

City of New Port Richey, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2016



City of New Port Richey, Florida

Council-Manager Form of Government

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2016

City Council

Robert Marlowe, Mayor

Bill Phillips

Judy DeBella Thomas

Jeff Starkey

Chopper Davis

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, 2016

Elected Officials

Mayor-Council Member

Robert Marlowe

Deputy Mayor-Council Member

Bill Phillips

Council Member

Judy DeBella Thomas

Council Member

Jeff Starkey

Council Member

Chopper Davis

Appointed Officials

City Manager

Debbie L. Manns

City Attorney

Joseph Poblick

Finance Director

Crystal S. Feast

Public Works Director

Robert Rivera

Police Chief

Kim Bogart

Fire Chief

Christopher Fitch

Development Director

Lisa Fierce

Economic Director

Mario Iezzoni

City Clerk

Judy Meyers

Parks & Recreation Director

Elaine Smith

Library Director

Susan D. Dillinger

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NEW PORT RICHEY

5919 MAIN STREET • NEW PORT RICHEY, FL 34652 • 727.853.1016

January 15, 2018

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 respectfully transmits the City's FY 2016 Comprehensive Annual Financial Report (CAFR).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Clifton Larson Allen LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2016. The independent auditors’ report is located at the front of the financial section of this report.

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.

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 has operated 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, the City Manager, and the City Attorney. 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.

The Council is required to adopt an initial budget for the fiscal year no later than September 30 preceding the beginning of the fiscal year on October 1. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund and department (e.g., police). The City Manager may transfer resources within a department as needed. Transfers between departments, however, need special approval from the governing council.

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. The City is the host of a business incubator and was recently cited as eighth out of the top ten cities in the region for successful start-up companies and small business development.

LONG-TERM FINANCIAL PLANNING

By charter, the City prepares and 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 2015-2016 Capital Improvement Program anticipates approximately \$22.9 million in capital projects, which included \$700,000 for stormwater utility projects, \$4.1 million in water & sewer improvement projects, \$6.1 million in street improvement projects, \$3.2 million in public safety projects, \$6.8 million for environmental projects, \$300,000 for transportation projects, and \$1.7 million for various economic development 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 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 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 postponing capital projects. Great strides have been made and continue to get the City back to break-even.

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

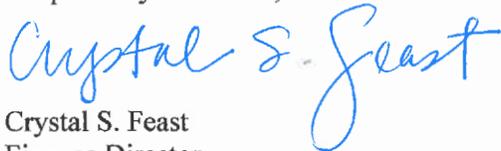
Additional financial management policies are included in the Adopted Budget document each year.

AWARDS AND ACKNOWLEDGMENTS

The City received the GFOA's Distinguished Budget Presentation Award for its FY 2016 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.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of 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,



Crystal S. Feast
Finance Director

Insert 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, 2016, 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 88% of the total assets, 55% of the total revenues, and 90% 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. The financial statements of the Pension Trust Funds were not audited in accordance with *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.

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

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

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, 2016, 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 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and the related GASBS No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. As a result of the implementation of GASBS No. 68 and No. 71, the City reported a restatement for the change in accounting principle. Our opinion was not modified with respect to this matter.

As described in Note Q, the financial statements for the year ended September 30, 2016, 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.

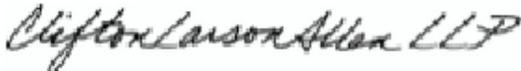
The combining and individual nonmajor fund financial statements and budget and actual schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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.

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

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 REPORT DATE, 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 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 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
January 15, 2018

Management's Discussion and Analysis

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2016**

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, 2015 and ended on September 30, 2016. 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 financial statements, the Letter of Transmittal, and the notes to the financial statements.

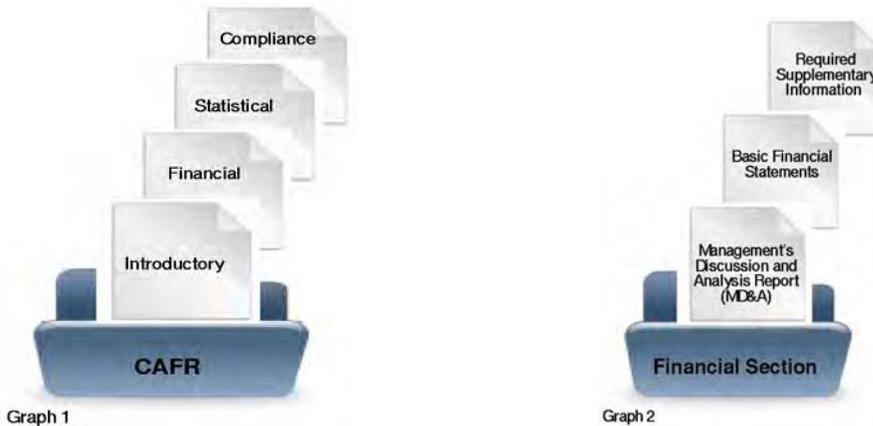
FINANCIAL HIGHLIGHTS

- ◇ The City's total assets and deferred outflows of resources (\$125 million) exceeded total liabilities and deferred inflows of resources (\$36 million) by \$89 million at year-end (net position). Of this amount, \$15 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 \$1.3 million or 1.5%.
- ◇ The City's governmental funds reported a combined ending fund balance of \$13,231,580, a decrease of \$2,940,884 in comparison to prior year's fund balance.
- ◇ The City's total debt for revenue bonds and notes decreased by a net amount of \$1,446,953 or 7.8% during the fiscal year. This decrease is due to the repayment of principal.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

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, 2016**

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, and 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, 2016**

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 33-75 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 78-89 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 92-95 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 \$89.7 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.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 16,702,532	\$ 19,233,293	\$ 9,465,426	\$ 9,078,128	\$ 26,167,958	\$ 28,311,421
Capital assets	36,990,742	33,020,790	50,022,323	50,545,632	87,013,065	83,566,422
Other non-current assets	-	-	7,029,639	7,500,884	7,029,639	7,500,884
Total assets	<u>53,693,274</u>	<u>52,254,083</u>	<u>66,517,388</u>	<u>67,124,644</u>	<u>120,210,662</u>	<u>119,378,727</u>
Deferred Outflows	<u>4,139,173</u>	<u>2,235,402</u>	<u>978,853</u>	<u>471,013</u>	<u>5,118,026</u>	<u>2,706,415</u>
Current liabilities	3,797,381	3,890,552	2,350,746	2,662,447	6,148,127	6,552,999
Non-current liabilities	20,007,851	16,536,728	8,901,336	8,528,038	28,909,187	25,064,766
Total liabilities	<u>23,805,232</u>	<u>20,427,280</u>	<u>11,672,768</u>	<u>11,672,768</u>	<u>35,478,000</u>	<u>32,100,048</u>
Deferred Inflows	<u>1,858,510</u>	<u>1,858,510</u>	<u>194,056</u>	<u>194,056</u>	<u>2,052,566</u>	<u>2,052,566</u>
Net position:						
Net investment in capital assets	26,028,231	21,994,422	43,046,655	43,049,853	69,074,886	65,044,275
Restricted	6,162,908	8,704,016	3,478,157	3,151,358	9,641,065	11,855,374
Unrestricted	1,296,375	1,505,257	9,702,040	10,009,905	10,998,415	11,515,162
Total net position	<u>\$ 33,487,514</u>	<u>\$ 32,203,695</u>	<u>\$ 56,226,852</u>	<u>\$ 56,211,116</u>	<u>\$ 89,714,366</u>	<u>\$ 88,414,811</u>

By far, the largest portion of the City's net position (77%) 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, 2016**

