows:

General Government		\$ 322,918
Police		297,347
Fire		133,082
Public Works		658,178
Culture and Recreation		1,130,777
Subtotal		2,542,302
Unallocated Internal Service Funds		21,751
Total		\$ 2,564,053

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE F CAPITAL ASSETS (continued)

Capital asset activity of business-type activities for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance 10/1/17	Additions/ Transfers In	Deletions/ Transfers Out	Adjustments and Reclassifications	Ending Balance 9/30/18
Business-Type Activities:					
Nondepreciable Assets:					
Land, Land Rights, and Improvements	\$ 1,220,787	\$ -	\$ -	\$ -	\$ 1,220,787
Construction in Progress	2,068,870	411,925	(302,581)	-	2,178,214
Depreciable Assets:					
Buildings and Improvements	34,937,090	156,587	-	-	35,093,677
Machinery and Equipment	5,226,931	808,601	(304,752)	(14,046)	5,716,734
Infrastructure and Other Improvements	44,021,241	411,331	-	-	44,432,572
Total at Historical Cost	87,474,919	1,788,444	(607,333)	(14,046)	88,641,984
Less Accumulated Depreciation for:					
Buildings and Improvements	17,366,901	806,483	-	-	18,173,384
Machinery and Equipment	3,390,965	414,945	(304,752)	-	3,501,158
Infrastructure and Other Improvements	16,845,355	895,973	-	-	17,741,328
Total Accumulated Depreciation	37,603,221	2,117,401	(304,752)	-	39,415,870
Capital Assets, Net	\$ 49,871,698	\$ (328,957)	\$ (302,581)	\$ (14,046)	\$ 49,226,114

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE G LONG-TERM DEBT

Activity relating to long-term governmental liabilities for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance			Ending Balance	Amounts Due Within
Governmental Activities	10/1/2017	Increases	Decreases	9/30/2018	One Year
Redevelopment Note, Series 2016	\$ 10,345,000	\$ -	\$ 625,000	\$ 9,720,000	\$ 640,000
Compensated Absences	406,299	458,187	384,675	479,811	17,823
Total	\$ 10,751,299	\$ 458,187	\$ 1,009,675	\$ 10,199,811	\$ 657,823

Amounts relating to compensated absences are liquidated in the funds that incurred the liabilities.

Notes payable for the governmental activities is comprised of the following at September 30, 2018:

Non-Ad Valorem Refunding Revenue Note, Series 2016 , in the amount of \$11,265,000 was issued on January 25, 2016, to refund the Redevelopment Refunding Revenue Note, Series 2005A, and the Redevelopment Revenue Note, Series 2005B. The Redevelopment Refunding Revenue Note, Series 2005A, was used to refinance the redevelopment bond anticipation note, which had been used to finance the cost of acquiring, constructing and equipping certain capital improvements within the Redevelopment Area. The Redevelopment Revenue Note, Series 2005B, was also issued to finance the acquisition, construction and equipping of capital improvements within the Redevelopment Area. Interest accrues on the Series 2016 note at an annual interest rate of 2.54%. Interest is payable semi-annually on February 1 and August 1. Annual principal payments are due each August 1st in amounts ranging from \$311,000 to \$865,000 through August 1, 2031. This transaction had an aggregate difference in debt service of (\$141,847) and a net present value of savings to the City of \$787,985.	\$ 9,720,000
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Total interest expense and fiscal charges for the governmental activities for the fiscal year ended September 30, 2018 was \$254,826.

Restrictions: The official statement and council resolution authorizing the issuance of the Refunding Revenue Note, Series 2016 (the Note) described above contain certain restrictive covenants. The Note is secured by a covenant to budget, appropriate, and deposit non-ad valorem revenues in the manner and to the extent provided in the council resolution, and is payable solely from pledged revenues, which consist of non-ad valorem revenues budgeted, appropriated, and deposited as provided in the resolution.

The resolution provides that the City will deposit pledged revenues in the Debt Service Fund in amounts sufficient to pay principal of and interest on the Note. The resolution also establishes a reserve fund to be used to pay the principal and interest on the Note when the available assets within the Debt Service Fund are insufficient. The resolution requires that the reserve fund be funded in an amount equal to the contingent reserve requirement in the event the City fails to meet certain financial covenants. It is not reasonably expected that the City will fail to meet the financial covenants that would require the reserve fund to be funded.

Interest on the Note is excludable from gross income for federal income tax purposes. The City has also covenanted that all actions necessary will be taken to maintain the exclusion from gross income of interest on the Note.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE G LONG-TERM DEBT (continued)

Debt Service Requirements: The annual future debt service requirements for governmental activities long-term debt as of September 30, 2018 are as follows:

	Principal	Interest	Total
<u>Redevelopment Refunding Revenue Note,</u>			
<u>Series 2016</u>			
2019	\$ 640,000	\$ 246,888	\$ 886,888
2020	657,000	230,632	887,632
2021	673,000	213,944	886,944
2022	691,000	196,850	887,850
2023	708,000	179,299	887,299
2024-2031	6,351,000	747,166	7,098,166
Total	<u>\$ 9,720,000</u>	<u>\$ 1,814,779</u>	<u>\$ 11,534,779</u>

Activity relating to long-term liabilities within business-type activities for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance 10/1/2017	Increases	Decreases	Ending Balance 9/30/2018	Amounts Due Within One Year
Business-Type Activities:					
Revenue Bond, Series 2017A	\$ 758,000	\$ -	\$ 46,000	\$ 712,000	\$ 47,000
Revenue Bond, Series 2012	6,373,551	-	566,290	5,807,261	581,013
Capital Lease, Equipment	-	413,036	82,632	330,404	78,704
Compensated Absences	55,731	80,769	74,607	61,893	7,447
Total	<u>\$ 7,187,282</u>	<u>\$ 493,805</u>	<u>\$ 769,529</u>	<u>\$ 6,911,558</u>	<u>\$ 714,164</u>

Amounts relating to compensated absences are liquidated in the funds that incurred the liabilities.

Bonds payable for business type activities is comprised of the following at September 30, 2018:

Refunding Utility Revenue Bond, Series 2012 , in the amount of \$7,462,443 was issued on July 18, 2012 for the purpose of the advance refunding of the Series 2007B Bonds and paying certain costs of issuance of the Series 2012 Bonds. Interest accrues on the Series 2012 Bond at an annual fixed rate of 2.60%. Interest is payable semi-annually on April 1 and October 1. Annual principal payments are due each October 1st in amounts ranging from \$537,953 to \$713,452 through October 1, 2027. The principal and interest payments are secured by and payable solely from a lien on and pledge of the net revenues of the City's utility system.	\$ 5,807,261
Water and Sewer Revenue Bond, Series 2017A , in the amount of \$787,000 was issued on February 10, 2017 for the purpose of financing the cost of acquisition of Purchased Assets based on the Utility Asset Acquisition Agreements by and between the City and Advisor Enterprises, Inc., dated November 15, 2016 and by and between the City and LWV Utilities, Inc., dated November 15, 2016, together with certain improvements to the water and sewer system of the City; and to pay the costs of issuing the Series 2017A Bond. Interest accrues on the Series 2017A Bond at an annual fixed rate of 2.53%. Interest is payable semi-annually on April 1 and October 1. Annual principal payments are due each October 1st in amounts ranging from \$29,000 to \$63,000 through October 1, 2031. The principal and interest payments are secured by and payable solely from a lien on and pledge of the net revenues of the City's utility system.	\$ 712,000

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE G LONG-TERM DEBT (continued)

Interest costs incurred for fiscal year ended September 30, 2018 were \$184,810, all of which has been expensed.

Funding of Business-Type Activities Long-Term Debt: Debt service payments are secured by a pledge and lien upon, and payable solely from, the net revenues of the City's utility system. The total amount of Water and Sewer Fund charges for services and other income earned by the City and the Change in Net Position before depreciation, interest expense, and net transfers out for the year ended September 30, 2018 was \$13,858,636 and \$7,583,886, respectively.

The annual future debt service requirements for business-type activities long-term debt as of September 30, 2018 are as follows:

	Principal	Interest	Total
Water and Sewer			
<u>Refunding Revenue Bond, Series 2012</u>			
2019	\$ 581,013	\$ 150,989	\$ 732,002
2020	596,120	135,882	732,002
2021	611,619	120,383	732,002
2022	627,521	104,481	732,002
2023	643,836	88,166	732,002
2024-2027	2,747,149	180,856	2,928,005
Total	\$ 5,807,258	\$ 780,757	\$ 6,588,015

	Principal	Interest	Total
Water and Sewer			
<u>Revenue Bond, Series 2017A</u>			
2019	\$ 47,000	\$ 18,014	\$ 65,014
2020	48,000	16,825	64,825
2021	49,000	15,610	64,610
2022	51,000	14,370	65,370
2023	52,000	13,080	65,080
2024-2028	280,000	45,009	325,009
2029-2031	185,000	9,437	194,437
Total	\$ 712,000	\$ 132,344	\$ 844,344

Capital Lease

The City entered into a lease-purchase agreement with Leasing 2, Inc. for the lease of a sewer vacuum truck. The lease term is 5 years for a purchase price of \$446,896 and requires annual installments of \$89,379 with interest at 3.23%. The City may pay in full any time during the term of the lease the outstanding balance. The future minimum capital lease payment as of September 30, 2018 are as follows:

	Principal	Interest	Total
Water and Sewer			
<u>Capital Lease, Equipment</u>			
2019	\$ 78,704	\$ 10,675	\$ 89,379
2020	81,247	8,132	89,379
2021	83,872	5,507	89,379
2022	86,582	2,797	89,379
	\$ 330,405	\$ 27,111	\$ 357,516

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS

Florida Retirement System

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is a FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially, all regular employees of the City are eligible to enroll as members of the state-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes, Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility contributions and benefits are defined and described in detail. Such provisions may be amended at any time by further action by the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The City's pension expense totaled \$1,035,395 for both the FRS pension Plan and HIS Plan for the year ended September 30, 2018.

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System (continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service:	% Value
Regular Class Members Initially Enrolled before July 1, 2011:	
Retirement up to Age 62 or up to 30 Years of Service	1.60
Retirement up to Age 63 or up to 31 Years of Service	1.63
Retirement up to Age 64 or up to 32 Years of Service	1.65
Retirement up to Age 65 or up to 33 Years of Service	1.68
Regular Class Members Initially Enrolled on or after July 1, 2011:	
Retirement up to Age 65 or up to 33 Years of Service	1.60
Retirement up to Age 66 or up to 34 Years of Service	1.63
Retirement up to Age 67 or up to 35 Years of Service	1.65
Retirement up to Age 68 or up to 36 Years of Service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular:	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan (continued)

Contributions

Employer contributions are based upon statewide rates established by the state of Florida. From July 1, 2017 through June 30, 2018, the employer rates, which include the health insurance subsidy contributions of 1.66%, and the 0.06% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.92%; senior management – 22.71%; and deferred retirement option plan – 13.26%. Effective July 1, 2011, employees participating in the Plan are required to contribute 3% of their eligible earnings on a pre-tax basis to the Plan. Employees enrolled in the DROP are not subject to the 3% contribution. The City's contributions to the FRS Plan were \$444,374 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the City reported a liability of \$4,544,208 for its proportionate share of the FRS Plan's net pension liability. 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, 2017. The City's proportion of the net pension liability was based on the City's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2018, the City's proportion was 0.01509%, which was a decrease of 0.00049% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$860,804 for its proportionate share of FRS's pension expense. In addition, the City reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 384,963	\$ 13,972
Changes in Actuarial Assumptions	1,484,826	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	351,095
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	205,807	150,175
City Contributions Subsequent to the Measurement Date	98,976	-
Total	<u>\$ 2,174,572</u>	<u>\$ 515,242</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan (continued)

A total of \$98,976 was reported as deferred outflows of resources related to pensions resulting from City contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	Amount
2019	\$ 664,465
2020	453,394
2021	30,326
2022	234,308
2023	156,962
Thereafter	20,899

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% Per Year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.00%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Totals	<u>100%</u>			
Assumed Inflation - Mean			2.6%	1.9%

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.00%	7.00%	8.00%
City's Proportionate Share of the FRS Plan Net Pension Liability	\$ 8,293,370	\$ 4,544,208	\$ 1,430,307

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Retiree Health Insurance Subsidy Program (continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were \$96,959 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the City reported a liability of \$1,917,738 for its proportionate share of the HIS Plan's net pension liability. 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. The City's proportion of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the City's proportion was 0.01812%, which was a decrease of 0.00083% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$174,591 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 29,360	\$ 3,258
Changes in Actuarial Assumptions	213,276	202,759
Net Difference Between Projected and Actual Earnings on HIS Program Investments	1,158	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	188,523	127,892
City Contributions Subsequent to the Measurement Date	21,692	-
Total	<u>\$ 454,009</u>	<u>\$ 333,909</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Retiree Health Insurance Subsidy Program (continued)

A total of \$21,692 was reported as deferred outflows of resources related to pensions resulting from City contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	Amount
2019	\$ 58,281
2020	58,183
2021	43,333
2022	27,318
2023	(41,781)
Thereafter	(46,926)

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study of the FRS Plan for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.87% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.87%	3.87%	4.87%
City's Proportionate Share of the HIS Plan			
Net Pension Liability	\$ 2,184,191	\$ 1,917,738	\$ 1,695,634

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Retiree Health Insurance Subsidy Program (continued)

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the state of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2017-18 fiscal years, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, and Senior Management Service. These allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$70,445 for the year ended September 30, 2018. Employee contributions to the Investment Plan totaled \$17,311 for the fiscal year ended September 30, 2018.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems

Plan Description – The City contributes to two single-employer defined benefit pension plans, the Police Officers' Retirement System and Firefighters' Retirement System. The plans cover all sworn police officers and uniformed firefighters, respectively. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City Ordinances assign the authority to establish and amend benefit provisions to the Board of Trustees of each retirement plan. The City's pension expense totaled \$987,798 for both the Police Officers' and Firefighters' Retirement Systems for the year ended September 30, 2018.

Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan:

Police Officers' Retirement System
6739 Adams Street
New Port Richey, Florida 34652
(727) 841-4554

Firefighters' Retirement System
4901 Madison Street
New Port Richey, Florida 34652
(727) 841-4533

City of New Port Richey Police Officers' Retirement System

At September 30, 2018, the Plan's membership consisted of the following:

Vested		10
Nonvested		31
Currently Receiving Benefits		41
DROP Retirees		2
Terminated Employees Entitled to		
Benefits but Not Yet Receiving Them		5

Plan Description – Police Officers' Pension Plan

The Plan is a defined benefit plan covering all sworn police officers of the City. Participation in the Plan is required as a condition of employment. Originally established in 1969 and amended in 1996, 2000, 2001, 2004, and 2005, the Plan provides for pension, death, and disability benefits. The Plan is subject to provisions of Chapter 185, Florida Statutes.

The Plan, in accordance with the above statute, is governed by a five-member pension board. Two police officers, two City residents, and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Police Officers' Retirement System (continued)

Benefits Provided – Police Officers' Pension Plan

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

Pension Benefits – Under the Plan, participants with 10 or more years of continuous service are entitled to annual pension benefits beginning at normal retirement age (50) or before age 50 if they have completed 20 continuous years of service. Benefits are equal to 3.5% of the participants' average final compensation for each year of credited service provided however, in no extent shall the monthly benefit exceed 75% of average final compensation. A participant's monthly retirement benefit ceases upon the later of death or 120 months from the date of commencement. A participant who terminates prior to 10 continuous years of service forfeits the right to receive all benefits he/she has accumulated. However, he/she retains the right of refund of all personal contributions made to the Plan. All retirees including disability retirees and vested terminated persons who retire on or after October 1, 2004 and their beneficiaries shall receive a \$500 (\$400 as of January 1, 2010) supplemental benefit. This benefit shall also include participants who enter the DROP on or after October 1, 2004. An additional benefit of four hundred dollars per month, payable for life, shall be paid to all retirees who became members of the Plan prior to October 20, 1994. This benefit was temporarily reduced to three hundred dollars per month for the period from January 31, 1993 through September 14, 1994. Effective September 15, 1994 the supplemental benefit returned to four hundred dollars per month. For those who became members on or after October 10, 1994 the additional benefit is two hundred dollars per month.