An additional portion of the City's net position (6.87%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,998,415 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 5,257,005	\$ 3,025,114	\$ 13,585,098	\$ 12,826,469	\$ 18,842,103	\$ 15,851,583
Operating grants and contributions	619,432	371,365	-	-	619,432	371,365
Capital grants and contributions	8,953	331,170	-	-	8,953	331,170
General Revenues:						
Taxes	11,648,148	11,314,220	-	-	11,648,148	11,314,220
State revenue sharing	1,738,673	1,700,932	-	-	1,738,673	1,700,932
Investment income	66,403	64,671	433,761	437,135	500,164	501,806
Gain on sale of capital assets	71,092	16,072	-	-	71,092	16,072
Miscellaneous	63,141	197,829	24,693	114,515	87,834	312,344
Total revenues	<u>19,472,847</u>	<u>17,021,373</u>	<u>14,043,552</u>	<u>13,378,119</u>	<u>33,516,399</u>	<u>30,399,492</u>
Expenses:						
General government	4,854,509	3,948,776	-	-	4,854,509	3,948,776
Public Safety	11,203,172	6,604,799	-	-	11,203,172	6,604,799
Public works	2,769,199	2,525,824	-	-	2,769,199	2,525,824
Culture and recreation	3,231,707	3,472,055	-	-	3,231,707	3,472,055
Interest on long-term debt	393,825	416,559	-	-	393,825	416,559
Water, reclaimed water, and sewer	-	-	8,907,807	8,767,031	8,907,807	8,767,031
Stormwater utility	-	-	856,625	653,911	856,625	653,911
Total expenses	<u>22,452,412</u>	<u>16,968,013</u>	<u>9,764,432</u>	<u>9,420,942</u>	<u>32,216,844</u>	<u>26,388,955</u>
Transfers	<u>4,263,384</u>	<u>4,173,980</u>	<u>(4,263,384)</u>	<u>(4,173,980)</u>	<u>-</u>	<u>-</u>
NET INCREASE(DECREASE) IN NET POSITION	1,283,819	4,227,340	15,736	(216,803)	1,299,555	4,010,537
Net position - beginning of year	<u>32,203,695</u>	<u>27,976,355</u>	<u>56,211,116</u>	<u>56,427,919</u>	<u>88,414,811</u>	<u>84,404,274</u>
Net position - end of year	<u>\$ 33,487,514</u>	<u>\$ 32,203,695</u>	<u>\$ 56,226,852</u>	<u>\$ 56,211,116</u>	<u>\$ 89,714,366</u>	<u>\$ 88,414,811</u>

The City's overall net position increased \$1,299,555 from the prior fiscal year. The reasons for this overall decrease 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, 2016**

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,283,819 from the prior fiscal year for an ending balance of \$33,487,514.

Total revenues for the City's governmental activities decreased by \$2,451,474 over prior year. Key elements are as follows:

- ◇ Program Revenues decreased by \$1,700,714 or 31.3%.
 - Charges for Services decreased by \$1,924,583, mainly due to the change in reporting of contributions from other funds. In prior year, these contributions were treated as a charge from the General Fund. In the current fiscal year, these funds were appropriately treated as a transfer.
- ◇ General Revenues increased by \$300,952 or 2.4%.
 - Taxes decreased by \$716,214.
 - State Revenue Sharing increased by \$977,208.
 - Investment Income increased by \$39,958, mainly due to the fair market adjustment of the City's investments at September 30, 2015.

Expenses for the City's governmental activities decreased by \$2,052,358 or 10.79%. The key element of this net decrease is related to Public Safety, which decreased by \$1,606,969. This decrease can be attributed to pension expense reporting for the police pension and firefighters' pension plans.

Business-type activities. Business-type activities resulted in a decrease in the City's net position by \$15,736.

Revenues for the City's business-type activities increased by \$665,443. The key element of the increase relates to the City's annual 4% increase in water and sewer rates.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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, 2016, the City's governmental funds reported combined fund balances of \$13,231,580, a decrease of \$2,940,884 in comparison to prior year's restated 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 three major governmental funds: General, Redevelopment and Street Improvement, 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, liabilities, revenues or expenses, and must report at least 5% of the City's total governmental funds' plus enterprise funds' total assets, liabilities, 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.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

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 \$3,285,991, 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 74.3% of total general fund expenditures, while unrestricted fund balance is 26.7% of total general fund expenditures.

General Fund balance decreased by \$363,008 during the current year. Key elements of the decrease are as follows:

- ◇ Expenditures of \$19,964,670 and transfers out of \$12,013,955 reflect a net increase of \$12,657,243 over prior year.
 - Public safety increased by \$1,635,319 over prior year. This can be attributed to an increase in expenditures related to the City's Red Light Camera program.
 - Transfers out included a \$11,265,000 transfer of new debt proceeds to the General Debt Service Fund.

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.

General Fund - Largest Revenues Components

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Property Tax	\$ 4,538,889	\$ 4,661,075	\$ 4,482,608	\$ 4,510,864	\$ 4,476,414
Utility Tax/Franchise Fees	1,270,726	1,196,176	1,317,052	1,247,460	1,174,076
Communications Tax	895,727	854,510	704,995	656,780	651,949
State Shared	1,798,824	1,923,084	2,004,171	2,000,972	2,060,565
Grants & Contributions	198,656	276,191	261,314	336,758	583,788
Service Charges	3,209,383	3,581,044	3,033,884	2,904,603	3,987,227
Transfers from Other Funds	1,261,605	1,943,305	7,567,877	6,650,288	18,609,357
Total	<u>\$ 13,173,810</u>	<u>\$ 14,435,385</u>	<u>\$ 19,371,901</u>	<u>\$ 18,307,725</u>	<u>\$ 31,543,376</u>

Of the sources presented in the graph, only property taxes and service charges 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.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

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 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 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$1,430,997	\$1,566,812	\$1,673,113	\$2,003,421	\$2,186,944

FY 2013 *Penny for Pasco* revenue has rebounded to the levels received by the City before the impact of the general economic recession of 2008. Projections from Pasco County indicate that the City's share of *Penny for Pasco* will continue to grow in 2017 and beyond.

The Capital Improvement Program (CIP) Fund's total fund balance decreased by \$1,597,530 in comparison to prior year's fund balance. This is mainly due to the start up or 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. The 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 G. of the CAFR. No major changes in capital assets are reported from the prior year.

	Governmental Activities		Business Type Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Land, land rights, and improvements	\$ 3,784,612	\$ 3,708,212	\$ 1,198,860	\$ 1,137,501	\$ 4,983,472	\$ 4,845,713
Building and improvements	12,183,513	10,998,603	26,824,089	26,824,089	39,007,602	37,822,692
Improvements other than buildings	20,712,834	20,446,522	-	-	20,712,834	20,446,522
Equipment	11,184,739	10,592,635	4,586,653	4,355,037	15,771,392	14,947,672
Infrastructure	20,077,866	18,185,445	50,728,156	46,223,207	70,806,022	64,408,652
Less: Accumulated depreciation	(35,902,574)	(33,482,469)	(34,640,117)	(32,498,322)	(70,542,691)	(65,980,791)
Sub-total	32,040,990	30,448,948	48,697,641	46,041,512	80,738,631	76,490,460
Construction in progress	4,949,752	2,571,842	1,324,682	4,504,120	6,274,434	7,075,962
Total	\$ 36,990,742	\$ 33,020,790	\$ 50,022,323	\$ 50,545,632	\$ 87,013,065	\$ 83,566,422

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 \$17.8 million compared to \$18.4 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 \$568,000. The Redevelopment note, Series 2005A and 2005B were refinanced in January 2016. Details on all long-term loans are included in Note G in the CAFR.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Totals	
	2016	2015
Governmental:		
Redevelopment note, Series 2005A	\$ -	\$ 5,497,000
Redevelopment note, Series 2005B	-	5,487,000
Redevelopment note, Series 2016	10,954,000	-
Sub-total	<u>10,954,000</u>	<u>10,984,000</u>
Business Type:		
W&S Revenue bond, Series 2012	6,925,490	7,463,443
Sub-total	<u>6,925,490</u>	<u>7,463,443</u>
Total	<u>\$ 17,879,490</u>	<u>\$ 18,447,443</u>

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 2017 property tax rate has been reduced to 9.1500 mills, from 9.5000 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 2017 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.