Death Benefits – For any deceased employee who had been an actively employed participant eligible for early, normal, or delayed retirement, the benefit payable shall be at least equal to the annuity of ten years calculated as of the date of death. Benefits payable under service-connected death for participants ineligible for early retirement shall be payable to the spouse at the rate of 60% of the participant's regular base salary plus \$500 (before January 1, 2010), \$400 or \$200 per month until death. If there is no spouse, or upon the death of the spouse, each unmarried child shall receive 15% of the participant's regular base salary (aggregate not greater than 60%) plus \$500 (before January 1, 2010), \$400 or \$200 per month until age of 18, or the age of 22 if a full-time student at an accredited institution. After five years of continuous service, nonservice-connected death benefits shall be payable to the spouse at the rate of 30% of the participant's regular base salary plus \$400 or \$200 per month until the earlier of death or remarriage of the spouse. Benefits are payable to the children in amounts equal to one-half of the benefits as are payable by reason of service-incurred death.

Disability Benefits – Benefits payable to participants under service-incurred disability shall be monthly installments of 60% of participant's regular monthly base salary in effect at the date of disability plus \$500 (before January 1, 2010), \$400 or \$200 per month. The benefit shall be paid from the date of disability until recovery or death of the participant and continued to the beneficiary for life. After one year of continuous service, should a participant become disabled due to a nonservice-incurred cause, benefits of 30% of the participant's regular monthly base salary plus \$500 (before January 1, 2010), or \$400 shall be paid monthly from date of disability until recovery or death. For those who became members on or after October 20, 1994 the benefit will equal 5% of regular base salary for each year of service not to exceed 30%. Disability payments may be reduced proportionally to the extent that the disabled participant's benefits received hereunder with additional earned income exceed his earnings for the calendar year preceding disability. An optional form of benefit, providing death benefits, may be elected, but one hundred twenty (120) payments shall be guaranteed in any event. Notwithstanding the foregoing, the benefits for service connected disabilities cannot be reduced below the greater of 42% of average final compensation, 2% of average compensation times the number of years of credited service or 3.5% of regular base salary for each year of credited service not to exceed 75% of regular base salary.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Police Officers' Retirement System (continued)

Deferred Retirement Option Plan – Any Plan participant who is eligible to receive a normal or early retirement pension may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a police officer. Upon participation in the DROP, the participant becomes a retiree for all Plan purposes so that h or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or he termination of employment. Participation in the DROP ceases for a Plan participant after the earlier of sixty months or the date elected by the participant.

Refund and Compulsory Contributions – Nonvested participants, upon termination, may request return of their compulsory contributions or leave them on deposit with the Plan. The Plan does not pay any interest on compulsory account balances or contributions returned.

Covered officers are required to contribute 4.5% of their salary to the Plan for the period from October 1, 1998 through January 16, 1999, 1.9% for the period from January 17, 1999 through the payroll for the week ended July 15, 2000, and 4.5% for the period from July 16, 2000 through the year ended September 30, 2009. If an officer retires, dies, becomes disabled, or terminates employment with the City, accumulated contributions are refunded to the officer or his/her designated beneficiary. Effective November 7, 2017, members will contribute 6.5% of salary, reduced to equal the City contribution in any year that the City contribution is less than 6.5% of covered payroll. If an officer retires, dies, becomes disabled, or terminates employment with the City, accumulated contributions are refunded to the officer or his/her designated beneficiary.

Net Pension Liability of the City – Police Officers' Pension Plan

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of October 1, 2016.

Total Pension Liability		\$ 26,638,691
Plan Fiduciary Net Position		26,657,341
City Net Pension Liability		<u>\$ (18,650)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		100.07%

Actuarial assumptions – Police Officers' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2016 using the following actuarial assumptions applied to all measurement periods.

Inflation		2.75%
Salary Increases		5.5% to 8.0%
Investment Rate of Return		7.75%
Discount Rate		7.75%

Mortality rates were based on the RP 2000 Combined Healthy for males and females with mortality improvement projected to all future years using Scale AA.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Police Officers' Retirement System (continued)

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date of September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	60%	4.67%
Domestic Fixed Income	30%	2.50%
Real Estate	10%	4.50%

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the sponsor contributions will be made a rate to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Police Officers' Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City's Net Pension Liability	\$ 3,129,945	\$ (18,650)	\$ (2,636,000)

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Police Officers' Retirement System (continued)

Changes in the Net Pension Liability – Police Officers' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 25,549,613	\$ 24,064,494	\$ 1,485,119
Changes for the Year:			
Service Cost	770,072	-	770,072
Interest	1,970,862	-	1,970,862
Benefit Changes	-		-
Differences Between Expected and Actual Experience	(610,687)	-	(610,687)
Assumption Changes	686,077	-	686,077
Contributions - Employer and State	-	1,262,959	(1,262,959)
Contributions - Members	-	111,261	(111,261)
Net Investment Income	-	3,011,138	(3,011,138)
Benefit Payments, including Refunds of Member Contributions	(1,727,246)	(1,727,246)	-
Administrative Expense	-	(65,265)	65,265
Net Changes	1,089,078	2,592,847	(1,503,769)
Ending Balance	<u>\$ 26,638,691</u>	<u>\$ 26,657,341</u>	<u>\$ (18,650)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Police Officers' Pension Plan

For the year ended September 30, 2018, the City recognized pension expense of \$355,603. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 841,680
Changes of Assumptions or Other Inputs	536,930	-
Net Difference Between Projected and Actual Earnings on Police Pension Plan Investments	-	466,212
City and State Contributions Subsequent to the Measurement Date	809,318	-
Total	<u>\$ 1,346,248</u>	<u>\$ 1,307,892</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Police Officers' Retirement System (continued)

A total of \$809,318 was reported as deferred outflows of resources related to contributions to the plan subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending September 30, 2019.

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2019	\$ (324,150)
2020	(115,945)
2021	(108,233)
2022	(222,634)
2023	-
Thereafter	-

City of New Port Richey Firefighters' Retirement System

At September 30, 2018, the Plan's membership consisted of the following:

Vested	6
Nonvested	16
Currently Receiving Benefits	24
DROP Retirees	1
Terminated, Entitled to Benefits	9

Plan Description – Firefighters' Pension Plan

General -The Plan is a defined benefit pension plan covering all sworn firefighters of the City. Participation in the Plan is required as a condition of employment. Originally established in 1969 and amended in 2000, 2003, 2004, 2005, and 2011 the Plan provides for pension, death, and disability benefits. The Plan is subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statute, is governed by a five-member pension board. Two firefighters, two City residents, and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

Benefits Provided – Firefighters' Pension Plan

Normal retirement date – A member's normal retirement date shall be the first day of the month coincident with, or next following the earlier of the attainment of age fifty-two (52) and accrual of 25 years of credited service; provided, however, that any member who has completed at least ten (10) years of credited service as of the effective date of Ordinance No. 2013-2016, shall be eligible for normal retirement upon the earlier of the attainment of age fifty (50) and the completion of ten (10) years of credited service or the attainment of age forty (40) and the completion of twenty (20) years of credited service. A member may retire on his normal retirement date or on the first date of any month thereafter, and each member shall become one hundred (100) percent vested in his accrued benefit on the member's normal retirement date. Normal retirement under the system is retirement from employment with the City on or after the normal retirement date.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Firefighters' Retirement System (continued)

Normal retirement benefit – A member retiring hereunder on or after his normal retirement date shall receive a monthly benefit which shall commence on the first day of the month coincident with or next following his retirement and be continued thereafter during member's lifetime, ceasing upon death, but with one hundred twenty (120) monthly payments guaranteed in any event. The monthly retirement benefit shall equal three and on-half (3½) percent of average final compensation, for each year of credited service for each year of credited service accrued through September 30, 2013; however, the monthly retirement benefit for any member shall not exceed seventy-five (75) percent of average final compensation; provided, however, that in any event the benefit shall equal at least two (2) percent of average final compensation for each year of credited service accrued after September 30, 2013. An additional benefit of two hundred dollars (\$200) per month shall be paid to all normal retirees, ceasing at death. An optional form of benefit may be elected by members as provided in section 17-45.

Death Benefits Prior to Vesting or Eligibility for Retirement – If deceased and not receiving monthly benefits, or not yet vested or eligible for normal retirement the beneficiary shall receive a refund of 100% of the participant's accumulated contributions.

Deceased Members Vested or Eligible for Retirement with Spouse as Beneficiary – A beneficiary may, in writing, elect either (a) or (b): (a) If vested or eligible for normal retirement as of date of death, the benefit payable under this option shall be that monthly amount which would have been payable had the member retired under normal retirement, without actuarial reduction, on the date of death, with the resulting benefit then being payable to the spouse beneficiary as if the member had selected the 100% joint and survivor annuity optional form of benefit (b) If vested or eligible for normal retirement as of the date of death, the benefit payable under this option shall be as follows: If vested, but not eligible for normal retirement, the spouse beneficiary shall receive a benefit payable for 10 years, beginning on the date that the deceased member would have been eligible for normal retirement, at the option of the spouse beneficiary. The benefit shall be calculated as for normal retirement based on the member's credited service and average final compensation as of the date of the member's death.

Disability benefits – If a member becomes totally and permanently disabled to the extent the member is unable, by reason of a medically determinable physical or mental impairment, to render useful and efficient service as a firefighter, which disability was directly caused by the performance of his or her duty as a firefighter, the participant shall, upon establishing the same to the satisfaction of the board, be entitled to a monthly pension equal to sixty (60) percent of his or her regular base salary in effect as of the date of disability, but such monthly installment shall not be less than forty-two (42) percent of his or her average final compensation at the time of disability. The benefits shall be paid from the date of disability until recovery, as determined by the board, or for life and continued to the spouse for life upon the member's death. In the event of a member's death who does not have a surviving spouse, or upon the subsequent death of the spouse, the benefits shall be continued to the member's children in equal shares until each such child has attained the eighteenth birthday, or the twenty-second birthday if enrolled in a fully accredited college or university. An additional benefit of one hundred dollars (\$100.00) per month, ceasing at the earlier of age sixty-five (65) or death, shall be paid to all disabled retirees. Terminated persons, either vested or nonvested are not eligible for disability benefits, except that those terminated by the City for medical reasons may apply for a disability within thirty (30) days after termination. Disability retirement benefits paid shall not be less than the accrued retirement benefit at the time of disability.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Firefighters' Retirement System (continued)

Deferred Retirement Option Plan (DROP) – If a member does not commence participation in the DROP prior to October 1, 2013, he or she shall not be eligible to participate in the DROP, regardless of the date of election to participate in the DROP, except that if a member is eligible to retire with normal benefits on September 30, 2013, he or she shall be able to enter the DROP after September 30, 2013. (a) If a member becomes eligible for normal retirement, and is still employed by the City as a firefighter, he or she has the option of “retiring” from the pension plan but continuing employment as a firefighter for an additional five years. An election to participate in the DROP constitutes an irrevocable election to resign from the service of the City not later than 5 years from the time that election to participate first becomes effective. Participation in the DROP is not a guarantee of employment and DROP participants shall be subject to the same employment standards and policies that are applicable to employees who are not DROP participants. A firefighter must request, in writing, to enter the DROP. (b) Upon entering the DROP, the retirement benefit is immediately calculated and each monthly benefit payment is deposited into a member’s DROP account. A member may elect to either have his or her account credited with interest at the rate of 6.5% per annum or credited or debited with an investment return or loss equal to the net investment return realized by the System for the quarter. Two changes in election are permitted. (c) At the time of termination of employment at the end of the DROP period, a member will receive his or her account balance in a lump sum and will also begin receiving a monthly retirement benefit. (d) Once a member enters the DROP, he or she is no longer eligible for disability or pre-retirement death benefits and does not accrue any additional credited service. The retirement benefit is fixed as of the entry date. A DROP employee pays no member contributions to the Plan upon entering the DROP.

Back DROP – A Back DROP, as provided for herein, will be available to eligible members commencing October 1, 2013. (1) A member is eligible to elect Back DROP during the period commencing on the earlier of the date of attaining age 48 and the completion of 25 years of credited service or normal retirement age and ending before 10 years after attaining eligibility. (2) If electing Back DROP, a member shall designate a Back DROP date and a proposed date of termination of employment. The Back DROP date may be any date on or after the date of attaining eligibility for Back DROP but no more than 3 years prior to the proposed date of termination of employment (the Back DROP Period). The Back DROP Period shall in no case exceed 3 years. A firefighter’s election shall be submitted to the Board for its approval. (3) A member’s retirement benefit, payable commencing upon termination of employment, will be calculated using the amount of credited service and average final compensation as of the Back DROP date. Upon termination, a member will also receive a Back DROP lump sum payment calculated as the accumulated amount of monthly benefit payments he or she would have received if he or she had actually retired and terminated employment on the Back DROP date, plus interest at 1½ % per year, compounded annually. (4) All or a portion of the Back DROP lump sum payment may be rolled over into an eligible retirement plan or account. If a member elects Back DROP he or she must, at the time of election, designate for your monthly benefit either the normal retirement benefit or one of the optional forms. (5) Election of Back DROP, including the designation of the Back DROP date and the proposed termination date, is irrevocable. In no case shall a firefighter remain employed after the termination date.

Refund and Compulsory Contributions – Nonvested participants, upon termination, may request return of their compulsory contributions or leave them on deposit with the Plan. The Plan does not pay any interest on compulsory account balances or contributions returned. Covered firefighters are required to contribute 8% of their salary to the Plan. If a firefighter retires, dies, becomes disabled, or terminates employment with the City, accumulated contributions are refunded to the firefighter or his/her designated beneficiary.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Firefighters' Retirement System (continued)

Net Pension Liability of the City – Firefighters' Pension Plan

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of October 1, 2016.

Total Pension Liability		\$ 13,246,921
Plan Fiduciary Net Position		12,148,613
City Net Pension Liability		<u>\$ 1,098,308</u>
Plan Fiduciary Net Position as a		
Percentage of Total Pension Liability		91.71%

Actuarial assumptions – Firefighters' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods.

The most recent actuarial experience study used to review the other significant assumptions was dated November 16, 2010.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date of September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	65%	6.33%
International Equity	15%	5.87%
Fixed Income	20%	2.50%

Discount Rate – Firefighter Pension Plan

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the sponsor contributions will be made a rate to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Firefighters' Retirement System (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – Firefighters' Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
City's Net Pension Liability	\$ 2,508,231	\$ 1,098,308	\$ (76,561)

Changes in Net Pension Liability – Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 12,696,050	\$ 11,174,114	\$ 1,521,936
Changes for the Year:			
Service Cost	252,990	-	252,990
Interest	848,665	-	848,665
Changes in Excess State Money	243,050	-	243,050
Change of Benefit Terms	68,651	-	68,651
Differences Between Expected and Actual Experience	(38,501)	-	(38,501)
Changes of Assumptions	-	-	-
Contributions - Employer and State	-	432,534	(432,534)
Contributions - Member	-	94,225	(94,225)
Net Investment Income	-	1,335,320	(1,335,320)
Benefit Payments, including Refunds of Member Contributions	(823,984)	(823,984)	-
Administrative Expense	-	(63,596)	63,596
Net Changes	550,871	974,499	(423,628)
Ending Balance	\$ 13,246,921	\$ 12,148,613	\$ 1,098,308

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Firefighters' Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Firefighters' Pension Plan

For the year ended September 30, 2018, the City recognized pension expense of \$713,055. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 218,684
Changes in Actuarial Assumptions	175,970	-
Net Difference Between Projected and Actual Earnings on Firefighter Pension Plan Investments	76,106	-
City and State Contributions Subsequent to the Measurement Date	462,112	-
Total	<u>\$ 714,188</u>	<u>\$ 218,684</u>

A total of \$462,112 was reported as deferred outflows of resources related to contributions to the plan subsequent to the measurement date that will be recognized as an addition to the net pension asset in the year ending September 30, 2019.

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2019	\$ 89,861
2020	146,410
2021	(111,006)
2022	(91,873)
2023	-
Thereafter	-

Summary of Defined Benefit Pension Plans

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the City's defined benefit pension plans are summarized below:

	FRS Plan	HIS Plan	Police Officers' Pension Plan	Firefighters' Pension Plan	Total
Net Pension Asset	\$ -	\$ -	\$ 18,650	\$ -	\$ 18,650
Net Pension Liability	4,544,208	1,917,738	-	1,098,307	7,560,253
Deferred Outflows of Resources					
Relating to Pensions	2,174,572	454,009	1,346,248	714,188	4,689,017
Deferred Inflows of Resources					
Relating to Pensions	515,242	333,909	1,307,892	218,684	2,375,727
Pension Expense	860,804	174,591	355,603	713,055	2,104,053

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

City of New Port Richey Firefighters' Retirement System (continued)

Net pension liabilities associated with the Florida Retirement System and Retiree Health Insurance Subsidy Program are liquidated in the individual fund to which the liability is directly associated. For the Police Officers' and Firefighters' Pension Plans, liabilities are liquidated in the General Fund, which captures public safety expenditures.

Defined Contribution Retirement Plan

Plan Description – The City, in accordance with Florida Statute 121, elected to opt out of the Florida Retirement System for newly hired employees effective January 1, 1996, and subsequently established a single-employer, defined contribution retirement plan. The Plan is a “money purchase” plan and is funded through the purchase of annuity contracts from the Variable Annuity Life Insurance Company (VALIC). Effective January 3, 2006, the City Council approved the rejoining of the Florida Retirement System for all eligible new nonuniformed employees and nonuniformed employees previously participating in the single-employer defined contribution pension plan that have elected to participate in the Florida Retirement System.

Employees are fully vested after six years of service and the Plan provides for retirement, disability, and death benefits to plan members and beneficiaries. The City of New Port Richey may amend or terminate the Plan at any time, at its sole discretion. However, no amendment may result in a reduction of any participant's vested interest or cause any portion of the plan's assets to revert back to the City. In addition, no amendment may authorize the use of the plan assets for purposes other than the exclusive benefit of participants and their beneficiaries. The Plan is administered by VALIC.

Funding Policy – The Plan does not require contributions from members. The City contributes 10% of the annual compensation of participating employees. For fiscal years ended September 30, 2018, 2017, and 2016, the City contributed approximately \$36,407, \$37,624, and \$33,839, respectively, to the Plan. Contributions made by the City were equal to the required contribution percentage.

NOTE I POSTEMPLOYMENT HEALTH CARE PLAN

Plan Description – The City provides a defined benefit postemployment health care plan, the Retiree Health Care Program (the Plan), whereby retired employees are able to purchase health care benefits through the City's health care provider. The Plan is administered by the City as a single-employer plan. The Plan is currently unfunded. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for the Plan. All approved benefits are paid from general assets when due. The City does not issue stand-alone financial statements for the Plan.

To be eligible to participate in the Plan, *General employees* must have a minimum of six years of vesting service with the City under the Florida Retirement System (FRS) or the City's Defined Contribution Plan, must be eligible to receive benefits from FRS or the Defined Contribution Plan, and must either retire at the age of 62 or above, or retire with 30 years of consecutive service with the City. *Firefighter employees* are eligible to participate in the Plan if they retire at the age of 50 or above with 10 years of service or retire at age 40 or above with 20 years of service. *Police Officer employees* are eligible to participate in the Plan if they retire at the age of 50 or above with 10 years of service or retire after 20 years of service.

The retired employees (including their eligible dependents) that are eligible to participate in the Plan can currently select one of three health care plans offered by the City's health care provider. Retiree Plan participants are required to pay 100% of their respective health care insurance premiums.

The City's overall cost of providing health care benefits is increased as a result of an implicit insurance rate subsidy resulting from retired employees being permitted to pay lower than age-adjusted premiums through the

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE I POSTEMPLOYMENT HEALTH CARE PLAN (continued)

use of blended premiums for both retirees and active employees. The resulting incremental increase in health care insurance premiums results in an actuarial accrued liability to the City based on projected health care costs.

Plan Membership. At September 30, 2018, pension plan membership consists of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits	14
Active Plan Members	205
Total	219

Funding Policy and Status – The annual required contribution to fund the incremental cost of the health care plan is based on a pay-as-you-go funding approach. Liabilities and OPEB expense were developed using the Entry Age Percent of Pay Actuarial Cost Method as required by GASB Statement No. 75.

Net OPEB Liability - The City's net OPEB Liability was measured as of September 30, 2018, and the total OPEB Liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of October 1, 2016. Update procedures were used to rollforward the total OPEB liability to the measurement date of October 1, 2017.

Actuarial Assumptions - Total pension liability was determined by actuarial valuation as of September 30, 2018, using the following actuarial assumptions:

Measurement Date	10/1/2017
Actuarial Valuation Date	10/1/2016
Inflation	2.75% - not explicitly used in valuation
Discount Rate	3.50%
Projected Salary Increases	3.70% - 7.80%
Healthcare Cost Trend Rates	Based on the Getzen Model starting at 7.50% gradually decreasing to an ultimate rate of 4.60% in 2040
Retirees' Share of Benefit-Related Costs	100% of blended health insurance premium rates except by law 0% for certain conditions for Police Officers and Firefighters death and disability benefits
Mortality Rates	Healthy members based on various RP-2000 mortality tables with varying Collar adjustments and generational mortality improvements with Scale BB. Disabled employees based on RP-2000 disabled mortality tables setback 4 years for males and set forward 2 years for females and no projected improvements.

Discount Rate - The discount rate used to measure total OPEB Liability was 3.50%. This rate is based on the Fidelity 20-year Municipal GO AA Index as of the measurement date.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE I POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Changes on Net OPEB Liability -

	Total OPEB Liability
Balances - October 1, 2017	\$ 3,652,745
Changes for the Year:	
Service Cost	355,910
Interest	122,954
Changes in Assumptions	(306,004)
Differences Between Expected and Actual Experience	
Benefit Payments	(85,427)
Net Changes	87,433
Balances - September 30, 2018	\$ 3,740,178

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability calculated using the current discount rate of 3.50%, along with what the net OPEB liability would be if the discount rate used was 1-percentage-point lower (2.50%) and 1-percentage-point higher (4.50%).

Description	1% Decrease in		1% Increase in
	Discount Rate	Discount Rate	Discount Rate
OPEB Plan Discount Rate	2.50 %	3.50 %	4.50 %
Total OPEB Liability	\$ 4,572,217	\$ 3,740,178	\$ 3,102,025

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE I POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability calculated using the current healthcare cost trend rate of 7.50% graded down to 4.60%, along with what the net OPEB liability would be if the healthcare cost trend rate used was 1-percentage-point lower (6.50% graded down to 3.60%) and 1-percentage-point higher (8.50% graded down to 5.60%).

Description	1% Decrease in	Healthcare Cost	1% Increase in
	Trend Rate	Trend Rate	Trend Rate
OPEB Plan Healthcare Cost Rate	6.50% to 3.60%	7.50% to 4.60%	8.50% to 5.60%
Total OPEB Liability	\$ 2,972,414	\$ 3,740,178	\$ 4,787,596

OPEB Costs - For the year ended September 30, 2018, the City recognized OPEB expense of \$448,567. In addition, the City reported OPEB deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 275,707
Employer Contributions subsequent to measurement date	84,791	-

Amounts reported as deferred inflows of resources will be recognized as an increase (decrease) in OPEB expense as follows:

Year Ended September 30,	Amount
2019	\$ (30,297)
2020	(30,297)
2021	(30,297)
2022	(30,297)
2023	(30,297)
Thereafter	(124,222)

At September 30, 2018, the City reported deferred outflows of resources related to OPEB totaling \$84,791 from employer contributions subsequent to the measurement date. This deferred outflow of resources will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2019.

NOTE J EMPLOYER BENEFITS FROM ON-BEHALF PAYMENTS

The City receives insurance excise tax remittances from the state of Florida on behalf of the Police Officers' Retirement Fund and Firefighters' Retirement Plan that are restricted in purpose for the benefit of the retirement plans and must be transferred immediately upon receipt to each respective retirement plan. The amounts received from the state of Florida on behalf of the Police Officers' Retirement Plan and Firefighters' Retirement Plan for the year ended September 30, 2018 were \$352,072. These amounts have been reported as intergovernmental revenues in the General Fund with a corresponding expenditure classified within Public Safety as part of personal services in the Police and Fire departments.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE K DEFERRED COMPENSATION PLAN

The City has a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, in which all full-time employees are eligible to participate. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the Plan. As of September 30, 2018, annual contributions by a participant may not exceed the lesser of \$17,500 or 100% of the participant's includable compensation. Employees that are age fifty (50) or older are able to defer an additional \$6,000 as provided by the "catch-up" provisions of the Internal Revenue Code.

NOTE L LANDFILL COSTS

In July 1991, the City closed its landfill. State and federal laws require the City to perform post-closure monitoring for 20 years, which began in 1991. The facility is classified as a closed Class III landfill and shall be monitored and maintained in accordance with state requirements. The closed landfill includes a disposal footprint of approximately 55 acres.

On December 19, 2012 a new permit titled "Solid Waste Closure (long-term care) Permit – Landfill" was issued by the Department of Environmental Protection which replaces the previous permit. This extension of the long-term care period was required at the facility for an indefinite period of time until sufficient data has been collected to demonstrate that the site has "stabilized" as defined by Rule 17-701.020 (64), F.A.C. The new permit (which expires May 29, 2027) states that financial assurance is no longer required for the facility. The City incurred expenses of \$4,723 for the fiscal year ended September 30, 2015, for post-closure monitoring and maintenance at the facility. No liability has been reported for landfill closure and post closure care as of September 30, 2018.

NOTE M RISK MANAGEMENT

The City is a member of Public Risk Management of Florida (PRM), a liability risk pool. PRM administers insurance activities relating to workers' compensation, property, liability, and automobiles. PRM absorbs the risk of loss up to a specified amount annually and purchases excess and other specific coverage's from third-party carriers. PRM assesses each member its pro rata share of the estimated amount required to meet current-year losses and operating expenses. During the fiscal year ended September 30, 2018, the City had no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that have exceeded the City's insurance coverage in any of the past three fiscal years.

NOTE N SIGNIFICANT CONTINGENCIES

Litigation – The City is involved as a defendant or plaintiff in certain litigation and claims arising in ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities will not materially affect the financial position of the City. On March 6, 2013, an inverse condemnation case against the City was settled through mediation. The City has agreed to the terms of settlement and will pay \$362,500 in installments starting October 1, 2013 with the last payment on October 1, 2018.

State and Federal Grants – Grant monies received and disbursed by the City are for the specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City.

Arbitrage Rebate – In accordance with the Tax Reform Act of 1986, any interest earnings on borrowed construction funds in excess of the interest costs incurred are required to be rebated to the federal government. There was no arbitrage liability as of September 30, 2018.

Construction Commitments – As of September 30, 2018, the City's commitments with contractors totaled \$2,412,603 for a number of capital projects.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE O STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations – For the year ended September 30, 2018, expenditures exceeded appropriations in the General Fund by \$246,099, which mainly is derived from Public Safety operating expenditures for Police. Expenditures also exceeded appropriations for the Street Lighting Fund (Nonmajor fund) in the amount of \$34,159. Expenditures exceeded appropriations in the Debt Service Fund by \$4.

Fund Deficits - The Redevelopment Fund has a negative fund balance of \$5,015,890 caused primarily by the receipt in previous fiscal years of a repayable advance totaling \$8,877,157 from the General Fund and the subsequent transfer of the same amount to the Debt Service Fund to pay off a Series 2012 Revenue Note. Since the General Fund advance was not recorded as an Other Financing Source, the transfer to the Debt Service Fund contributed to the reported fund balance deficit at September 30, 2018. The City plans to monitor cash flows in this fund to reduce this deficit over time with increases in collected tax increment financing revenues as the assessed values of properties in the City increases.

NOTE P CHANGE IN ACCOUNTING PRINCIPLE

During the year ended September 30, 2018 the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These pronouncement require the restatement of the September 30, 2017 net position of the governmental activities and proprietary funds as follows, which is documented in Note Q below.

NOTE Q PRIOR PERIOD ADJUSTMENTS

During the year ended September 30, 2018, the City restated net position and fund balance as of September 30, 2017, in order to implement the application of GASB 75 and correct the following errors affecting prior periods:

- The City did not record A/R and revenue to recognize the fiscal year 2017 grant funding incurred for Circle Blvd. Paving Project for the Street Improvement Fund (Aggregate remaining nonmajor funds) as request for reimbursement was collected in FY18 - January 2018. This error caused understatement of revenues in the prior year.
- During fiscal year 2017, the City did not properly record prior year accruals for the communication service tax and the half cent sales tax as 2016 accruals were not properly reversed, and the October 2017 application period for both state taxes were recorded in fiscal year 2017, resulting in an overstatement in the general fund in the amount of \$149,700.
- The City overstated the discretionary surtax revenues in the Capital Projects Fund as the 2016 accrual was not properly reversed and the application period October 2017, \$161,910, was recorded in FY17, resulting in an overstatement of revenues in the Capital Projects Fund for fiscal year 2017.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE Q PRIOR PERIOD ADJUSTMENTS (continued)

The net position and fund balance of governmental activities, business-type activities, governmental funds, and proprietary funds were restated as of September 30, 2017 as follows:

	Governmental Activities	Business-Type Activities	General Fund	Street Improvement Fund	Capital Projects Fund	Water and Sewer Fund	Stormwater Utility Fund	Internal Service Fund
Balance - September 30, 2017, as Previously Reported	\$ 33,414,213	\$ 55,164,414	\$ 12,901,891	\$ 1,570,307	\$ 3,305,983	\$ 48,081,397	\$ 7,083,017	\$ 704,471
Cumulative Effect of Application of GASB 75	(1,161,722)	(234,406)	-	-	-	(214,530)	(19,876)	(10,822)
Correction of Error to Revenues	(112,640)	-	(149,700)	198,970	(161,910)	-	-	-
Balance - September 30, 2017, as Restated	\$ 32,139,851	\$ 54,930,008	\$ 12,752,191	\$ 1,769,277	\$ 3,144,073	\$ 47,866,867	\$ 7,063,141	\$ 693,649

NOTE R SUBSEQUENT EVENT

On May 1, 2019, the City issued Water and Sewer Revenue Bond, Series 2019, in the principal amount of \$8,723,000 for the purpose of financing and/or reimbursing the costs associated with the purchase of a utility system and other capital improvements. The City will repay the Bond over 10 years at an interest rate of 2.61%. The Bond will mature on October 1, 2028.

Required Supplementary Information

Required supplementary information includes budgetary comparison schedules for the general fund and major special revenue funds, and schedules depicting the funding progress and contributions for the single employer defined benefit pension plans.