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 restructuring and early pay off of most of the long-term debt that has been previously assigned to the Redevelopment fund. In addition the City is committed to exploring all viable alternative to enhance the commercial infrastructure within the city limits, to encourage future economic growth and future economic opportunities.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

Budget Efficiency. City has committed to a major capital investment in computer hardware and software systems to improve the City's Administrations, Utility Billing, and other operating departments. The long-term goal of the City's Administrative staff and other operational comments is to become paperless and to have all relevant City documents electronically stored for efficient and cost effective retrieval. This goal of electronic storage of data will greatly increase productivity and provide better access to information by the citizens of New Port Richey.

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, 2015. 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, 2016**

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash, cash equivalents, and investments	\$ 11,126,540	\$ 1,996,887	\$ 13,123,427
Restricted assets:			
Cash, cash equivalents, and investments			
Impact fees	-	3,478,157	3,478,157
Customer deposits	-	1,055,843	1,055,843
Receivables (net of allowance):			
Accounts, billed	241,487	1,738,613	1,980,100
Taxes	243,260	-	243,260
Special assessments	155,782	5,275	161,057
Note receivable - current portion	-	471,245	471,245
Due from other governments	1,473,823	427,243	1,901,066
Redevelopment properties held for resale	3,241,550	-	3,241,550
Internal balances	105,082	(105,082)	-
Inventories - at cost	104,286	397,245	501,531
Prepaid items	10,722	-	10,722
Total current assets	<u>16,702,532</u>	<u>9,465,426</u>	<u>26,167,958</u>
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable	8,734,364	2,523,542	11,257,906
Depreciable, net of accumulated depreciation	28,256,378	47,498,781	75,755,159
Note receivable - long-term portion	-	7,029,639	7,029,639
Total noncurrent assets	<u>36,990,742</u>	<u>57,051,962</u>	<u>94,042,704</u>
Total assets	<u>53,693,274</u>	<u>66,517,388</u>	<u>120,210,662</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	4,139,173	978,853	5,118,026
Total deferred outflows of resources	<u>4,139,173</u>	<u>978,853</u>	<u>5,118,026</u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2016**

LIABILITIES	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT LIABILITIES			
Accounts payable	\$ 1,578,094	\$ 533,154	\$ 2,111,248
Accrued liabilities	635,710	79,506	715,216
Due to other governments	658,134	62,449	720,583
Customer deposits	-	1,055,843	1,055,843
Unearned revenue	205,375	37,379	242,754
Current portion of:			
Revenue bonds payable	-	551,939	551,939
Redevelopment revenue notes payable	609,000	-	609,000
Net pension liability	47,472	23,381	70,853
Compensated absences	63,596	7,095	70,691
Total current liabilities	<u>3,797,381</u>	<u>2,350,746</u>	<u>6,148,127</u>
NONCURRENT LIABILITIES			
Lawsuit settlement payable	100,000	-	100,000
Revenue bonds payable	-	6,373,551	6,373,551
Redevelopment revenue notes payable	10,345,000	-	10,345,000
Net pension liability	7,706,770	2,172,259	9,879,029
Net OPEB obligation	1,553,304	318,219	1,871,523
Compensated absences	302,777	37,307	340,084
Total noncurrent liabilities	<u>20,007,851</u>	<u>8,901,336</u>	<u>28,909,187</u>
 Total liabilities	 <u>23,805,232</u>	 <u>11,252,082</u>	 <u>35,057,314</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	539,701	17,307	557,008
Total deferred inflows of resources	<u>539,701</u>	<u>17,307</u>	<u>557,008</u>
NET POSITION			
Net Investment in capital assets	26,028,231	43,046,655	69,074,886
Restricted:			
Law enforcement programs	78,317	-	78,317
Donations received	23,018	-	23,018
Debt service	774,442	-	774,442
Impact fees	-	3,478,157	3,478,157
Infrastructure	2,903,996	-	2,903,996
Transportation	2,383,135	-	2,383,135
Unrestricted	<u>1,296,375</u>	<u>9,702,040</u>	<u>10,998,415</u>
 Total net position	 <u>\$ 33,487,514</u>	 <u>\$ 56,226,852</u>	 <u>\$ 89,714,366</u>

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 4,854,509	\$ 4,147,705	\$ -	\$ -
Public safety	11,203,172	163,610	26,668	-
Public works	2,769,199	408,267	293,565	-
Culture and recreation	3,231,707	537,423	299,199	8,953
Interest and fiscal charges on long-term debt	393,825	-	-	-
Total governmental activities	<u>22,452,412</u>	<u>5,257,005</u>	<u>619,432</u>	<u>8,953</u>
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	8,907,807	12,617,220	-	-
Stormwater utility	856,625	967,878	-	-
Total business-type activities	<u>9,764,432</u>	<u>13,585,098</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 32,216,844</u>	<u>\$ 18,842,103</u>	<u>\$ 619,432</u>	<u>\$ 8,953</u>

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

Gain on sale of capital assets

Miscellaneous

Total general revenues

Transfers

Total General Revenue and Transfers

Change in net position

Net position - beginning of year

Net position - end of year

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (706,804)	\$ -	\$ (706,804)
(11,012,894)	-	(11,012,894)
(2,067,367)	-	(2,067,367)
(2,386,132)	-	(2,386,132)
(393,825)	-	(393,825)
<u>(16,567,022)</u>	<u>-</u>	<u>(16,567,022)</u>
-	3,709,413	3,709,413
-	111,253	111,253
<u>-</u>	<u>3,820,666</u>	<u>3,820,666</u>
(16,567,022)	3,820,666	(12,746,356)
5,133,835	-	5,133,835
1,174,076	-	1,174,076
1,375,391	-	1,375,391
651,949	-	651,949
2,248,051	-	2,248,051
742,954	-	742,954
321,892	-	321,892
1,738,673	-	1,738,673
66,403	433,761	500,164
71,092	-	71,092
63,141	24,693	87,834
<u>13,587,457</u>	<u>458,454</u>	<u>14,045,911</u>
<u>4,263,384</u>	<u>(4,263,384)</u>	<u>-</u>
<u>17,850,841</u>	<u>(3,804,930)</u>	<u>14,045,911</u>
1,283,819	15,736	1,299,555
32,203,695	56,211,116	88,414,811
<u>\$ 33,487,514</u>	<u>\$ 56,226,852</u>	<u>\$ 89,714,366</u>