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**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			
RESOURCES (INFLOWS)					
TAXES					
Ad Valorem	\$ 4,526,030	\$ 4,703,030	\$ 4,693,290	\$ (9,740)	
Franchise Taxes	2,705,000	2,705,000	2,756,644	51,644	
Communication Services Tax	673,820	673,820	674,449	629	
TOTAL TAXES	7,904,850	8,081,850	8,124,383	42,533	
LICENSES AND PERMITS					
Local Business Tax	140,000	140,000	99,173	(40,827)	
Permits and Fees	394,170	325,170	352,586	27,416	
TOTAL LICENSES AND PERMITS	534,170	465,170	451,759	(13,411)	
INTERGOVERNMENTAL REVENUE					
Federal Grants	369,580	369,580	319,056	(50,524)	
State and Local Grants	103,000	103,000	71,248	(31,752)	
State Excise Tax Rebate - Fire Pension	125,000	125,000	115,153	(9,847)	
State Excise Tax Rebate - Police Pension	197,460	236,919	236,919	-	
State Revenue Sharing	690,000	690,000	687,758	(2,242)	
County Occupational Licenses	15,000	15,000	10,244	(4,756)	
Mobile Home License Tax Rebate	47,000	47,000	40,131	(6,869)	
Municipality Fuel Tax Refund	20,000	20,000	16,652	(3,348)	
Half-Cent Sales Tax	1,000,820	1,000,820	1,050,889	50,069	
Alcoholic Beverage Licenses	38,000	38,000	38,786	786	
Firefighters Supplementary Compensation	5,000	5,000	5,865	865	
TOTAL INTERGOVERNMENTAL REVENUES	2,610,860	2,650,319	2,592,701	(57,618)	
CHARGES FOR SERVICES					
Recreation	601,700	601,700	573,822	(27,878)	
Public Safety	225,500	303,033	305,586	2,553	
Street Lights	47,000	47,000	37,519	(9,481)	
Other	68,500	68,500	71,178	2,678	
TOTAL CHARGES FOR SERVICES	942,700	1,020,233	988,105	(32,128)	
FINES AND FORFEITURES					
Court Fines	2,363,940	2,363,940	2,083,423	(280,517)	
Other Fines	363,000	449,604	430,305	(19,299)	
TOTAL FINES AND FORFEITURES	2,726,940	2,813,544	2,513,728	(299,816)	
MISCELLANEOUS REVENUES					
Investment Income	10,230	10,230	31,940	21,710	
Contributions	-	-	9,353	9,353	
Rents	6,280	6,280	5,960	(320)	
Proceeds from Sale of Capital Assets	65,000	-	-	-	
Other	66,700	94,304	29,287	(65,017)	
TOTAL MISCELLANEOUS REVENUES	148,210	110,814	76,540	(34,274)	
TRANSFERS FROM OTHER FUNDS	5,876,960	5,876,960	5,876,960	-	
AMOUNTS AVAILABLE FOR APPROPRIATION	20,744,690	21,018,890	20,624,176	(394,714)	
				(continued)	

CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget
				Positive (Negative)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
GENERAL GOVERNMENT				
Legislative - Nonclassified				
Personnel	\$ 20,030	\$ 20,030	\$ 20,008	\$ 22
Operating	237,100	248,901	196,147	52,754
Nonoperating	51,770	51,765	51,764	1
	308,900	320,696	267,919	52,777
Executive				
Personnel	231,980	235,742	238,024	(2,282)
Operating	18,800	48,449	47,925	524
	250,780	284,191	285,949	(1,758)
Human Resources				
Personnel	112,330	114,001	115,587	(1,586)
Operating	401,210	450,097	454,001	(3,904)
	513,540	564,098	569,588	(5,490)
Financial Administration				
Personnel	780,270	733,489	735,359	(1,870)
Operating	273,520	301,432	322,897	(21,465)
Capital Outlay	11,000	9,382	7,382	2,000
	1,064,790	1,044,303	1,065,638	(21,335)
Technology Solutions				
Personnel	272,380	269,435	272,230	(2,795)
Operating	429,480	393,257	379,009	14,248
Capital Outlay	404,650	536,894	536,892	2
	1,106,510	1,199,586	1,188,131	11,455
City Clerk				
Personnel	19,050	21,161	21,181	(20)
Operating	49,750	48,413	46,752	1,661
	68,800	69,574	67,933	1,641
Administrative Services				
Personnel	-	-	4,049	(4,049)
	-	-	4,049	(4,049)
Economic Development				
Personnel	155,940	161,432	163,074	(1,642)
Operating	3,670	3,895	3,926	(31)
Capital Outlay	1,500	1,500	-	1,500
	161,110	166,827	167,000	(173)
Development Services				
Personnel	575,440	452,438	462,935	(10,497)
Operating	304,920	236,781	197,801	38,980
Capital Outlay	-	-	-	-
	880,360	689,219	660,736	28,483
TOTAL GENERAL GOVERNMENT	4,354,790	4,338,494	4,276,943	61,551
PUBLIC SAFETY				
Police				
Personnel	5,603,180	5,800,620	5,865,317	(64,697)
Operating	1,675,260	1,813,550	2,085,141	(271,591)
Capital Outlay	384,800	448,068	375,892	72,176
	7,663,240	8,062,238	8,326,350	(264,112)
Fire				
Personnel	2,313,840	2,284,513	2,338,449	(53,936)
Operating	296,850	286,088	258,954	27,134
Capital Outlay	42,000	45,062	25,191	19,871
	2,652,690	2,615,663	2,622,594	(6,931)
TOTAL PUBLIC SAFETY	10,315,930	10,677,901	10,948,944	(271,043)
				(continued)

CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget
				Positive (Negative)
PUBLIC WORKS				
Public Works Administration				
Personnel	\$ 291,800	\$ 291,800	\$ 304,026	\$ (12,226)
Operating	97,990	97,990	88,429	9,561
Capital Outlay	28,000	112	-	112
	417,790	389,902	392,455	(2,553)
Road and Street Facilities				
Personnel	316,180	271,641	268,240	3,401
Operating	308,510	387,468	391,645	(4,177)
Capital Outlay	-	13,861	13,861	-
	624,690	672,970	673,746	(776)
Facilities Maintenance				
Personnel	228,990	171,746	175,725	(3,979)
Operating	273,810	344,046	343,865	181
Capital Outlay	-	-	-	-
	502,800	515,792	519,590	(3,798)
Grounds Maintenance				
Personnel	372,560	352,168	328,842	23,326
Operating	305,720	290,528	309,156	(18,628)
Capital Outlay	-	-	8,634	(8,634)
	678,280	642,696	646,632	(3,936)
TOTAL PUBLIC WORKS	2,223,560	2,221,360	2,232,423	(11,063)
CULTURE AND RECREATION				
Library				
Personnel	584,430	569,321	577,655	(8,334)
Operating	321,250	297,710	297,215	495
Capital Outlay	98,900	76,000	77,144	(1,144)
	1,004,580	943,031	952,014	(8,983)
Recreation				
Personnel	646,640	628,034	654,532	(26,498)
Operating	323,800	335,650	345,518	(9,868)
Capital Outlay	218,530	165,056	142,187	22,869
	1,188,970	1,128,740	1,142,237	(13,497)
Swimming Pool				
Personnel	223,170	205,070	201,295	3,775
Operating	128,050	128,050	134,889	(6,839)
Capital Outlay	-	-	-	-
	351,220	333,120	336,184	(3,064)
TOTAL CULTURE AND RECREATION	2,544,770	2,404,891	2,430,435	(25,544)
TRANSFERS TO OTHER FUNDS	1,223,480	1,294,084	1,294,084	-
TOTAL CHARGES TO APPROPRIATIONS	20,662,530	20,936,730	21,182,829	(246,099)
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	82,160	82,160	(558,653)	(640,813)
				(continued)

**CITY OF NEW PORT RICHEY, FLORIDA
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2018**

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	\$ 20,624,176
Differences - budget to GAAP:	
Transfers from other funds and proceeds from sale of capital assets are inflow s of budgetary resources but are not revenues for financial reporting purposes	(5,876,960)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,747,216</u>
USES/OUTFLOWS OF RESOURCES	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 21,182,829
Difference - budget to GAAP:	
Transfers to other funds are outflow s of budgetary resources but are not expenditures for financial reporting purposes	(1,294,084)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,888,745</u>

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – REDEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget
				Positive (Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 784,960	\$ 840,755	\$ 840,755	\$ -
Intergovernmental Revenues	550,000	550,000	175,000	(375,000)
Fines and Forfeitures	-	-	2,507	2,507
Investment Income (Loss)	-	-	(956,816)	(956,816)
Surplus (Impairment) of Other Assets	-	-	443,998	443,998
Miscellaneous	116,000	12,400	55,619	43,219
Proceeds from insurance	-	-	43,826	43,826
Transfers from Other Funds	1,697,880	1,768,484	1,768,484	-
AMOUNTS AVAILABLE FOR APPROPRIATION	3,148,840	3,171,639	2,373,373	(798,266)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current				
General Government	906,580	929,379	490,809	438,570
Capital Outlay	1,454,500	1,454,500	-	1,454,500
Transfer to Other Funds	1,137,760	1,137,760	1,137,760	-
TOTAL CHARGES TO APPROPRIATIONS	3,498,840	3,521,639	1,628,569	1,893,070
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(350,000)	(350,000)	744,804	1,094,804
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.			\$ 2,373,373	
Differences - budget to GAAP:				
Insurance proceeds and Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.			(1,812,310)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			<u>\$ 561,063</u>	
USES/OUTFLOWS OF RESOURCES				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.			\$ 1,628,569	
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.			(1,137,760)	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			<u>\$ 490,809</u>	

CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED SEPTEMBER 30, 2018

Florida Retirement System Pension Plan	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.015086751%	0.015572645%	0.016258868%	0.016311776%
City's Proportionate Share of the Net Pension Liability	\$ 4,544,208	\$ 4,606,284	\$ 4,105,377	\$ 2,106,885
City's Covered Payroll	\$ 5,938,263	\$ 6,041,876	\$ 6,114,037	\$ 5,445,154
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	76.52%	76.24%	67.15%	38.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.89%	83.89%	84.88%	92.00%
Note: The Amounts Presented for Each Fiscal Year were Determined as of the Measurement Date (June 30).				
Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.				
Note: For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.				
Retiree Health Insurance Subsidy Program (HIS)	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.018119023%	0.018952904%	0.019728422%	0.017911774%
City's Proportionate Share of the Net Pension Liability	\$ 1,917,738	\$ 2,026,532	\$ 2,299,266	\$ 1,826,719
City's Covered Payroll	\$ 5,938,263	\$ 6,041,876	\$ 6,114,037	\$ 5,445,154
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	32.29%	33.54%	37.61%	33.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.64%	1.64%	0.97%	0.50%
Note: The Amounts Presented for Each Fiscal Year were Determined as of the Measurement Date (June 30).				
Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.				
Note: For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.				

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF RETIREMENT CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2018**

Florida Retirement System Pension Plan	2018	2017	2016	2015
Contractually Required Contribution	\$ 444,374	\$ 391,266	\$ 394,410	\$ 383,864
Contributions in Relation to the Contractually Required Contribution	(444,374)	(391,266)	(394,410)	(383,864)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 5,956,536	\$ 6,271,939	\$ 6,010,597	\$ 5,427,103
Contributions as a Percentage of Covered Employee Payroll	7.46%	6.24%	6.56%	7.07%
Note: The Amounts Presented for Each Fiscal Year were Determined as the City's fiscal year end September 30).				
Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.				
Note: For September 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.				
Retiree Health Insurance Subsidy Program (HIS)	2018	2017	2016	2015
Contractually Required Contribution	\$ 96,959	\$ 100,560	\$ 99,131	\$ 74,334
Contributions in Relation to the Contractually Required Contribution	(96,959)	(100,560)	(99,131)	(74,334)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 5,956,536	\$ 6,271,939	\$ 6,010,597	\$ 5,427,103
Contributions as a Percentage of Covered Employee Payroll	1.63%	1.60%	1.65%	1.37%
Note: The Amounts Presented for Each Fiscal Year were Determined as the City's fiscal year end September 30).				
Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.				
Note: For September 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.				

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
FIREFIGHTERS’ RETIREMENT SYSTEM
LAST TEN FISCAL YEARS***

Measurement Date	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *	September 30, 2014 *
Total Pension Liability:				
Service Cost	\$ 252,990	\$ 208,740	\$ 179,408	\$ 167,944
Interest	848,665	941,721	936,203	935,634
Change in Excess State Money	243,050	33,395	153,093	154,517
Changes of Benefit Terms	68,651	-	-	-
Differences Between Expected and Actual Experience	(38,501)	(315,508)	(128,221)	-
Changes of Assumptions	-	351,939	-	-
Benefit Payments, Including Refunds of				
Employee Contributions	(823,984)	(766,095)	(1,615,853)	(600,003)
Net Change in Total Pension Liability	550,871	454,192	(475,370)	658,092
Total Pension Liability - Beginning	12,696,050	12,241,858	12,717,228	12,059,136
Total Pension Liability - Ending (a)	<u>\$ 13,246,921</u>	<u>\$ 12,696,050</u>	<u>\$ 12,241,858</u>	<u>\$ 12,717,228</u>
Plan Fiduciary Net Position:				
Contributions - Employer and State	\$ 432,534	\$ 396,911	\$ 482,624	\$ 538,130
Contributions - Employee	94,225	94,075	79,624	75,982
Net Investment Income	1,335,320	881,197	(330,078)	1,006,135
Benefit Payments, including Refunds of				
Employee Contributions	(823,984)	(766,095)	(1,615,854)	(600,003)
Administrative Expense	(63,596)	(64,186)	(46,159)	(42,509)
Net Change in Plan Fiduciary Net Position	974,499	541,902	(1,429,843)	977,735
Plan Fiduciary Net Position - Beginning	11,174,114	10,632,212	12,062,055	11,147,062
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,148,613</u>	<u>\$ 11,174,114</u>	<u>\$ 10,632,212</u>	<u>\$ 12,124,797</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,098,308</u>	<u>\$ 1,521,936</u>	<u>\$ 1,609,646</u>	<u>\$ 592,431</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.71%	88.01%	86.85%	95.34%
Covered Employee Payroll	\$ 1,183,189	\$ 1,201,440	\$ 1,199,825	\$ 952,337
Net Pension Liability as a percentage of Covered Employee Payroll	92.83%	126.68%	134.16%	62.21%
Notes to Schedule:				
Valuation date is beginning of year as of October 1				
* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.				

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF CONTRIBUTIONS AND NOTES TO SCHEDULE –
FIREFIGHTERS’ RETIREMENT SYSTEM
LAST TEN FISCAL YEARS***

Fiscal Year Ending	September 30, 2018 *	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *
Actuarially Determined Contribution	\$ 364,803	\$ 230,006	\$ 272,482	\$ 337,210
Contributions in Relation to the Actuarially Determined Contribution	1,190,823	305,906	344,470	265,222
Contribution Deficiency (Excess)	\$ (826,020)	\$ (75,900)	\$ (71,988)	\$ 71,988
Covered Employee Payroll	\$ 1,327,104	\$ 1,183,189	\$ 1,201,440	\$ 1,199,825
Contributions as a Percentage of Covered Employee Payroll	89.73%	25.85%	28.67%	22.11%
Notes to Schedule:				
* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.				
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.				
Methods and assumptions used to determine contribution rate for the most recent actuarial valuation:				
Funding Method:	Aggregate Actuarial Cost Method			
Amortization Method:	N/A			
Payroll Growth:	N/A			
Asset Valuation Method:	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below market value of assets.			
Salary Increases:	5.00% per year until the assumed retirement age; see table below. We feel this is reasonable based on long-term expectations.			
Interest Rate:	8% per year compounded annually, net of investment related expenses			
Retirement Age:	10 or more years of service on 10/112013: Earlier of 1) age 41 and 21 years of service, or 2) age 51 and 11 years of service. Less than 10 years of service on 10/112013: Earlier of 1) age 51 with 10 years of service or 2) age 47 with 25 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.			
Termination Rates:	See table below. The assumed rates of termination were approved in conjunction with an actuarial experience study dated November 16, 2010			
Disability Rates:	See table below. It is assumed that 75% of disablements and active Member deaths are service related. The assumed rates of disablement are consistent with those used by other plans containing Florida municipal Firefighters.			
Mortality:	Healthy Lives: Female: RP-2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar 90% Annuitant Blue Collar, Scale BB. Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years 40% Annuitant White Collar with no setback, no projection scale. The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report. We feel this assumption sufficiently accommodates future mortality improvements.			
Termination and Disability Rate Table:				
	Age		% Terminating During the Year	% Becoming Disabled During the Year
	20		9.00%	0.14%
	25		8.60%	0.15%
	30		7.50%	0.18%
	35		5.70%	0.23%
	40		3.90%	0.30%
	45		2.40%	0.51%

CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
POLICE OFFICERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

Measurement Date	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *	September 30, 2014 *
Total Pension Liability:				
Service Cost	\$ 770,072	\$ 760,315	\$ 685,630	\$ 728,582
Interest	1,970,862	1,939,254	1,895,631	1,799,225
Differences between Expected and Actual Experience	(610,687)	(704,111)	(18,648)	(780,543)
Changes of Assumptions	686,077	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,727,246)	(1,456,540)	(1,337,591)	(1,205,714)
Net Change in Total Pension Liability	1,089,078	538,918	1,225,022	541,550
Total Pension Liability - Beginning	25,549,613	25,010,695	23,785,673	23,244,123
Total Pension Liability - Ending (a)	<u>\$ 26,638,691</u>	<u>\$ 25,549,613</u>	<u>\$ 25,010,695</u>	<u>\$ 23,785,673</u>
Plan Fiduciary Net Position:				
Contributions - Employer and State	\$ 1,262,959	\$ 1,182,194	\$ 1,118,829	\$ 943,208
Contributions - Employee	111,261	105,320	97,124	90,712
Net Investment Income	3,011,138	1,211,993	1,036,070	2,603,632
Benefit Payments, including Refunds of Employee Contributions	(1,727,246)	(1,456,540)	(1,337,591)	(1,205,714)
Administrative Expense	(65,265)	(53,575)	(58,144)	(51,602)
Net Change in Plan Fiduciary Net Position	2,592,847	989,392	856,288	2,380,236
Plan Fiduciary Net Position - Beginning	24,064,494	23,075,102	22,218,814	19,838,578
Plan Fiduciary Net Position - Ending (b)	<u>\$ 26,657,341</u>	<u>\$ 24,064,494</u>	<u>\$ 23,075,102</u>	<u>\$ 22,218,814</u>
Net Pension Liability - Ending (a) - (b)	\$ (18,650)	\$ 1,485,119	\$ 1,935,593	\$ 1,566,859
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.07%	94.19%	92.26%	93.41%
Covered Employee Payroll	\$ 2,472,455	\$ 2,335,381	\$ 2,158,300	\$ 1,912,968
Net Pension Liability as a Percentage of Covered Employee Payroll	-0.75%	63.59%	89.68%	81.91%
Notes to Schedule:				
Valuation date is beginning of year as of October 1				
Update procedures used to roll forward Total Pension Liability, excluding DROP account balances and reserve for excess State Funds to the measurement date - actual DROP account balances and reserve for excess State funds as of measurement date included in Total Pension Liability.				
No assumption changes or benefit changes during the year.				
* Information is required to be presented for 10 years. However, until a full 10-year trend				

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF CONTRIBUTIONS AND NOTES TO SCHEDULE –
POLICE OFFICERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Fiscal Year Ending		September 30, 2018 *	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *
Actuarially Determined Contribution		\$ 992,658	\$ 1,075,632	\$ 1,162,424	\$ 1,118,829
Contributions in Relation to the Actuarially Determined Contribution		1,046,237	1,262,959	1,182,194	1,118,829
Contribution Deficiency (Excess)		\$ (53,579)	\$ (187,327)	\$ (19,770)	\$ -
Covered Employee Payroll		\$ 2,484,983	\$ 2,472,455	\$ 2,335,381	\$ 2,158,300
Contributions as a Percentage of Covered Employee Payroll		42.10%	51.08%	50.62%	51.84%
Notes to Schedule:					
* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.					
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal					
Methods and assumptions used to determine contribution rates:					
Actuarial Cost Method:	Entry Age Normal				
Amortization Method:	Level Percentage of Payroll, Closed				
Amortization Period	30 years				
Asset Valuation Method:	5-year smoothed				
Inflation:	2.75% per year				
Salary Increases:	5.5% - 8.0%				
Investment Rate of Return	8%				
Retirement Age:	Experience-based table of rates that are specific to the type of				
Mortality	For Healthy Police Officer participants during employment, RP 2000 Combined Healthy Participant Mortality Table, separate rates for males and females, with 90% Blue Collar Adjustment / 10% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy Police Officer participants post employment, RP 2000 Annuity Mortality Table, separate rates for males and females, with 90% Blue Collar Adjustment / 10% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For disabled male participants, 60% RP 2000 Disabled Male Mortality Table setback four years/ 40% RP 2000 Annuitant Male Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements. For disabled female participants, 60% RP 2000 Disabled Female Mortality Table set forward two years/ 40% RP 2000 Annuitant Female Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements.				
Cost-of-Living Increases	None				

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2018**

**Other Postemployment Benefits (OPEB) Plan
Last Ten Fiscal Years***

	2018
OPEB Liability Beginning of Year	\$ 3,652,745
Changes for the Year:	
Service Cost	355,910
Interest on OPEB Liability	122,954
Changes of Benefit Terms	-
Difference Between Actual and Expected Experience	-
Changes of Assumptions	(306,004)
Benefit Payments	(85,427)
OPEB Liability End of Year	\$ 3,740,178
Covered-Employee Payroll	\$ 9,089,270
Total OPEB Liability as a Percentage of Covered Employee Payroll:	41.15%

* The Amounts Presented for Each Fiscal Year were Determined as of September 30.

Note 1: Covered employee payroll based on pay provided for the October 1, 2016 valuation projected to October 1, 2017. GASB Statement No. 75 requires actual covered payroll during the measurement period.

Note 2: There are no assets accumulated in a trust for the payment of the related OPEB benefits.

Note 3: This table will be built out to include a ten-year history.

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Combining Financial Statements

These financial statements provide a more detailed view of the nonmajor funds that were combined for the governmental activities in the fund financial statements and a detail of the individual fiduciary funds.

**CITY OF NEW PORT RICHEY, FLORIDA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Street Improvement	Street Lights	Total Nonmajor Governmental Funds
ASSETS			
Cash, Cash Equivalents, and Investments	\$ 1,934,136	\$ 310,777	\$ 2,244,913
Receivables (Net of Allowance):			
Special Assessments	61,279	-	61,279
Due from Other Governments	136,745	1,610	138,355
Total Assets	\$ 2,132,160	\$ 312,387	\$ 2,444,547
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 365,198	\$ 29,134	\$ 394,332
Unearned Revenue	73,747	-	73,747
Total Liabilities	438,945	29,134	468,079
FUND BALANCES			
Fund Balances			
Restricted - Other Capital Projects	1,693,215	283,253	1,976,468
Total Fund Balances	1,693,215	283,253	1,976,468
Total Liabilities and Fund Balances	\$ 2,132,160	\$ 312,387	\$ 2,444,547

**CITY OF NEW PORT RICHEY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018**

	Street Improvement	Street Lights	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 811,384	\$ 440,269	\$ 1,251,653
Investment Income	47,119	78	47,197
Miscellaneous	704,829	1	704,830
Total Revenues	1,563,332	440,348	2,003,680
EXPENDITURES			
General Government	-	458,659	458,659
Public Works	13,638	-	13,638
Capital Outlay	1,864,576	-	1,864,576
Total Expenditures	1,878,214	458,659	2,336,873
EXCESS OF REVENUES OVER EXPENDITURES	(314,882)	(18,311)	(333,193)
OTHER FINANCING SOURCES (USES)			
Transfers In	630,000	-	630,000
Transfers Out	(391,180)	-	(391,180)
Total Other Financing Sources (Uses)	238,820	-	238,820
NET CHANGE IN FUND BALANCES	(76,062)	(18,311)	(94,373)
Fund Balances - Beginning of Year as Previously Reported	1,570,307	301,564	1,871,871
Prior Period Adjustment - See Note Q	198,970	-	198,970
Fund Balances - Beginning of Year as Previously Reported	1,769,277	301,564	2,070,841
FUND BALANCES - END OF YEAR	\$ 1,693,215	\$ 283,253	\$ 1,976,468

**CITY OF NEW PORT RICHEY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018**

	Pension Trust Funds		Total Pension Trust Funds
	Police Officer	Firefighters	
ASSETS			
Cash	\$ 133,678	\$ 4,217	\$ 137,895
Investments:			
U.S. Government Obligations	3,918,675	233,489	4,152,164
U.S. Government Agency Obligations	1,576,578	732,800	2,309,378
Domestic Corporate Bonds and Stocks	19,979,582	6,525,069	26,504,651
Real Estate Investment Trust	3,294,830	-	3,294,830
Temporary Investment Funds	927,000	136,082	1,063,082
Pooled Equity and Fixed Income Funds	-	5,326,276	5,326,276
Total Investments	29,696,665	12,953,716	42,650,381
Receivables:			
Accrued Dividends and Interest	45,687	27,347	73,034
Intergovernmental	-	115,153	115,153
Total Receivables	45,687	142,500	188,187
Prepaid Items	122,882	72,705	195,587
Total Assets	29,998,912	13,173,138	43,172,050
LIABILITIES			
Accounts Payable	43,689	8,935	52,624
Total Liabilities	43,689	8,935	52,624
NET POSITION			
Restricted for Pension Benefits	\$ 29,955,223	\$ 13,164,203	\$ 43,119,426

**CITY OF NEW PORT RICHEY, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 YEAR ENDED SEPTEMBER 30, 2018**

	Pension Trust Funds		Total Pension Trust Funds
	Police Officer	Firefighters	
ADDITIONS			
Contributions:			
Employer	\$ 809,318	\$ 345,314	\$ 1,154,632
Employee	111,835	101,435	213,270
State	236,919	115,153	352,072
Total Contributions	1,158,072	561,902	1,719,974
Investment Earnings:			
Net Increase in Fair Value of Investments	3,387,293	1,088,374	4,475,667
Interest and Dividends	452,009	289,966	741,975
Other	21,360	-	21,360
Total Investment Earnings	3,860,662	1,378,340	5,239,002
Less Investment Expense	163,666	54,455	218,121
Net Investment Earnings	3,696,996	1,323,885	5,020,881
Total Additions	4,855,068	1,885,787	6,740,855
DEDUCTIONS			
Benefits	1,418,866	814,132	2,232,998
Refunds of Contributions	47,518	-	47,518
Administrative Expense	90,802	56,065	146,867
Total Deductions	1,557,186	870,197	2,427,383
CHANGE IN NET POSITION	3,297,882	1,015,590	4,313,472
Net Position - Beginning of Year	26,657,341	12,148,613	38,805,954
NET POSITION - END OF YEAR	<u>\$ 29,955,223</u>	<u>\$ 13,164,203</u>	<u>\$ 43,119,426</u>

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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 NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – STREET LIGHTS FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget
				Positive (Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 449,498	\$ 449,498	\$ 440,269	\$ (9,229)
Investment Income	1	1	78	-
Miscellaneous Revenue	1	1	1	-
AMOUNTS AVAILABLE FOR APPROPRIATION	449,500	449,500	440,348	(9,152)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government	424,500	424,500	458,659	(34,159)
TOTAL CHARGES TO APPROPRIATIONS	424,500	424,500	458,659	(34,159)
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	25,000	25,000	(18,311)	(43,311)
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.			\$ 440,348	
Differences - budget to GAAP:				
Transfers from other funds and debt proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.			-	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			<u>\$ 440,348</u>	
USES/OUTFLOWS OF RESOURCES				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.			\$ 458,659	
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.			-	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			<u>\$ 458,659</u>	

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – STREET IMPROVEMENT FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 775,930	\$ 775,930	\$ 811,384	\$ 35,454
Investment Income	6,300	6,300	47,119	40,819
Miscellaneous	837,502	837,502	704,829	(132,673)
Transfers from Other Funds	630,000	630,000	630,000	-
AMOUNTS AVAILABLE FOR APPROPRIATION	2,249,732	2,249,732	2,193,332	(56,400)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Works	-	-	13,638	13,638
Capital Outlay	3,700,000	3,700,000	1,864,576	1,835,424
TRANSFERS TO OTHER FUNDS	391,180	391,180	391,180	-
TOTAL CHARGES TO APPROPRIATIONS	4,091,180	4,091,180	2,269,394	1,821,786
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(1,841,448)	(1,841,448)	(76,062)	1,765,386
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.			\$ 2,193,332	
Differences - budget to GAAP:				
Transfers from other funds and debt proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.			(630,000)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			\$ 1,563,332	
USES/OUTFLOWS OF RESOURCES				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.			\$ 2,269,394	
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.			(391,180)	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			\$ 1,878,214	

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget
				Positive (Negative)
RESOURCES (INFLOWS)				
Transfers from Other Funds	\$ 887,760	\$ 887,760	\$ 887,760	\$ -
AMOUNTS AVAILABLE FOR APPROPRIATION	887,760	887,760	887,760	-
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt Service				
Principal Retirement	625,000	625,000	625,000	-
Interest and Fiscal Charges	262,760	262,760	262,764	(4)
TOTAL CHARGES TO APPROPRIATIONS	887,760	887,760	887,764	(4)
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	-	(4)	(4)
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.			\$ 887,760	
Differences - budget to GAAP:				
Transfers from other funds and debt proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.			(887,760)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			\$ -	
USES/OUTFLOWS OF RESOURCES				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.			\$ 887,764	
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.			-	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			\$ 887,764	

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget
				Positive (Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 2,648,840	\$ 2,648,840	\$ 2,409,524	\$ (239,316)
Intergovernmental Revenue	2,575,000	2,575,000	625,671	(1,949,329)
Investment Income	16,000	16,000	72,725	56,725
Miscellaneous	2	2	2,102	2,100
Transfers from Other Funds	403,000	403,000	403,000	-
AMOUNTS AVAILABLE FOR APPROPRIATION	5,642,842	5,642,842	3,513,022	(2,129,820)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital Outlay	5,735,000	5,735,000	2,590,167	3,144,833
Transfer to Other Funds	2,045,480	2,045,480	2,045,480	-
TOTAL CHARGES TO APPROPRIATIONS	7,780,480	7,780,480	4,635,647	3,144,833
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(2,137,638)	(2,137,638)	(1,122,625)	1,015,013
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.			\$ 3,513,022	
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.			(403,000)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			\$ 3,110,022	
USES/OUTFLOWS OF RESOURCES				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.			\$ 4,635,647	
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.			(2,045,480)	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.			\$ 2,590,167	

A water park structure in a pool. It features a large red umbrella-like top with water spraying from the edges. Below the umbrella is a brown, bear-like figure. The structure is situated in a swimming pool with a concrete deck and lounge chairs. In the background, there is a building with large windows and a fence.

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 New Port Richey, Florida set no legal debt margin.

The City has had no general bonded debt outstanding since 1978.

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.