**CITY OF NEW PORT RICHEY, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2016**

	General	Redevelopment	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and pooled cash, cash equivalents, and investments	\$ 4,503,689	\$ 745,141	\$ 682,641	\$ 2,493,085	\$ 2,403,959	\$ 10,828,515
Receivables (net of allowance):						
Accounts, billed	\$ 239,310	\$ 2,177	-	-	-	241,487
Taxes	105,087	-	138,173	-	-	243,260
Special assessments	-	-	-	-	155,782	155,782
Advances to other funds	8,866,530	-	-	-	-	8,866,530
Due from other funds	137,095	-	-	-	3,854	140,949
Due from other governments	832,074	-	-	519,349	122,400	1,473,823
Redevelopment properties held for resale	-	3,241,550	-	-	-	3,241,550
Inventories - at cost	27,492	-	-	-	-	27,492
Prepaid items	10,722	-	-	-	-	10,722
	<u>\$ 14,721,999</u>	<u>\$ 3,988,868</u>	<u>\$ 820,814</u>	<u>\$ 3,012,434</u>	<u>\$ 2,685,995</u>	<u>\$ 25,230,110</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,195,320	\$ 106,941	\$ -	\$ 115,401	\$ 123,550	\$ 1,541,212
Accrued liabilities	581,724	1,705	-	-	-	583,429
Advances from other funds	-	8,866,530	-	-	-	8,866,530
Due to other funds	140,599	3,251	-	-	-	143,850
Due to other governments	658,134	-	-	-	-	658,134
Unearned revenues	23,723	(1,134)	-	-	182,786	205,375
Total Liabilities	<u>2,599,500</u>	<u>8,977,293</u>	<u>-</u>	<u>115,401</u>	<u>306,336</u>	<u>11,998,530</u>
Fund Balances:						
Nonspendable:						
Advances to/from other funds	8,866,530	-	-	-	-	8,866,530
Inventories	27,492	-	-	-	-	27,492
Prepaid items	10,722	-	-	-	-	10,722
Restricted for:						
Donations received	23,018	-	-	-	-	23,018
Law enforcement programs	78,317	-	-	-	-	78,317
Debt service	-	-	820,814	-	-	820,814
Infrastructure	-	-	-	2,897,033	-	2,897,033
Transportation	-	-	-	-	2,379,659	2,379,659
Committed to:						
Emergency reserve	3,025,008	-	-	-	-	3,025,008
Assigned to:						
Tree removal	9,593	-	-	-	-	9,593
Public safety equipment purchase	6,125	-	-	-	-	6,125
Employee recovery	10,474	-	-	-	-	10,474
Youth education	2,450	-	-	-	-	2,450
Unassigned:						
General fund	62,770	-	-	-	-	62,770
Redevelopment Fund	-	(4,988,425)	-	-	-	(4,988,425)
Total Fund Balances	<u>12,122,499</u>	<u>(4,988,425)</u>	<u>820,814</u>	<u>2,897,033</u>	<u>2,379,659</u>	<u>13,231,580</u>

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, 2016**

Fund Balances - total governmental funds		\$ 13,231,580
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	72,344,681	
Less accumulated depreciation	<u>(35,571,921)</u>	36,772,760
<p>Deferred outflows of resources relating to net pension liabilities do not have a current financial resources focus, and therefore are not recognized in the governmental fund financial statements</p>		
		4,054,103
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Long-term lawsuit settlement	(100,000)	
Redevelopment revenue notes payable	(10,954,000)	
Compensated absences	(361,178)	
Net pension liability	(7,562,103)	
Net OPEB obligation	<u>(1,516,055)</u>	(20,493,336)
<p>Certain liabilities which do not require current financial resources are reported on the statement of net position.</p>		
Accrued interest on long-term liabilities		(46,372)
<p>Deferred inflows of resources relating to net pension liabilities do not have a current financial resources focus, and therefore are not recognized in the governmental fund financial statements</p>		
		(538,209)
<p>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.</p>		
		<u>506,988</u>
Net position of governmental activities		<u>\$ 33,487,514</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, 2016**

	General	Redevelopment	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 6,302,439	\$ 657,421	\$ 1,375,391	\$ 2,186,944	\$ 1,150,824	\$ 11,673,019
Licenses and permits	404,488	-	-	-	-	404,488
Intergovernmental revenue	2,644,353	750,000	-	200,000	-	3,594,353
Charges for services	743,141	-	-	-	-	743,141
Fines and forfeitures	2,777,550	-	-	-	-	2,777,550
Miscellaneous revenues	62,048	28,210	206	21,896.00	96,844	209,204
Total Revenues	<u>12,934,019</u>	<u>1,435,631</u>	<u>1,375,597</u>	<u>2,408,840</u>	<u>1,247,668</u>	<u>19,401,755</u>
EXPENDITURES						
Current:						
General government	3,645,987	512,523	-	-	305,154	4,463,664
Public safety	11,319,074	-	-	-	-	11,319,074
Public works	1,852,146	-	-	-	-	1,852,146
Culture and recreation	1,999,993	-	-	-	-	1,999,993
Capital outlay	1,147,470	1,012,331	-	2,912,348	1,518,271	6,590,420
Debt service						
Principal retirement	-	10,984,000	311,000	-	-	11,295,000
Interest and fiscal charges	-	218,894	204,074	-	-	422,968
Total Expenditures	<u>19,964,670</u>	<u>12,727,748</u>	<u>515,074</u>	<u>2,912,348</u>	<u>1,823,425</u>	<u>37,943,265</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,030,651)</u>	<u>(11,292,117)</u>	<u>860,523</u>	<u>(503,508)</u>	<u>(575,757)</u>	<u>(18,541,510)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale and disposition of capital assets	72,241	-	-	-	-	72,241
Proceeds from issuance of debt	-	-	11,265,000	-	-	11,265,000
Transfers in	18,609,357	12,013,955	458,834	-	-	31,082,146
Transfers out	(12,013,955)	(719,845)	(12,570,010)	(1,094,022)	(420,930)	(26,818,762)
Total Other Financing Sources (Uses)	<u>6,667,643</u>	<u>11,294,110</u>	<u>(846,176)</u>	<u>(1,094,022)</u>	<u>(420,930)</u>	<u>15,600,625</u>
NET CHANGE IN FUND BALANCES	(363,008)	1,993	14,347	(1,597,530)	(996,687)	(2,940,885)
FUND BALANCES - BEGINNING OF YEAR	12,485,507	(4,990,418)	806,467	4,494,563	3,376,346	16,172,465
FUND BALANCES - END OF YEAR	<u>\$ 12,122,499</u>	<u>\$ (4,988,425)</u>	<u>\$ 820,814</u>	<u>\$ 2,897,033</u>	<u>\$ 2,379,659</u>	<u>\$ 13,231,580</u>

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, 2016**

Net change in fund balances - total governmental funds \$ (2,940,885)

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	\$ 6,607,006	
Less current year depreciation	<u>(2,651,691)</u>	3,955,315

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

Redevelopment note issuance	(11,265,000)	
Principal payments - refunding notes	<u>11,295,000</u>	30,000

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	
Pension expense adjustment	212,737	
Change in accrued interest payable	29,143	
Change in net OPEB obligation	(259,727)	
Change in compensated absences	<u>(2,621)</u>	29,532

Gain on the sale of capital assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Proceeds from the sale of capital assets	(72,241)	
Gain on the sale of capital assets	<u>71,092</u>	(1,149)

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.

		<u>211,006</u>
Change in net position of governmental activities		<u><u>\$ 1,283,819</u></u>