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**CITY OF NEW PORT RICHEY, FLORIDA
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2018**

	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$ 19,021,599	\$ 19,656,908	\$ 20,746,105	\$ 21,304,827
Restricted	3,368,339	3,854,717	4,370,155	3,819,762
Unrestricted	6,008,016	6,504,647	5,571,785	6,132,718
Total Governmental Activities Net Position	<u>\$ 28,397,954</u>	<u>\$ 30,016,272</u>	<u>\$ 30,688,045</u>	<u>\$ 31,257,307</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 39,193,944	\$ 38,412,817	\$ 37,304,052	\$ 38,714,222
Restricted	-	-	-	-
Unrestricted	21,946,034	23,127,036	25,564,859	24,855,298
Total Business-Type Activities Net Position	<u>\$ 61,139,978</u>	<u>\$ 61,539,853</u>	<u>\$ 62,868,911</u>	<u>\$ 63,569,520</u>
Primary Government:				
Net Investment in Capital Assets	\$ 58,215,543	\$ 58,069,725	\$ 58,050,157	\$ 60,019,049
Restricted	3,368,339	3,854,717	4,370,155	3,819,762
Unrestricted	27,954,050	29,631,683	31,136,644	30,988,016
Total Primary Government Activities Net Position	<u>\$ 89,537,932</u>	<u>\$ 91,556,125</u>	<u>\$ 93,556,956</u>	<u>\$ 94,826,827</u>

CITY OF NEW PORT RICHEY, FLORIDA
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS (CONTINUED)
SEPTEMBER 30, 2018

2013	2014	2015	2016	2017	2018
\$ 24,341,556	\$ 20,724,327	\$ 21,994,422	\$ 26,028,231	\$ 25,979,394	\$ 28,997,102
4,653,007	5,215,107	8,704,016	6,162,908	5,953,485	4,734,833
3,227,510	10,506,974	1,505,257	1,333,624	1,481,334	935,224
<u>\$ 32,222,073</u>	<u>\$ 36,446,408</u>	<u>\$ 32,203,695</u>	<u>\$ 33,524,763</u>	<u>\$ 33,414,213</u>	<u>\$ 34,667,159</u>
\$ 38,895,570	\$ 40,710,853	\$ 43,049,853	\$ 43,046,655	\$ 42,717,025	\$ 42,368,692
-	2,785,560	3,151,358	3,478,157	3,429,235	3,429,235
25,837,383	13,665,199	10,009,905	9,702,040	9,018,154	10,193,453
<u>\$ 64,732,953</u>	<u>\$ 57,161,612</u>	<u>\$ 56,211,116</u>	<u>\$ 56,226,852</u>	<u>\$ 55,164,414</u>	<u>\$ 55,991,380</u>
\$ 63,237,126	\$ 61,435,180	\$ 65,044,275	\$ 69,074,886	\$ 68,696,419	\$ 71,365,794
4,653,007	8,000,667	11,855,374	9,641,065	9,382,720	8,164,068
29,064,893	24,172,173	11,515,162	11,035,664	10,499,488	11,128,677
<u>\$ 96,955,026</u>	<u>\$ 93,608,020</u>	<u>\$ 88,414,811</u>	<u>\$ 89,751,615</u>	<u>\$ 88,578,627</u>	<u>\$ 90,658,539</u>

CITY OF NEW PORT RICHEY, FLORIDA
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General Government	\$ 3,225,682	\$ 3,054,628	\$ 3,310,681	\$ 3,629,266
Public Safety	7,752,011	7,834,782	7,350,804	7,073,227
Public Works	2,026,155	2,013,057	1,499,293	1,584,915
Culture and Recreation	3,332,231	3,392,098	3,225,776	3,100,143
Interest and Fiscal Charges on Long- Term Debt	967,199	885,174	1,108,639	1,019,676
Total Governmental Activities Expenses	17,303,278	17,179,739	16,495,193	16,407,227
Business- Type Activities:				
Water and Sewer	10,254,834	10,433,682	9,874,088	10,386,931
Stormwater Utility	474,715	628,092	663,686	688,978
Total Business- Type Activities Expenses	10,729,549	11,061,774	10,537,774	11,075,909
Total Primary Government Expenses	\$ 28,032,827	\$ 28,241,513	\$ 27,032,967	\$ 27,483,136
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 1,560,094	\$ 1,804,241	\$ 1,733,446	\$ 1,908,712
Public Safety	532,478	534,461	502,602	547,736
Public Works	765,109	854,986	768,672	766,085
Culture and Recreation	421,710	412,934	456,605	461,879
Operating Grants and Contributions	153,503	569,413	268,662	212,087
Capital Grants and Contributions	89,770	359,021	411,586	165,442
Total Governmental Activities Program Revenues	3,522,664	4,535,056	4,141,573	4,061,941
Business- Type Activities:				
Charges for Services:				
Water and Sewer	9,304,922	9,071,949	9,339,704	9,450,701
Stormwater Utility	522,131	524,905	527,087	522,915
Operating Grants and Contributions	1,654,741	1,622,710	1,862,601	1,586,954
Capital Grants and Contributions	177,637	-	-	-
Total Business- Type Activities Program Revenues	11,659,431	11,219,564	11,729,392	11,560,570
Total Primary Government Program Revenues	\$ 15,182,095	\$ 15,754,620	\$ 15,870,965	\$ 15,622,511
Net (Expense)/Revenue				
Governmental Activities Net Expense	\$ (13,780,614)	\$ (12,644,683)	\$ (12,353,620)	\$ (12,345,286)
Business- Type Activities Net Expense	929,882	157,790	1,191,618	484,661
Total Primary Government Net Expense	\$ (12,850,732)	\$ (12,486,893)	\$ (11,162,002)	\$ (11,860,625)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Ad Valorem	\$ 7,010,662	\$ 6,782,693	\$ 5,731,993	\$ 5,322,729
Franchise Taxes	1,357,654	1,436,506	1,323,242	1,270,726
Utility Taxes	1,330,281	1,547,618	1,450,542	1,342,740
Communication Services Tax	987,969	953,055	881,055	895,727
Half- Cent Sales Tax	884,227	804,287	809,572	742,897
Local Option Gas Tax	532,918	528,570	504,016	498,890
Infrastructure Tax	1,131,126	1,186,900	1,311,649	1,430,997
State Excise Taxes - Public Safety	350,731	358,195	358,888	353,945
Other Taxes	100,559	96,408	310,998	226,667
State Revenue Sharing	664,919	666,104	668,568	668,623
Investment Income (Loss)	48,200	125,127	74,515	86,018
Miscellaneous	80,269	52,243	55,767	99,171
Total Governmental Activities	14,479,515	14,537,706	13,480,805	12,939,130
Business- Type Activities:				
Local Option Gas Tax	-	-	-	-
Impact Fees (w/Charges for Svcs Water & Sewer - 2015)	401,570	246,017	216,145	244,550
Investment Income	717,764	608,070	543,688	531,331
Miscellaneous	38,073	40,156	17,241	555
Total Business- Type Activities	1,157,407	894,243	777,074	776,436
Special Item:				
Loss from Sale of Property Held for Resale	-	-	-	-
Total Primary Government	\$ 15,636,922	\$ 15,431,949	\$ 14,257,879	\$ 13,715,566
Change in Net Position (Excluding Transfers)				
Governmental Activities	\$ 698,901	\$ 1,893,023	\$ 1,127,185	\$ 593,844
Business- Type Activities	2,087,289	1,052,033	1,968,692	1,261,097
Total Primary Government	\$ 2,786,190	\$ 2,945,056	\$ 3,095,877	\$ 1,854,941

**CITY OF NEW PORT RICHEY, FLORIDA
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

2013	2014	2015	2016	2017	2018
\$ 3,413,510	\$ 3,857,622	\$ 3,948,776	\$ 4,847,183	\$ 5,255,579	\$ 5,122,749
7,678,591	7,678,826	7,501,095	11,181,310	9,867,703	10,713,611
2,007,581	2,533,260	2,525,824	2,765,677	2,959,339	3,004,870
3,205,459	3,487,705	3,472,055	3,227,168	3,422,156	3,524,029
963,600	710,587	416,559	393,825	282,297	260,118
17,268,741	18,268,000	17,864,309	22,415,163	21,787,074	22,625,377
11,060,727	9,491,918	9,798,540	8,907,807	8,459,773	8,336,216
714,851	837,742	653,911	856,625	675,874	838,209
11,775,578	10,329,660	10,452,451	9,764,432	9,135,647	9,174,425
\$ 29,044,319	\$ 28,597,660	\$ 28,316,760	\$ 32,179,595	\$ 30,922,721	\$ 31,799,802
\$ 2,959,119	\$ 3,738,052	\$ 2,055,286	\$ 4,147,705	\$ 2,509,117	\$ 3,033,865
637,961	532,867	360,868	163,610	213,985	305,586
31,011	36,716	394,107	408,267	38,559	42,826
495,550	488,520	474,779	537,423	518,803	573,822
336,592	407,632	371,365	619,432	935,042	1,015,975
92,098	71,034	331,170	8,953	140,457	189,541
4,552,331	5,274,821	3,987,575	5,885,390	4,355,963	5,161,615
9,794,132	9,879,326	10,343,289	12,617,220	12,643,966	13,436,183
993,449	992,663	951,875	967,878	1,005,880	1,058,148
1,167,928	-	-	-	-	-
-	-	-	-	55,337	-
11,955,509	10,871,989	11,295,164	13,585,098	13,705,183	14,494,331
\$ 16,507,840	\$ 16,146,810	\$ 15,282,739	\$ 19,470,488	\$ 18,061,146	\$ 19,655,946
\$ (12,716,410)	\$ (12,993,179)	\$ (13,876,734)	\$ (16,529,773)	\$ (17,431,111)	\$ (17,463,762)
179,931	542,329	842,713	3,820,666	4,569,536	5,319,906
\$ (12,536,479)	\$ (12,450,850)	\$ (13,034,021)	\$ (12,709,107)	\$ (12,861,575)	\$ (12,143,856)
\$ 5,167,269	\$ 4,971,732	\$ 5,067,125	\$ 5,133,835	\$ 5,242,171	\$ 5,514,362
1,196,176	1,317,052	1,247,460	1,174,076	1,242,978	1,301,335
1,407,935	1,494,804	1,352,119	1,375,391	1,388,523	1,455,309
854,510	704,995	656,780	651,949	655,342	674,449
784,691	813,673	882,574	954,797	991,044	1,050,889
1,566,812	522,565	654,244	742,954	773,264	811,384
529,683	1,673,113	2,036,452	2,248,051	2,713,655	2,904,945
308,579	293,365	300,040	321,892	343,262	352,072
226,285	239,135	-	-	-	-
610,486	723,724	818,358	783,876	803,173	799,436
56,667	24,713	64,671	66,403	(732,379)	(339,826)
258,804	(9,794)	213,901	134,233	158,389	736,011
12,967,897	12,769,077	13,293,724	13,587,457	13,579,422	15,260,366
-	-	-	-	-	-
597,939	-	-	-	-	-
485,391	465,495	437,135	433,761	409,836	421,809
18,949	222,172	114,515	24,693	124,065	17,357
1,102,279	687,667	551,650	458,454	533,901	439,166
-	-	-	-	-	-
\$ 14,070,176	\$ 13,456,744	\$ 13,845,374	\$ 14,045,911	\$ 14,113,323	\$ 15,699,532
\$ 251,487	\$ (224,102)	\$ (583,010)	\$ (2,942,316)	\$ (3,851,689)	\$ (2,203,396)
1,282,210	1,229,996	1,394,363	4,279,120	5,103,437	5,759,072
\$ 1,533,697	\$ 1,005,894	\$ 811,353	\$ 1,336,804	\$ 1,251,748	\$ 3,555,676

**CITY OF NEW PORT RICHEY, FLORIDA
 FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
 SEPTEMBER 30, 2018**

	2009	2010	2011	2012
General Fund:				
Nonspendable	\$ 149,233	\$ 122,878	\$ 36,082	\$ 20,309
Restricted	57,574	179,333	152,831	82,336
Committed	1,099,328	975,933	635,822	949,847
Assigned	-	-	643,925	56,060
Unassigned	2,750,898	3,986,510	3,937,179	4,391,831
Total General Fund	\$ 4,057,033	\$ 5,264,654	\$ 5,405,839	\$ 5,500,383
All Other Governmental Funds:				
Nonspendable	\$ 3,131,301	\$ 3,217,840	\$ 3,206,723	\$ 3,206,723
Restricted	3,368,339	3,675,384	4,217,324	3,737,426
Assigned to:				
Redevelopment	2,196,911	1,647,685	1,004,950	289,074
Street Improvement	1,780,031	1,429,713	1,318,441	1,974,567
Debt Service	128,269	139,083	137,109	130,682
Capital Project Fund	-	5,204	12,701	10,057
Other Gov. Fund	-	-	-	-
Unassigned (Deficit)	(506,775)	-	-	-
Total All Other Governmental Funds	\$ 10,098,076	\$ 10,114,909	\$ 9,897,248	\$ 9,348,529
<p>The City implemented Governmental Accounting Standards Board Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions", for fiscal year ended September 30, 2009, and as a result changed to the new fund balance classifications. The use of the new classifications has been retroactively applied to fiscal year ended September 30, 2008.</p>				

CITY OF NEW PORT RICHEY, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS (CONTINUED)
SEPTEMBER 30, 2018

2013	2014	2015	2016	2017	2018
\$ 24,064	\$ 7,434,660	\$ 9,097,360	\$ 8,904,744	\$ 8,896,577	\$ 8,930,785
110,734	38,553	102,155	101,335	76,138	34,782
975,529	2,956,553	2,655,554	3,025,008	3,267,511	2,885,848
242,530	948,890	111,242	28,642	31,605	70,068
5,485,728	1,811,805	519,195	62,770	630,060	272,055
\$ 6,838,585	\$ 13,190,461	\$ 12,485,506	\$ 12,122,499	\$ 12,901,891	\$ 12,193,538
\$ 3,206,723	\$ 3,241,550	\$ -	\$ -	\$ -	\$ -
4,542,273	-	8,677,376	6,097,506	5,921,141	4,741,199
-	-	-	-	-	-
2,580,844	3,116,725	-	-	-	-
145,272	268,111	-	-	-	-
41,175	4,908,443	-	-	-	-
-	124,590	-	-	-	-
(524,660)	(7,421,423)	(4,990,418)	(4,988,425)	(5,760,694)	(5,015,890)
\$ 9,991,627	\$ 4,237,996	\$ 3,686,958	\$ 1,109,081	\$ 160,447	\$ (274,691)

CITY OF NEW PORT RICHEY, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018

	2009	2010	2011	2012
Revenues				
Taxes	\$ 12,350,610	\$ 12,435,341	\$ 11,202,497	\$ 10,761,809
Licenses and Permits	335,235	316,072	349,795	176,377
Intergovernmental Revenue	2,241,014	2,744,562	2,605,456	2,114,752
Charges for Services	4,038,187	4,393,928	2,983,696	3,349,502
Fines and Forfeitures	217,105	193,888	276,388	987,780
Investment Income (Loss)	-	-	-	-
Miscellaneous Revenue	211,359	405,646	270,916	313,889
Total Revenues	19,393,510	20,489,437	17,688,748	17,704,109
Expenditures				
General Government	3,223,566	3,077,625	3,037,032	3,250,608
Public Safety	8,572,021	8,661,533	7,427,937	7,219,904
Public Works	1,429,995	1,356,920	846,131	812,689
Culture and Recreation	2,121,450	2,192,716	2,070,964	2,051,818
Capital Outlay	1,881,079	2,139,263	1,974,584	2,441,273
Debt Service:				
Principal Retirement	957,867	988,766	1,317,791	1,331,929
Interest and Fiscal Charges	993,613	859,365	1,099,006	1,067,039
Total Expenditures	19,179,591	19,276,188	17,773,445	18,175,260
Excess of Revenues Over (Under) Expenditures	213,919	1,213,249	(84,697)	(471,151)
Other Financing Sources (Uses)				
Proceeds from Borrowing	-	7,000,000	-	-
Proceeds from Sale of Capital Assets	15,000	11,205	8,221	16,976
Gain (Loss) from Sale of Properties Held for Resale	13,502	-	-	-
Proceeds from Issuance of Refunded Bonds	-	-	-	6,449,269
Redemption of Refunded Debt	-	(7,000,000)	-	(6,449,269)
Proceeds from Insurance	-	-	-	-
Transfers In	4,129,732	3,420,488	4,271,034	3,288,551
Transfers Out	(4,129,732)	(3,420,488)	(4,271,034)	(3,288,551)
Total Other Financing Sources (Uses)	28,502	11,205	8,221	16,976
Net Change in Fund Balances	242,421	1,224,454	(76,476)	(454,175)
Fund Balances - Beginning of Year	13,912,688	14,155,109	15,379,563	15,303,087
Prior Period Adjustment	-	-	-	-
Fund Balances - End of Year	\$ 14,155,109	\$ 15,379,563	\$ 15,303,087	\$ 14,848,912
Debt Service as a Percentage of Noncapital Expenditures	11.3%	10.8%	15.3%	15.2%

CITY OF NEW PORT RICHEY, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

2013	2014	2015	2016	2017	2018
\$ 11,125,287	\$ 11,090,929	\$ 11,353,527	\$ 11,673,019	\$ 11,982,392	\$ 12,626,315
441,144	337,764	322,553	404,488	390,984	451,759
2,199,275	2,472,297	2,635,950	3,594,353	3,197,521	3,393,372
3,139,900	3,033,884	640,005	743,141	840,199	988,105
716,261	339,445	1,705,093	2,777,550	2,049,281	2,516,235
-	-	-	-	(750,039)	(360,956)
402,420	233,902	348,173	209,204	225,048	807,151
18,024,287	17,508,221	17,005,301	19,401,755	17,935,386	20,421,981
2,269,718	2,919,051	3,174,239	4,463,664	4,555,614	4,682,137
7,504,941	7,910,644	9,683,755	11,319,074	10,169,514	10,570,319
1,321,383	1,708,078	1,738,639	1,852,146	2,097,798	2,223,566
2,044,045	2,355,535	2,446,502	1,999,993	2,179,970	2,211,104
1,036,969	2,380,655	4,597,311	6,590,420	4,093,734	5,619,468
1,484,865	7,579,989	873,000	11,295,000	609,000	625,000
902,460	710,587	489,100	422,968	284,875	262,764
16,564,381	25,564,539	23,002,546	37,943,265	23,990,505	26,194,358
1,459,906	(8,056,318)	(5,997,245)	(18,541,510)	(6,055,119)	(5,772,377)
-	22,219	-	-	-	-
-	17,169,557	16,215	72,241	-	-
-	(8,572,040)	-	-	-	-
-	-	-	-	-	-
-	-	-	11,265,000	-	-
-	-	-	-	-	43,826
3,333,452	-	7,369,842	31,082,146	9,556,455	9,566,204
(2,812,058)	-	(3,195,862)	(26,818,762)	(4,320,335)	(4,868,504)
521,394	8,619,736	4,190,195	15,600,625	5,236,120	4,741,526
1,981,300	563,418	(1,807,050)	(2,940,885)	(818,999)	(1,030,851)
14,848,912	16,830,212	17,428,457	16,172,465	13,231,578	13,062,338
-	34,827	551,058	-	649,759	(112,640)
\$ 16,830,212	\$ 17,428,457	\$ 16,172,465	\$ 13,231,580	\$ 13,062,338	\$ 11,918,847

**CITY OF NEW PORT RICHEY, FLORIDA
TAX REVENUES BY SOURCE, GENERAL FUND – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018**

Fiscal				
Year Ended		Franchise	Communications	
September 30,	Ad Valorem	Fees	Service Tax	Total
2018	\$ 4,673,607	\$ 1,301,335	\$ 674,449	\$ 6,649,391
2017	4,561,087	1,242,978	655,342	6,459,407
2016	4,476,414	1,174,076	651,949	6,302,439
2015	4,510,864	1,247,460	656,780	6,415,104
2014	4,482,608	1,317,052	704,995	6,504,655
2013	4,661,075	1,196,176	854,510	6,711,761
2012	4,538,889	1,270,726	895,727	6,705,342
2011	4,730,981	1,323,242	881,055	6,935,278
2010	5,396,402	1,436,507	953,055	7,785,964
2009	5,100,734	1,357,654	987,969	7,446,357

**CITY OF NEW PORT RICHEY, FLORIDA
SPECIAL ASSESSMENT COLLECTIONS – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018**

Fiscal Year	General Fund Original Budget	Unassigned Fund Balance at Beginning of Year	
		Amount	% of Budget
2018	\$ 20,159,730	\$ 272,055	1.3%
2017	19,628,645	630,060	3.2%
2016	30,206,880	62,770	0.2%
2015	20,229,720	519,195	2.6%
2014	17,684,110	1,811,805	10.2%
2013	16,637,400	4,391,831	26.4%
2012	18,227,000	4,391,831	24.1%
2011	16,084,690	3,937,179	24.5%
2010	16,039,040	3,986,510	24.9%
2009	17,257,820	2,750,898	15.9%

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.

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**CITY OF NEW PORT RICHEY, FLORIDA
 ASSESSED VALUE AND JUST VALUE OF TAXABLE PROPERTY –
 RECERTIFIED TAX ROLL – LAST TEN FISCAL YEARS
 YEAR ENDED SEPTEMBER 30, 2018**

Fiscal	Just Value	Just Value	Just Value	Just Value	
Year Ended	Residential	Commercial	Governmental	Institutional	Just Value
September 30,	Property	Property	Property	Property	Real Property
2018	\$ 421,286,674	\$ 168,846,082	\$ 100,473,652	\$ 45,895,216	\$ 736,501,624
2017	397,134,374	167,945,635	98,748,596	44,526,874	708,355,479
2016	392,819,017	167,477,041	98,677,708	43,629,871	702,603,637
2015	383,126,881	166,961,843	98,884,754	44,344,555	693,318,033
2014	373,695,338	167,659,998	98,759,224	48,793,955	688,908,515
2013	342,573,329	165,597,184	125,423,466	47,421,246	681,015,225
2012	429,198,804	186,930,312	51,726,052	82,808,277	750,663,445
2011	479,519,975	189,713,682	52,580,818	81,188,459	803,002,934
2010	544,086,637	215,235,686	53,701,963	80,885,361	893,909,646
2009	747,513,433	250,551,385	77,487,795	62,268,461	1,137,821,074
<u>Source:</u> Pasco County Property Appraiser					

**CITY OF NEW PORT RICHEY, FLORIDA
 ASSESSED VALUE AND JUST VALUE OF TAXABLE PROPERTY –
 RECERTIFIED TAX ROLL – LAST TEN FISCAL YEARS (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2018**

			Total	Total
Just Value		Less:	Taxable	Direct
Tangible Personal		Tax-Exempt	Assessed	Tax
Property	Just Value	Property	Value	Rate
\$ 81,277,563	\$ 817,779,187	\$ 280,151,518	\$ 537,627,669	8.9950
83,348,562	791,704,041	277,412,531	514,291,510	9.1500
83,208,411	785,812,048	276,170,720	509,641,328	9.5000
82,418,764	775,736,797	286,808,517	488,928,280	9.5000
88,058,373	776,966,888	292,265,179	484,701,709	9.5799
99,623,513	780,638,738	279,198,147	501,440,591	9.5799
107,332,163	857,995,608	298,640,560	559,355,048	8.3877
112,965,547	915,968,481	314,969,172	600,999,309	8.1037
124,627,122	1,018,536,768	343,419,687	675,117,081	8.1037
148,375,872	1,286,196,946	455,586,702	830,610,244	6.6274

**CITY OF NEW PORT RICHEY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018**

Fiscal Year	Pasco County				Pasco County School Board			
	City	Operating	Mosquito Control	Total	Operating	Capital Outlay	School Bond	Total
				County - Operating				School Board
2018	8.9950	7.6076	0.2154	7.8230	5.0650	1.5000	-	6.5650
2017	9.1500	7.6076	0.2254	7.8330	5.2777	1.5000	-	6.7777
2016	9.5000	7.6076	0.2336	7.8412	5.6090	1.5000	-	7.1090
2015	9.5000	7.3441	0.2400	7.5841	5.6490	1.5000	-	7.1490
2014	9.5799	7.3441	0.1620	7.5061	5.8570	1.5000	-	7.3570
2013	9.5799	6.8623	0.1630	7.0253	5.8410	1.5000	-	7.3410
2012	8.3877	6.3668	0.1920	6.5588	6.1440	1.5000	-	7.6440
2011	8.1037	6.3668	0.1989	6.5657	6.2670	1.5000	-	7.7670
2010	8.1037	6.3668	0.1883	6.5551	5.8400	1.5000	-	7.3400
2009	6.6274	5.4333	0.1567	5.5900	5.7080	1.5000	-	7.2080
Notes:	(1) The overall total includes the Florida Coastal Rivers Basin (and excludes the Pinellas Anclote River Basin) because it is the most predominant in the City.							
	(2) The City portion of property taxes is fully committed to operating expenditures.							
Source:	Pasco County Property Appraiser							

**CITY OF NEW PORT RICHEY, FLORIDA
 DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN FISCAL YEARS (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2018**

Southwest			
Florida	Florida	Pinellas	
Water	Coastal	Anclote	
Management	Rivers	River	
District	Basin	Basin	Total (1)
0.3131	-	-	24.7990
0.3317	-	-	24.7990
0.3488	-	-	24.7990
0.3658	-	-	24.5989
0.3818	-	-	24.8248
0.3928	-	-	24.3390
0.3928	-	-	22.9833
0.3770	0.1885	0.2600	23.0019
0.3866	0.1885	0.3200	22.5739
0.3866	0.1885	0.3600	20.0005

**CITY OF NEW PORT RICHEY, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS – CURRENT YEAR AND NINE YEARS AGO
YEAR ENDED SEPTEMBER 30, 2018**

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
New Plan Florida Holdings LLC (Southgate Shopping Plaza)	\$ 15,932,354	1	2.77%			
Harbor View MHC LLC	12,093,688	2	2.10%			
Duke Energy	10,659,405	3	1.85%			
Sunshine Lake Estates MHC LLC	9,535,137	4	1.66%	\$ 7,589,277	5	0.91%
Frontier Florida LLC	7,055,645	5	1.23%			
HCA Health Services of Florida	4,737,384	6	0.82%			
Columbia Regional Medical Center						
Gilliss & Gilliss Inc	3,975,814	7	0.69%			
Rajn Hotels LLC	3,905,508	8	0.68%			
Orchard Ridge Realty LLC (Gulfcoast Harborside Health)	3,116,799	9	0.54%	3,799,832	7	0.46%
Royal Five Hospitality Inc New Port Richey Hospital, Inc.	2,997,398	10	0.52%	25,107,307	1	3.02%
Verizon Communications, Inc.				17,740,832	2	2.14%
New Plan Realty Trust (Southgate Shopping Plaza)				12,669,578	3	1.53%
Harborview Investors LLC (Harborview Trailer Park)				11,463,491	4	1.38%
Florida Power Corporation				7,208,305	6	0.87%
Bright House Networks				3,769,610	8	0.45%
Sima Hotels, Inc. (Quality Inns & Suites)				3,713,745	9	0.45%
Florida - LTC Inc.				3,671,269	10	0.44%
	<u>\$ 74,009,132</u>		<u>12.86%</u>	<u>\$ 96,733,246</u>		<u>11.65%</u>

**CITY OF NEW PORT RICHEY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018**

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Year Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 4,865,530	\$ 4,431,108	91.07%	\$ 242,499	\$ 4,673,607	96.06%
2017	4,705,767	4,315,635	91.71%	245,452	4,561,087	96.93%
2016	4,754,168	4,284,165	90.11%	192,249	4,476,414	94.16%
2015	4,644,819	4,486,507	96.59%	24,357	4,510,864	97.12%
2014	4,643,394	4,473,225	96.34%	9,383	4,482,608	96.54%
2013	4,803,751	4,653,277	96.87%	7,788	4,661,065	97.03%
2012	4,683,698	4,537,813	96.89%	1,076	4,538,889	96.91%
2011	4,870,318	4,725,924	97.04%	5,057	4,730,981	97.14%
2010	5,470,946	5,282,446	96.55%	113,956	5,396,402	98.64%
2009	5,504,786	5,093,337	92.53%	7,397	5,100,734	92.66%
Source: Pasco County Property Appraiser						

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.

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**CITY OF NEW PORT RICHEY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018**

Fiscal Year	Governmental Activities								
	Revenue	Capital	Redevelopmt.	Redevelopmt.	Redevelopmt.	Redevelopmt.	Redevelopmt.	Redevelopmt.	Redevelopmt.
	Note	Leases	Bond	Refunding	Revenue	Taxable	Taxable	Ref Taxable	Revenue
	Series 2000	Payable	Anticipation Note	Rev. Note Series 2005A	Note Series 2005B	Rev. Note Series 2006C	Rev. Note Series 2010	Rev. Bond Series 2012	Note Series 2016
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,720,000
2017	-	-	-	-	-	-	-	-	10,345,000
2016	-	-	-	-	-	-	-	-	10,954,000
2015	-	-	-	5,497,000	5,487,000	-	-	-	-
2014	-	-	-	5,934,000	5,923,000	-	-	-	-
2013	673,522	-	-	6,354,000	6,342,000	-	-	6,067,466	-
2012	983,068	-	-	6,757,000	6,745,000	-	-	6,436,786	-
2011	1,275,780	-	-	7,144,000	7,132,000	-	6,702,003	-	-
2010	1,552,574	-	-	7,516,000	7,503,000	-	7,000,000	-	-
2009	1,814,315	13,025	-	7,873,000	7,860,000	7,000,000	-	-	-
Notes:	Details regarding the city's outstanding debt can be found in the notes to the financial statements.								
	N/A - Personal income data was 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 New Port Richey, Florida set no legal debt margin.								

**CITY OF NEW PORT RICHEY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE – LAST TEN FISCAL YEARS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Business-type Activities				Refunding				
Revenue	Revenue	Revenue	Revenue	Revenue	Revenue		Percentage	
Bonds	Bonds	Bonds	Bonds	Bond	Bond		of Personal	Per
Series 1991	Series 1996	Series 2007A	Series 2007B	Series 2012	Series 2017A	Total	Income	Capita
\$ -	\$ -	\$ -	\$ -	\$ 5,807,261	\$ 712,000	\$ 16,239,261	0.08%	\$ 1,024
-	-	-	-	6,373,551	758,000	17,476,551	0.09%	1,075
-	-	-	-	6,925,490	-	17,879,490	0.10%	1,106
-	-	-	-	7,463,443	-	18,447,443	N/A	1,202
-	-	654,150	-	7,463,443	-	19,974,593	0.12%	1,322
-	-	1,280,550	-	7,463,443	-	28,180,981	0.18%	1,895
-	-	1,883,360	-	7,463,443	-	30,268,657	0.20%	2,038
-	-	2,461,790	7,530,000	-	-	32,245,573	0.21%	2,156
-	-	3,015,090	7,675,000	-	-	34,261,664	0.24%	2,298
-	-	3,546,110	7,815,000	-	-	35,921,450	0.27%	2,183

**CITY OF NEW PORT RICHEY, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 YEAR ENDED SEPTEMBER 30, 2018**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Pasco County School Board (1)	\$ 509,369,443	0.045883818	\$ 23,371,815
City's Direct Debt			17,476,551
Total direct and overlapping debt			<u>\$ 29,738,258</u>
<u>Notes:</u> (1) The City's share is calculated based on the ratio of the 2017 City Taxable Value of			\$ 537,627,669
to the County's Taxable Value of \$24,668,410			
<u>Source:</u> Pasco County School Board			

CITY OF NEW PORT RICHEY, FLORIDA
PLEGGED REVENUE COVERAGE – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018

	Public	Revenue Note, Series 2000			Tax Increment	Redevelopment Revenue Notes		
Year	Service Tax	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage
2018	\$ -	\$ -	\$ -	\$ -	\$ 1,834,839	\$ 625,000	\$ 254,826	0.13
2017	-	-	-	-	1,546,795	609,000	284,875	0.13
2016	-	-	-	-	1,468,482	11,295,000	422,968	0.13
2015	-	-	-	-	1,275,820	11,295,000	422,968	0.11
2014	1,356,940	673,522	44,098	1.89	1,121,409	7,037,359	535,596	0.15
2013	1,277,872	309,546	47,586	3.58	1,215,412	1,175,319	854,874	0.60
2012	1,210,723	292,712	64,906	3.39	1,816,481	1,084,717	856,634	0.94
2011	1,327,868	276,794	81,285	3.71	2,275,106	1,040,997	1,017,722	1.11
2010	1,432,186	261,741	96,773	3.99	3,150,770	714,000	726,481	2.19
2009	1,219,098	247,507	111,261	3.40	4,239,610	685,000	881,193	2.71
<u>Note:</u> The revenue bonds are secured by non ad-valorem revenues.								

**CITY OF NEW PORT RICHEY, FLORIDA
 PLEDGED REVENUE COVERAGE – LAST TEN FISCAL YEARS (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2018**

Utility Service Charges	Less: Operating Expenses	Less:		Revenue Bonds		
		Renewal and Replacement Requirement	Net Available Revenue	Series 2012 and 2017A		
				Principal	Interest	Coverage
\$ -	\$ -	\$ -	\$ -	\$ 612,290	\$ 184,810	-
-	-	-	-	580,939	192,800	-
-	-	-	-	537,953	194,050	-
-	-	-	-	654,150	222,113	-
-	-	-	-	626,400	248,914	-
12,802,058	8,869,172	-	3,932,886	602,810	274,639	4.48
11,963,671	8,931,134	-	3,032,537	684,488	376,012	2.86
11,901,282	8,260,388	-	3,640,894	698,300	424,772	3.24
11,477,117	8,768,895	-	2,708,222	671,020	453,006	2.41
12,632,188	8,458,637	-	4,173,551	643,210	479,959	3.72

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.