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-Type Activities Enterprise Funds			Governmental Activity	Total
	Water and Sewer	Stormwater Utility	Total	Internal Service	
ASSETS					
CURRENT ASSETS					
Cash and pooled cash, cash equivalents, and investments	\$ 613,622	\$ 1,383,265	\$ 1,996,887	\$ 298,025	\$ 2,294,912
Restricted:					
Cash and pooled cash, cash equivalents, and investments:					
Impact fees	3,478,157	-	3,478,157	-	3,478,157
Customer deposits	1,055,843	-	1,055,843	-	1,055,843
Receivables (net of allowance):					
Accounts, billed	1,738,613	-	1,738,613	-	1,738,613
Special assessments	5,275	-	5,275	-	5,275
Note receivable - current portion	471,245	-	471,245	-	471,245
Due from other governments	427,243	-	427,243	-	427,243
Due from other funds	-	21,392	21,392	249,832	271,224
Inventories - at cost	397,245	-	397,245	76,794	474,039
Prepaid items	-	-	-	-	-
Total current assets	<u>8,187,243</u>	<u>1,404,657</u>	<u>9,591,900</u>	<u>624,651</u>	<u>10,216,551</u>
NONCURRENT ASSETS					
Capital Assets:					
Non-depreciable:					
Land, land rights, and improvements	994,109	204,751	1,198,860	-	1,198,860
Construction in progress	1,261,620	63,062	1,324,682	-	1,324,682
Depreciable:					
Buildings and improvements	26,531,861	292,227	26,824,088	17,927	26,842,015
Machinery and equipment	3,957,779	628,899	4,586,678	212,144	4,798,822
Infrastructure	42,470,502	8,257,655	50,728,157	318,564	51,046,721
Accumulated depreciation	(31,644,318)	(2,995,824)	(34,640,142)	(330,653)	(34,970,795)
Note receivable - long-term portion	7,029,639	-	7,029,639	-	7,029,639
Total noncurrent assets	<u>50,601,192</u>	<u>6,450,770</u>	<u>57,051,962</u>	<u>217,982</u>	<u>57,269,944</u>
Total assets	<u>58,788,435</u>	<u>7,855,427</u>	<u>66,643,862</u>	<u>842,633</u>	<u>67,486,495</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	865,426	113,427	978,853	85,070	1,063,923
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	506,307	26,847	533,154	36,882	570,036
Accrued liabilities	73,143	6,363	79,506	5,909	85,415
Due to other governments	62,449	-	62,449	-	62,449
Due to other funds	117,346	9,128	126,474	141,849	268,323
Customer deposits	1,055,843	-	1,055,843	-	1,055,843
Unearned revenue	37,379	-	37,379	-	37,379
Revenue bonds payable - current portion	551,939	-	551,939	-	551,939
Net pension liability - current portion	20,547	2,834	23,381	2,126	25,507
Compensated absences - current portion	5,070	2,025	7,095	-	7,095
Total current liabilities	<u>2,430,023</u>	<u>47,197</u>	<u>2,477,220</u>	<u>186,766</u>	<u>2,663,986</u>
NONCURRENT LIABILITIES					
Revenue notes payable	6,373,551	-	6,373,551	-	6,373,551
Net OPEB obligation	293,350	24,869	318,219	37,249	355,468
Net pension liability	1,918,907	253,352	2,172,259	190,013	2,362,272
Compensated absences	35,470	1,837	37,307	5,195	42,502
Total noncurrent liabilities	<u>8,621,278</u>	<u>280,058</u>	<u>8,901,336</u>	<u>232,457</u>	<u>9,133,793</u>
Total liabilities	<u>11,051,301</u>	<u>327,255</u>	<u>11,378,556</u>	<u>419,223</u>	<u>11,797,779</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	15,318	1,989	17,307	1,492	18,799
NET POSITION					
Net investment in capital assets	36,595,885	6,450,770	43,046,655	(100,582)	42,946,073
Restricted:					
Water and sewer impact fees	3,478,157	-	3,478,157	-	3,478,157
Unrestricted	<u>8,513,200</u>	<u>1,188,840</u>	<u>9,702,040</u>	<u>607,570</u>	<u>10,309,610</u>
Total net position	<u>\$ 48,587,242</u>	<u>\$ 7,639,610</u>	<u>\$ 56,226,852</u>	<u>\$ 506,988</u>	<u>\$ 56,733,840</u>

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, 2016

	Business-Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
OPERATING REVENUE					
Charges for services	12,290,421	\$ 967,878	\$ 13,258,299	\$ 934,789	\$ 14,193,088
Impact fees	326,799	-	326,799	-	326,799
Total operating revenues	<u>12,617,220</u>	<u>967,878</u>	<u>13,585,098</u>	<u>934,789</u>	<u>14,519,887</u>
OPERATING EXPENSES					
Personal services	2,378,597	254,232	2,632,829	238,761	2,871,590
Contractual services	182,865	42,462	225,327	41,991	267,318
Operating supplies	670,903	67,783	738,686	422,788	1,161,474
Repairs and maintenance	269,047	25,076	294,123	18,050	312,173
Utilities	888,358	27,572	915,930	1,887	917,817
Depreciation	1,931,682	432,891	2,364,573	789	2,365,362
Subsidy from County	(1,082,397)	-	(1,082,397)	-	(1,082,397)
Other operating expenses	3,442,141	6,609	3,448,750	25	3,448,775
Total operating expenses	<u>8,681,196</u>	<u>856,625</u>	<u>9,537,821</u>	<u>724,291</u>	<u>10,262,112</u>
OPERATING INCOME	3,936,024	111,253	4,047,277	210,498	4,257,775
NONOPERATING REVENUES					
(EXPENSES)					
Investment income	426,511	7,250	433,761	347	434,108
Miscellaneous revenues	24,693	-	24,693	161	24,854
Interest and fiscal charges	(226,611)	-	(226,611)	-	(226,611)
Total net nonoperating revenues	<u>224,593</u>	<u>7,250</u>	<u>231,843</u>	<u>508</u>	<u>232,351</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	4,160,617	118,503	4,279,120	211,006	4,490,126
Transfers out	<u>(4,004,278)</u>	<u>(259,106)</u>	<u>(4,263,384)</u>	<u>-</u>	<u>(4,263,384)</u>
CHANGE IN NET POSITION	156,339	(140,603)	15,736	211,006	226,742
NET POSITION - BEGINNING OF YEAR	48,430,903	7,780,213	56,211,116	295,982	56,507,098
NET POSITION - END OF YEAR	<u>\$ 48,587,242</u>	<u>\$ 7,639,610</u>	<u>\$ 56,226,852</u>	<u>\$ 506,988</u>	<u>\$ 56,733,840</u>

See accompanying Notes to Financial Statements.

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	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	\$ 12,597,326	\$ 969,917	\$ 13,567,243	\$ -	\$ 13,567,243
Cash received from interfund services provided	-	-	-	934,789	934,789
Cash paid to suppliers for goods and services	(4,712,204)	(164,620)	(4,876,824)	(483,906)	(5,360,730)
Cash paid to and for the benefit of employees	(2,199,896)	(219,234)	(2,419,130)	(232,525)	(2,651,655)
Cash paid for general government allocated expenses	-	-	-	-	-
Net cash provided by operating activities	<u>5,685,226</u>	<u>586,063</u>	<u>6,271,289</u>	<u>218,358</u>	<u>6,489,647</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers from other funds	(221,663)	-	(221,663)	141,849	(79,814)
Cash transfers to other funds	(4,004,278)	(281,308)	(4,285,586)	(249,832)	(4,535,418)
Net cash used by noncapital financing activities	<u>(4,225,941)</u>	<u>(281,308)</u>	<u>(4,507,249)</u>	<u>(107,983)</u>	<u>(4,615,232)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest and fiscal charges paid on revenue bonds	(226,611)	-	(226,611)	-	(226,611)
Principal paid on revenue bonds, including current refinancing	(537,953)	-	(537,953)	-	(537,953)
Acquisition and construction of capital assets	(1,591,998)	(249,266)	(1,841,264)	(16,576)	(1,857,840)
Proceeds from sale of water rights	449,276	-	449,276	-	449,276
Net cash used by capital and related financing activities	<u>(1,907,286)</u>	<u>(249,266)</u>	<u>(2,156,552)</u>	<u>(16,576)</u>	<u>(2,173,128)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Earnings on investments	426,511	7,250	433,761	347	434,108
Other revenues	24,693	-	24,693	162	24,855
Net cash provided by investing activities	<u>451,204</u>	<u>7,250</u>	<u>458,454</u>	<u>509</u>	<u>458,963</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	3,203	62,739	65,942	94,308	160,250
Cash and cash equivalents - Beginning of year	<u>5,144,419</u>	<u>1,320,526</u>	<u>6,464,945</u>	<u>203,717</u>	<u>6,668,662</u>
CASH AND CASH EQUIVALENTS - END OF YEAR					
	<u>\$ 5,147,622</u>	<u>\$ 1,383,265</u>	<u>\$ 6,530,887</u>	<u>\$ 298,025</u>	<u>\$ 6,828,912</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET					
Unrestricted cash and pooled cash, cash equivalents, and investments	\$ 613,622	\$ 1,383,265	\$ 1,996,887	\$ 298,025	\$ 2,294,912
Restricted cash and pooled cash, cash equivalents, and investments:					
Impact fees	3,478,157	-	3,478,157	-	3,478,157
Customer deposits	1,055,843	-	1,055,843	-	1,055,843
	<u>\$ 5,147,622</u>	<u>\$ 1,383,265</u>	<u>\$ 6,530,887</u>	<u>\$ 298,025</u>	<u>\$ 6,828,912</u>

See accompanying Notes to Financial Statements.

CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016

	Business-Type Activities Enterprise Funds			Governmental Activity	Total
	Water and Sewer	Stormwater Utility	Total	Internal Service	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 3,936,024	\$ 111,253	\$ 4,047,277	\$ 210,498	\$ 4,257,775
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	1,931,682	432,891	2,364,573	789	2,365,362
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(72,642)	-	(72,642)	-	(72,642)
(Increase) decrease in due from other governments	52,748	2,039	54,787	-	54,787
(Increase) decrease in inventories	(48,540)	-	(48,540)	(2,278)	(50,818)
(Increase) decrease in prepaid expenses	10,873	-	10,873	-	10,873
Increase (decrease) in accounts payable	(185,286)	4,882	(180,404)	3,113	(177,291)
Increase (decrease) in accrued liabilities	11,810	883	12,693	8	12,701
Increase (decrease) in customer deposits	65,855	-	65,855	-	65,855
Increase (decrease) in due to other governments	(177,838)	-	(177,838)	-	(177,838)
Increase (decrease) in unearned revenue	(6,351)	-	(6,351)	-	(6,351)
Increase (decrease) in compensated absences	(5,716)	996	(4,720)	(2,621)	(7,341)
Increase (decrease) in pension related amounts	129,054	29,076	158,130	4,425	162,555
Increase (decrease) in net OPEB obligation	43,553	4,043	47,596	4,424	52,020
Net Cash Provided by Operating Activities	<u>\$ 5,685,226</u>	<u>\$ 586,063</u>	<u>\$ 6,271,289</u>	<u>\$ 218,358</u>	<u>\$ 6,489,647</u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016**

	<u>Employee Retirement Funds</u>
ASSETS	
Cash	\$ 24,333
Investments:	
U.S. government obligations	990,916
U.S. government agency obligations	4,485,572
Domestic corporate bonds and stocks	20,752,020
Real estate investment trust	2,714,443
Temporary investment funds	1,063,500
Pooled equity and fixed income funds	4,906,810
Total investments	<u>34,913,261</u>
Receivables:	
Accrued dividends and interest	51,419
Intergovernmental	124,429
Total receivables	<u>175,848</u>
Prepaid items	177,470
Equipment	341
Total assets	<u>35,291,253</u>
LIABILITIES	
Accounts payable	<u>52,645</u>
Total liabilities	<u>52,645</u>
NET POSITION	
Restricted for Pension Benefits	<u><u>\$ 35,238,608</u></u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Employee Retirement Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,257,213
Employee	199,395
State	<u>321,892</u>
Total contributions	1,778,500
Investment earnings:	
Net increase in fair value of investments	1,594,954
Interest and dividends	682,505
Other	<u>3,762</u>
Total investment earnings	2,281,221
Less investment expense	<u>188,031</u>
Net investment earnings	<u>2,093,190</u>
Total additions	3,871,690
DEDUCTIONS	
Benefits	2,192,482
Refunds of contributions	30,153
Administrative expense	<u>117,761</u>
Total deductions	<u>2,340,396</u>
CHANGE IN NET POSITION	1,531,294
Net position - beginning of year	33,707,314
NET POSITION - END OF YEAR	<u><u>\$ 35,238,608</u></u>

See accompanying Notes to Financial Statements.

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**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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. In accordance with Governmental Accounting Standards Board Statement Number 61, *The Financial Reporting Entity*, 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, 2016**

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 non-operating 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 non-operating revenues and expenses.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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. Non-operating 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. Non-major 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. This fund is a non-major fund in the governmental fund statements.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, 2016**

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 non-spendable, 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 cost. 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 is 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, 2016 was 9.50.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, buildings, improvements, and equipment are stated at cost. Capital contributions are recorded at their fair 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 is as follows:

<u>Capital Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	20-50 Years
Buildings and improvements	10-50 Years
Improvements other than buildings	40-50 Years
Machinery and equipment	5-10 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, 2016**

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 \$9,641,065 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:

- Non-spendable – 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 Non-spendable 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, 2016**

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.

7. New Accounting Pronouncements: For the year ended September 30, 2016, the financial statements include the impact of Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application”, which addresses accounting and financial reporting related to fair value measurements. The goal of this statement is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on an entity’s financial position.

For the year ended September 30, 2016, the financial statements include the impact of Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application”, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This statement will enhance comparability of financial statements among governments by establishing specific criteria to be used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. 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.

NOTE B CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2016, the carrying amount of the City's deposits with financial institutions was \$5,063,827 and the bank account balance was \$6,310,946. 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, 2016**

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, 2016, 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 carried at market value as of September 30, 2016, consist of the following:

Investment	Average Maturity	Fair Value	Overall Credit Rating (Standard & Poors)
State Board of Administration - Florida PRIME	50 days	\$ 8,575,585	AAAm
Florida Municipal Investment Trust - 0-2 Year High Quality Bond Fund	0.87 year	4,568,075	Not Rated
Portfolio Total		<u>\$ 13,143,660</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, 2016, 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, 2016**

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

A reconciliation of the amount of deposits and investments to the Statement of Net Position is as follows:

Bank Deposits	\$	7,478,716
Petty Cash		2,302
Investments		10,176,409
Total		\$ 17,657,427
Unrestricted:		
Cash, Cash Equivalents, and Investments	\$	13,123,427
Restricted:		
Cash, Cash Equivalents, and Investments - Customer deposits		1,055,843
Total Cash, Cash Equivalents, and Investments	\$	14,179,270

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, 2016, the carrying amount of the Plan's cash and cash equivalents was \$21,713.

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, 2016:

Investment Type	Fair Value	Overall Credit Rating (S&P & Moody's)	Average Effective Duration (Years)
U.S. Government obligations	\$ 410,902	AA	6.8
U.S. Government agency obligations	756,330	AA	7.9
Domestic corporate bonds	1,678,936	A	5.3
Domestic fixed income investment fund	556,319	Not rated	N/A
Domestic stocks	3,073,287	Not rated	N/A
Domestic equity investment fund	2,776,652	Not rated	N/A
International equity investment fund	1,573,839	Not rated	N/A
Temporary investment funds	135,500	Not rated	N/A
Total Investments	\$ 10,961,765		

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, 2016**

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, 2016, the carrying amount of the Plan’s cash and cash equivalents was \$2,620.