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**CITY OF NEW PORT RICHEY, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS – LAST TEN CALENDAR YEARS
 YEAR ENDED SEPTEMBER 30, 2018**

	City		Pasco County				
				Per Capita			
Year	Population(1)	Population (1)	Personal Income (2)	Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2018	15,863	515,077	\$ 20,453,361,000	\$ 39,710	44.2	73,645	4.40%
2017	15,764	505,709	19,000,369,000	37,572	44.2	72,493	5.20%
2016	15,619	495,868	18,017,635,000	36,336	44.1	69,813	5.10%
2015	15,351	487,588	N/A	N/A	N/A	68,116	6.1%
2014	15,107	479,340	16,478,279,000	33,953	44.1	68,904	7.1%
2013	14,868	473,566	15,679,803,000	32,975	43.8	68,107	8.6%
2012	14,849	468,562	15,209,746,000	32,318	43.8	67,151	10.5%
2011	14,959	466,533	15,157,188,000	32,479	43.7	66,657	12.4%
2010	14,911	464,697	14,405,709,000	30,944	43.6	66,994	13.3%
2009	16,454	439,786	13,497,646,000	29,177	45.6	67,143	11.1%
N/A - Not Available							
<u>Sources:</u>							
(1) Bureau of Economic and Business Research							
(2) Bureau of Economic and Business Research-Florida Statistical Abstract							
(3) Florida Department of Education							
(4) Florida Department of Economic Opportunity							

**CITY OF NEW PORT RICHEY, FLORIDA
PRINCIPAL EMPLOYERS – CURRENT YEAR AND NINE YEARS AGO
YEAR ENDED SEPTEMBER 30, 2018**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
North Bay Hospital/Morton Plant	806	1	10.92%	478	3	5.68%
Baycare Behavioral Health, Inc.	332	2	5.10%			
Madison Pointe Rehab & Health	186	3	2.62%	125	10	1.49%
Orchard Ridge Nursing Center	156	4	2.40%	175	7	2.08%
Med-Fleet Systems, Inc.	152	5	2.18%			
Cracker Barrel	136	6	2.04%			
Publix Supermarket #1020 (Southgate)	135	7	2.02%			
Heather Hills Nursing Home	127	8	1.96%	129	9	1.53%
Applicant Insight, Inc.	126	9	1.95%			
Southern Pines Nursing Home	130	10	1.92%			
Community Hospital				600	1	7.13%
The Harbor				512	2	6.09%
Community Hospital Health Care				439	4	5.22%
TCS Communications				410	5	4.87%
Gulfside Regional Hospice				250	6	2.97%
Vista Marketing				150	8	1.78%
	2,286		33.10%	3,268		38.84%
<u>Note:</u> (1) Does not include government or nonprofit agencies.						

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.

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CITY OF NEW PORT RICHEY, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM –
LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018

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	1.0	1.0	1.0	1.0	1.0	1.0
Executive	1.8	3.0	2.4	2.8	2.8	2.8	2.0	2.0	2.0	2.0
Technology Solutions (1)	4.0	4.0	3.0	3.0	3.0	3.0	-	-	-	-
Human Resources	1.8	1.8	1.8	1.8	2.9	2.6	2.0	2.0	2.0	2.0
Financial Administration	14.0	14.0	14.6	14.6	14.3	14.3	18.3	20.5	20.3	20.3
City Clerk	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police:										
Supervision	2.0	3.0	3.8	3.8	2.5	2.5	3.0	3.0	3.0	3.0
Support Services	14.7	16.2	14.8	14.8	13.6	12.6	11.9	11.9	11.9	9.8
Community Services	9.0	9.0	11.0	11.0	9.0	9.0	10.0	11.0	11.0	14.0
Patrol	34.7	34.7	28.7	28.7	26.7	26.7	26.9	22.9	24.9	24.9
Code Enforcement	3.0	3.0	3.0	2.0	1.0	1.0	1.0	2.0	4.5	4.5
Code Enforcement-Grant Funded	-	-	-	1.0	1.0	1.0	-	-	-	-
Red Light Camera	2.0	2.0	2.2	2.0	2.0	-	-	-	-	-
Fire:										
Supervision	4.0	3.7	2.7	3.0	3.0	2.7	2.8	3.0	3.0	3.0
Firefighting	24.0	24.0	24.1	23.8	23.8	21.8	23.6	25.6	22.1	22.1
Development:										
Development Department	7.7	10.0	10.0	7.0	7.0	7.0	7.0	-	-	-
Redevelopment:										
Economic Development	2.0	2.0	2.0	2.0	2.0	-	-	-	2.0	2.0
Development Department	-	-	-	-	-	-	-	9.0	10.0	10.0
Public Works:										
Supervision	4.0	4.0	4.0	4.0	4.0	4.0	7.0	7.0	7.0	7.0
Road and Street Facilities	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0
Facilities Maintenance	6.9	5.5	5.5	-	-	-	-	-	-	-
Grounds Maintenance	9.4	9.4	8.0	-	-	-	-	-	-	-
Water Production	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water Distribution	10.0	10.0	10.0	11.0	12.0	10.0	10.8	10.8	10.0	10.0
Water Pollution Control	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Sewer Collection	9.0	8.0	7.0	7.0	8.0	8.0	7.0	6.0	6.0	6.0
Reclaimed Water Production	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Construction Services	4.0	4.0	4.0	4.0	-	-	-	-	-	-
Stormwater	6.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0
Central Garage	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Culture and Recreation:										
Library	13.8	13.7	13.2	13.9	13.9	13.9	14.8	15.3	15.8	15.8
Recreation	16.6	14.6	11.9	12.5	16.8	16.8	15.8	16.8	17.8	17.8
Aquatics	8.0	8.3	7.3	6.4	5.3	5.3	6.3	6.3	6.4	6.2
Total	251.6	252.8	239.9	224.0	214.6	205.0	210.2	213.1	218.7	220.4
<u>Source:</u> City of New Port Richey Accounting & Budgeting Division										
(1) Previously part of Financial Administration										

**CITY OF NEW PORT RICHEY, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Calls for Service	38,684	32,741	28,461	28,230	27,274	19,471	19,664	22,253	25,370	28,772
Physical Arrests	1,517	985	953	841	884	761	631	911	874	1,151
Parking Violations	1	7	5	6	5	4	8	51	45	37
Traffic Violations	3,704	2,749	1,649	1,462	2,048	1,211	1,187	2,560	2,350	2,911
Fire:										
Emergency Responses	3,333	3,856	3,923	3,977	3,921	3,753	3,972	3,563	3,385	3,483
Fires Extinguished	31	29	27	33	46	47	52	68	64	50
Inspections	749	890	1,000	1,100	1,088	1,155	1,124	1,086	1,616	1,181
Development Services:										
Building Permits	1,757	1,527	1,696	1,515	1,665	1,502	1,376	1,175	1,278	1,116
Building Permit Amount	33,125,842	31,678,000	32,809,997	16,400,350	14,606,289	18,606,369	12,090,800	6,092,700	10,575,127	28,810,687
Public Works:										
Street Resurfacing (Miles)	4.17	-	-	-	-	-	-	4.050	4.866	0.658
Recreation:										
Daily Attendance	263,013	251,452	279,456	281,221	280,521	275,952	257,650	257,643	220,361	345,000
Memberships	3,121	2,341	2,275	2,269	2,254	1,768	1,531	1,674	1,648	2,034
Library:										
Attendance (1)(2)	149,432	491,489	491,256	490,920	471,581	488,847	517,655	443,211	422,388	-
Volumes in Collection (2)	126,521	167,452	165,487	157,964	141,152	113,859	97,134	95,467	80,116	83,596
Total Volumes Borrowed (2)	142,492	755,412	754,260	734,425	652,164	323,256	339,504	395,630	349,679	236,034
Water:										
New Connections	354	10	10	45	13	459	(260)	22	7	22
Avg. Daily Consumption(MG)	5.91	5.62	5.27	5.15	5.20	5.13	4.91	3.35	3.84	5.00
Sewer:										
New Connections	289	112	150	20	8	893	(1,040)	7	12	19
Average Daily Flow (MG)	5.91	5.62	5.43	5.25	5.133	4.963	5.161	4.856	5.605	5.254
Miles of New Sewer Lines	-	-	-	-	-	0.610	-	-	-	2.038
Reclaimed Water:										
New Connections	5	(6)	(12)	19	224	9	(2)	5	5	(8)
Avg. Daily Consumption(MG) (Pasco County & City)	4.62	4.46	4.97	5.05	5.133	4.867	4.389	4.856	5.605	5.254
Avg. Daily Consumption(MG) (City only)	2.38	2.19	2.21	2.25	2.267	2.182	1.273	1.168	0.664	0.919
Notes:										
N/A = Not Available										
MG = Million Gallons										
(1) Attendance was not reported in this table prior to 2010.										
(2) In 2018, a change in reporting system and method of how information is recorded resulted in a significant change in statistical information from previous years.										
Source: All data was provided by the various City of New Port Richey departments.										

**CITY OF NEW PORT RICHEY, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2018**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Streets (Miles)	80.53	80.53	80.53	80.53	80.53	80.53	80.53	80.53	80.53	80.53
Streetlights	2,762	2,726	2,726	2,726	2,718	2,714	2,704	2,704	2,704	2,689
Recreation:										
Number of Parks	12.00	12	12	12	12	12	12	12	12	12
Acreage	172.43	172.43	172.43	172.43	158.50	158.50	158.50	158.50	158.50	158.50
Baseball Fields	-	-	-	-	-	-	-	-	-	-
Community Centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water Mains (Miles)	150.25	142.65	141.22	141.22	139.56	139.56	138.86	138.86	138.70	138.70
Fire Hydrants	687	669	669	669	669	669	660	657	657	657
Storage Capacity (MG)	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Number of Connections	17,354	16,951	16,612	16,550	16,505	16,492	16,033	16,293	16,271	16,264
Wastewater:										
Number of Connections	14,269	13,791	13,750	13,600	13,580	13,572	12,679	13,749	13,742	13,730
Sanitary Sewers (Miles)	84.85	84.85	84.77	84.77	84.77	84.77	84.46	84.46	84.46	84.46
Forced Main (Miles)	29.25	29.25	29.25	29.25	29.25	29.25	29.20	29.20	29.20	29.20
Treatment Capacity (MG)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Reclaimed Water:										
Reclaimed Lines (Miles)	29.00	29.00	29.00	29.00	29.00	28.12	17.83	16.98	16.89	16.89
Number of Connections	496	493	503	515	496	272	263	265	260	255
Notes:										
N/A = Not Available										
MG = Million Gallons										
Source: All data provided by various City of New Port Richey departments										



**INDEPENDENT AUDITORS' 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***

To the Honorable Mayor and
Members of the City Council
City of New 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New 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, and have issued our report thereon dated June 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the Police Officers' Retirement System, and the Firefighters' Retirement System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Police Officers' Retirement System and the Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

To the Honorable Mayor and
Members of the City Council
City of New Port Richey, Florida

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

City of New Port Richey, Florida's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion them.

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.



CliftonLarsonAllen LLP

Tampa, Florida
June 28, 2019

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018**

2018-001: Timeliness of Closing Process

Material Weakness in Internal Control over Financial Reporting

Criteria

City management is responsible for establishing and maintaining internal controls over proper recording of all of the City's transactions and reconciliation and review of the City's account balances on a frequent and timely basis.

Condition

Various account balances were not adequately reconciled as part of the City's month-end and year-end closing process. Examples of accounts that were not reconciled timely include water and sewer revenues and receivables, customer deposits, capital assets, grant revenues, long term liabilities, and fund balance.

Cause

The City did not have reliable processes in place to perform the necessary review and reconciliation procedures during the fiscal year 2018 closing process.

Effect

These lingering reconciliation issues caused a delay in the external audit process and preparation of the City's Comprehensive Annual Financial Report (CAFR) for fiscal year 2018. Additionally, prior period restatements have occurred due to inadequate reconciliations and reviews of financial transactions.

Recommendation

Management should ensure that sufficient internal resources and reliable internal controls processes are in place to promptly reconcile account balances on a consistent, periodic basis. Furthermore, the year-end closing process should commence promptly after year-end and contain a comprehensive checklist, with instructions detailing all tasks necessary to be performed in order to generate a trial balance that is available to be audited without the need for multiple post-closing journal entries.

Views of Responsible Officials

Management concurs with the finding. The Finance Department continues to work through staffing constraints and an accounting software conversion, which has caused delays in the completion of the year-end closing process. Management has identified some ways to improve efficiencies, which should allow for a timely closing process in the next fiscal year.

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018**

2018-002: Prior Period Adjustments

Material Weakness in Internal Control over Financial Reporting

Criteria

The City's management is responsible for establishing and maintaining internal controls to ensure that transactions are properly recorded and reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition

The City did not record A/R and revenue to recognize the fiscal year 2017 grant funding incurred for Circle Blvd. Paving Project for the street improvement fund (Aggregate remaining nonmajor funds) as request for reimbursement was collected in FY18 - January 2018. This error caused understatement of revenues in the prior year.

During fiscal year 2017, the City did not properly record prior year accruals for the communication service tax and the half cent sales tax as 2016 accruals were not properly reversed, and the October 2017 application period for both state taxes were recorded in fiscal year 2017, resulting in an overstatement in the general fund in the amount of \$149,696.

The City overstated the discretionary surtax revenues in the capital projects fund as the 2016 accrual was not properly reversed and the application period October 2017, \$161,907, was recorded in FY17, resulting in an overstatement of revenues in the capital projects fund for fiscal year 2017.

Cause

The City did not maintain an effective review process over year-end accrual adjustments. Furthermore, the City did not reconcile the corresponding accrual/revenue accounts in a timely manner.

Effect

These errors were identified in the current year, and the net position of the governmental activities and the general fund, capital projects fund, and the street improvement fund were restated to correct the errors.

Recommendation

Management should closely evaluate adjusting entries and compare subledger information to general ledger balances to ensure account balances are reported in accordance with GAAP. Year-end account reconciliations should be prepared by a staff member and reviewed by a member of management, allowing management the ability to perform analytical analysis and to identify unusual account balances.

Views of Responsible Officials

Management concurs with the finding. The Finance Department continues to work through staffing constraints and an accounting software conversion, which has caused delays in the completion of the year-end closing process. Management has identified some ways to improve efficiencies, which should allow for a timely closing process in the next fiscal year.



MANAGEMENT LETTER

To the Honorable Mayor, Members of the City Council,
and City Manager
City of New Port Richey, Florida

Report on the Financial Statements

We have audited the financial statements of the City of New Port Richey, Florida (City) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 28, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. See Appendix A – Prior year Findings and Recommendations.

Official Title and Legal Authority

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

To the Honorable Mayor and
Members of the City Council
City of New Port Richey, Florida

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

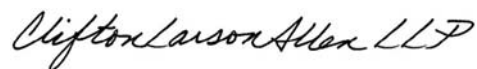
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The City does not have any special district component units.

Additional Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Tampa, Florida
June 28, 2019

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT LETTER
YEAR ENDED SEPTEMBER 30, 2018**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
Finding Reference #	Comment	Cleared	Partially Cleared	Not Cleared
2017-001	Timeliness of Closing Process			X (See current year finding 2018-001 within the Schedule of Findings and Questioned Costs)
2017-002	Prior Period Adjustments			X (See current year finding 2018-002 within the Schedule of Findings and Questioned Costs)
2017-003	Preparation and Review of Cash Reconciliations		X (See current year finding 2018-001 within the Schedule of Findings and Questioned Costs)	
2017-004	Investment Policy Compliance	X		
2017-005	Utility Billing Rates	X		
2017-006	Analysis of Uncollectible Accounts	X		
2016-006	Inventory Procedures	X		



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INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable Mayor, Members of the City Council,
and City Manager
City of New Port Richey, Florida

We have examined the City of New Port Richey, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

This report is intended solely for the information and use of the City 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
June 28, 2019

**City of New Port Richey
5919 Main Street
New Port Richey, FL 34652**