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, 2016:

<u>Investment</u>	<u>Fair Value</u>	<u>Overall Credit Rating (S&P & Moody’s)</u>	<u>Average Effective Duration (Years)</u>
U.S. Government obligations	\$ 580,014	AA	5.8
U.S. Government agency obligations	3,729,242	AA	8.2
Domestic corporate bonds	1,766,896	A	6.4
Domestic stocks	14,232,901	Not rated	N/A
Real estate investment fund	2,714,443	Not rated	N/A
Temporary investment funds	928,000	Not rated	N/A
Total Fixed Investments	<u>\$ 23,951,496</u>		

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, 2016

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 Florida PRIME, which is a qualified external investment pool valued at amortized cost, and the 0-2 Year High Quality Bond Fund, which is invested through the Florida Municipal Investment Trust (FMIvT), an external investment pool. The 0-2 Year High Quality Bond Fund is valued at the net asset value (NAV) provided by FMIvT, which 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, 2016**

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, 2016:

	2016			
	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	\$ 410,902	\$ -	\$ 410,902	\$ -
U.S. Government Agency Securities	756,330	-	756,330	-
Domestic Corporate Bonds	1,678,936	-	1,678,936	-
Domestic Fixed Income Fund	556,319	556,319	-	-
Equity Securities:				
Domestic Equity Investment Fund	2,776,652	2,776,652	-	-
Domestic Stocks	3,073,287	3,073,287	-	-
International Equity Investment Fund	1,573,839	1,573,839	-	-
Temporary Investments	135,500	135,500	-	-
Total Investments Measured at Fair Value	\$ 10,961,765	\$ 8,115,597	\$ 2,846,168	\$ -

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, 2016:

	2016			
	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	\$ 580,014	\$ -	\$ 580,014	\$ -
U.S. Government Agency Securities	3,729,242	-	3,729,242	-
Corporate Bonds	1,766,896	-	1,766,896	-
Equity Securities:				
Domestic Stocks	14,232,901	14,232,901	-	-
Temporary Investments	928,000	928,000	-	-
Total Investments Measured at Fair Value	\$ 21,237,053	\$ 15,160,901	\$ 6,076,152	\$ -
Investments Measured at Net Asset Value (NAV)				
Real Estate Fund	2,714,443			
Total Investments Measured at Cost	\$ 2,714,443			
Total Investments	\$ 23,951,496			

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, 2015 were as follows:

	Receivable Balance	Allowance for Uncollectible Balance	Net
General Fund:			
Taxes and franchise fees	\$ 105,087	\$ -	\$ 105,087
Lot mowing	21,440	-	21,440
Code enforcement	644,051	579,645	64,406
Red light camera fines	81,646	-	81,646
Other	71,818	-	71,818
Total General Fund	<u>\$ 924,042</u>	<u>\$ 579,645</u>	<u>\$ 344,397</u>
Redevelopment Fund			
Lot mowing	\$ 2,177	\$ -	\$ 2,177
Code enforcement	358,874	358,874	-
Total Redevelopment Fund	<u>\$ 361,051</u>	<u>\$ 358,874</u>	<u>\$ 2,177</u>
Debt Service Fund			
Taxes and franchise fees	138,173	-	138,173
Street Improvement Fund			
Special assessments	197,661	41,879	155,782
Water and Sewer Fund			
Retail utility customers	2,050,713	516,520	1,534,193
Impact fees	22,583	-	22,583
Miscellaneous	17,510	-	17,510
Special assessments	52,752	47,477	5,275
Total Water and Sewer Fund	<u>\$ 2,143,558</u>	<u>\$ 563,997</u>	<u>\$ 1,579,561</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE D INTERFUND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2016 is as follows:

Fund Transfer Out:	Fund Transfers In:			Total
	General Fund	Redevelopment Fund	Debt Service Fund	
General Fund	\$ -	\$ 12,013,955	\$ -	\$ 12,013,955
Redevelopment Fund	261,011	-	458,831	719,842
Debt Service Fund	12,570,010	-	-	12,570,010
Capital Projects Fund	1,094,022	-	-	1,094,022
Street Improvement Fund	420,930	-	-	420,930
Water and Sewer Fund	4,004,278	-	-	4,004,278
Stormwater Fund	259,106	-	-	259,106
Total	<u>\$ 18,609,357</u>	<u>\$ 12,013,955</u>	<u>\$ 458,831</u>	<u>\$ 31,082,143</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 debt service fund transferred \$11,202,894 to the general fund, and the general fund transferred said amount to the redevelopment fund to retire the outstanding redevelopment notes (Series 2005A and Series 2005B) that were refunded with new debt whose proceeds were reported in the debt service fund. 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.

Transfers from the redevelopment fund to the debt service fund totaling \$458,831 were intended to move receipts restricted to debt service as debt service payments became due.

In addition to transfers, the general fund has a long-term advance to the redevelopment fund with an outstanding balance of \$8,866,530 as of September 30, 2016. The purpose of this advance was to provide the necessary funding to the redevelopment fund in order to meet its debt service obligations.

Due To:	Due From:				Total
	General Fund	Street Improvement Fund	Internal Service Fund	Stormwater Fund	
General Fund	\$ -	\$ 2,789	\$ 126,371	\$ 11,439	\$ 12,013,955
Redevelopment Fund	-	800	-	2,451	719,845
Internal Service Fund	137,095	-	-	4,754	420,930
Water and Sewer Fund	-	265	114,333	2,748	-
Stormwater Fund	-	-	9,128	-	9,383,792
Internal Service Fund	259,106	-	-	-	259,106
Total	<u>\$ 396,201</u>	<u>\$ 3,854</u>	<u>\$ 249,832</u>	<u>\$ 21,392</u>	<u>\$ 22,797,628</u>

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, 2016, these applied credits totaled \$847,579, represented by a principal portion of \$449,276 and an interest portion of \$398,303 at a rate of 4.865% compounded semi-annually. At September 30, 2016, the \$7,500,884 outstanding balance (\$471,245 - current portion and \$7,029,639 - 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, 2016**

NOTE F CAPITAL ASSETS

Capital asset activity of governmental activities for the fiscal year ended September 30, 2016 was as follows:

	Beginning Balance 10/1/15	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance 9/30/16
Governmental Activities:				
Nondepreciable assets:				
Land, land rights and improvements	\$ 3,708,212	\$ 76,400	\$ -	\$ 3,784,612
Construction in progress	2,571,842	5,279,045	(2,901,135)	4,949,752
Depreciable assets:				
Buildings and improvements	10,998,603	1,184,910	-	12,183,513
Improvements other than buildings	20,446,522	266,312	-	20,712,834
Machinery and Equipment	10,592,635	825,628	(233,524)	11,184,739
Infrastructure	18,185,445	1,892,421	-	20,077,866
Total at historical cost	66,503,259	9,524,716	(3,134,659)	72,893,316
Less accumulated depreciation for:				
Buildings and improvements	7,714,817	516,607	-	8,231,424
Improvements other than buildings	8,269,396	775,846	-	9,045,242
Machinery and Equipment	7,777,051	624,272	(232,375)	8,168,948
Infrastructure	9,721,205	735,755	-	10,456,960
Total accumulated depreciation	33,482,469	2,652,480	(232,375)	35,902,574
Capital assets, net	\$ 33,020,790	\$ 6,872,236	\$ (2,902,284)	\$ 36,990,742

Depreciation charged to the governmental activities as follows:

Depreciation charged to the governmental activities as follows:	
General Government	298,058
Police	263,301
Fire	128,084
Public Works	837,378
Culture and recreation	1,124,870
Sub-total	<u>2,651,691</u>
Unallocated Internal Service Funds	789
	<u>\$ 2,652,480</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE F CAPITAL ASSETS (continued)

Capital asset activity of business-type activities for the fiscal year ended September 30, 2016 was as follows:
:

	Beginning Balance 10/1/15	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance 9/30/16
Business-Type Activities:				
Nondepreciable assets:				
Land, land rights and improvements	\$ 1,137,501	\$ 61,359	\$ -	\$ 1,198,860
Construction in progress	4,504,120	1,330,327	(4,509,765)	1,324,682
Depreciable assets:				
Buildings and improvements	26,824,089	-	-	26,824,089
Machinery and Equipment	4,355,038	496,433	(264,818)	4,586,653
Infrastructure	46,223,207	4,537,510	(32,561)	50,728,156
 Total at historical cost	 83,043,955	 6,425,629	 (4,807,144)	 84,662,440
Less accumulated depreciation for:				
Buildings and improvements	13,122,469	819,979	-	13,942,448
Infrastructure	16,396,979	1,227,013	-	17,623,992
Machinery and Equipment	2,978,875	342,221	(247,419)	3,073,677
 Total accumulated depreciation	 32,498,323	 2,389,213	 (247,419)	 34,640,117
 Capital assets, net	 \$ 50,545,632	 \$ 4,036,416	 \$ (4,559,725)	 \$ 50,022,323

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE G LONG-TERM DEBT

Activity relating to long-term governmental liabilities for the fiscal year ended September 30, 2016 was as follows:

<u>Governmental Activities</u>	Beginning Balance 10/1/2015	Increases	Decreases	Ending Balance 9/30/2016	Amounts Due Within One Year
Redevelopment Notes:					
Series 2005A	\$ 5,497,000	\$ -	\$ 5,497,000	\$ -	\$ -
Series 2005B	5,487,000	-	5,487,000	-	-
Series 2016	-	11,265,000	311,000	10,954,000	609,000
Total notes payable	<u>10,984,000</u>	<u>11,265,000</u>	<u>11,295,000</u>	<u>10,954,000</u>	<u>609,000</u>
Other liabilities:					
Compensated absences	400,611	541,395	575,633	366,373	37,474
Net OPEB obligation	1,289,153	316,330	89,428	1,516,055	63,596
Net pension liability	4,739,973	7,745,639	4,731,370	7,754,242	47,472
Total long-term liabilities - governmental activities	<u>\$ 17,413,737</u>	<u>\$ 19,868,364</u>	<u>\$ 16,691,431</u>	<u>\$ 20,590,670</u>	<u>\$ 757,542</u>

Amounts relating to compensated absences, OPEB, and pension are liquidated in the funds that incurred the respective liabilities.

Notes payable for the governmental activities is comprised of the following at September 30, 2016:

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.

\$ 10,954,000

Total interest expense and fiscal charges for the governmental activities for the fiscal year ended September 30, 2016 was \$393,826.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE G LONG-TERM DEBT (continued)

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.

Debt Service Requirements: The annual future debt service requirements for governmental activities long-term debt as of September 30, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Redevelopment Refunding Revenue Note,</u>			
<u>Series 2016</u>			
2017	609,000	278,232	887,232
2018	625,000	262,764	887,764
2019	640,000	246,888	886,888
2020	657,000	230,632	887,632
2021	673,000	213,944	886,944
2022-2031	<u>7,750,000</u>	<u>1,271,148</u>	
	<u>\$ 10,954,000</u>	<u>\$ 2,503,608</u>	<u>\$ 4,436,460</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE G LONG-TERM DEBT (continued)

Activity relating to long-term liabilities within business-type activities for the fiscal year ended September 30, 2016 was as follows:

Business-Type Activities:	Beginning Balance 10/1/2015	Increases	Decreases	Ending Balance 09/30/2016	Amounts Due Within One Year
Bonds payable:					
Revenue Bond, Series 2012	7,463,443	-	537,953	6,925,490	551,939
Other liabilities:					
Compensated absences	60,643	195,618	207,139	49,122	46,698
Net OPEB obligation	270,624	66,353	18,758	318,219	-
Net pension liability	1,352,921	1,702,859	860,140	2,195,640	23,381
Total long-term liabilities - business-type activities	<u>\$ 9,147,631</u>	<u>\$ 1,964,830</u>	<u>\$ 1,623,990</u>	<u>\$ 9,488,471</u>	<u>\$ 622,018</u>

Amounts relating to compensated absences, OPEB, and pension are liquidated in the funds that incurred the respective liabilities.

Bonds payable for business type activities is comprised of the following at September 30, 2016:

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.

\$ 6,925,490

Interest costs incurred for fiscal year ended September 30, 2016 were \$194,050, all of which has been expensed.

Funding of Business-Type Activities Long-Term Debt: The total amount of principal and interest paid on the Refunding Utility Revenue Bond, Series 2007A totaled \$654,150. These 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, 2016 was \$12,910,167 and \$6,210,484, respectively.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE G LONG-TERM DEBT (continued)

The annual future debt service requirements for business-type activities long-term debt as of September 30, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water and Sewer <u>Refunding Revenue Bond, Series 2012</u>			
2017	551,939	180,063	732,002
2018	566,290	165,712	732,002
2019	581,013	150,989	732,002
2020	596,120	135,882	732,002
2021-2025	3,221,303	438,707	3,660,010
2026-2027	1,408,825	55,179	1,464,004
	<u>\$ 6,925,490</u>	<u>\$ 1,126,532</u>	<u>\$ 8,052,022</u>

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 \$982,883 for both the FRS pension Plan and HIS Plan for the year ended September 30, 2016.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan

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.

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.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan (continued)

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:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
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, 2016**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan (continued)

Contributions

Employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2015 through June 30, 2016, the employer rates, which include the health insurance subsidy contributions of 1.66%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.26%; senior management – 21.43%; and deferred retirement option plan – 12.88%. The employer contribution rates, effective July 1, 2016, which include the health insurance subsidy of contributions of 1.66%, and the 0.06% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.52%; senior management – 21.77%; and deferred retirement option plan – 12.99%. 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 \$394,410 for the year ended September 30, 2016.

Pension Costs

At September 30, 2016, the City reported a liability of \$4,105,377 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2016, the City's proportion was 0.01626%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$150,630 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	\$ 314,339	\$ 38,224
Changes in Actuarial Assumptions	248,363	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,061,190	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	431,389	6,288
City Contributions Subsequent to the Measurement Date	98,690	-
Total	<u>\$ 2,153,971</u>	<u>\$ 44,512</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan (continued)

\$98,690 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, 2016. 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
2017	\$ 330,044
2018	330,044
2019	743,762
2020	506,726
2021	80,223
Thereafter	19,968

Actuarial Assumptions

The total pension liability in the July 1, 2016, 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	7.60%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, 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%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Totals	100%			
Assumed Inflation - Mean		2.6%		1.9%

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Florida Retirement System Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60% 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	6.60%	7.60%	8.60%
City's Proportionate Share of the FRS Plan Net Pension Liability	\$ 7,558,277	\$ 4,105,377	\$ 1,231,294

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 June 30, 2016, 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, 2016**

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 June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100 percent 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 \$99,131 for the year ended September 30, 2016.

Pension Costs

At September 30, 2016, the City reported a liability of \$2,299,266 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2015, through June 30, 2016, relative to the total employer contributions received from all participating employers. At June 30, 2016, the City's proportion was 0.01973%, which was an increase of 0.00182% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$245,275 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	\$ -	\$ 5,237
Changes in Actuarial Assumptions	360,813	-
Net Difference Between Projected and Actual Earnings on HIS Program Investments	1,163	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	296,994	-
City Contributions Subsequent to the Measurement Date	22,737	-
Total	<u>\$ 681,707</u>	<u>\$ 5,237</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Retiree Health Insurance Subsidy Program (continued)

\$22,737 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 June 30, 2016. 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
2016	\$ 118,115
2017	118,115
2018	117,894
2019	119,520
2020	100,493
Thereafter	79,596

Actuarial Assumptions

The total pension liability in the July 1, 2016, 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	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, 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 2.85% 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	1.85%	2.85%	3.85%
City's Proportionate Share of the HIS Plan Net Pension Liability	\$ 2,637,780	\$ 2,299,266	\$ 2,018,317

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 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%, Senior Management Service class 7.67%, and County Elected Officers class 11.34%. 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. Non-vested 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, 2016, 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 \$517,253 for the year ended September 30, 2016. Employee contributions to the Investment Plan totaled \$169,835 for the fiscal year ended September 30, 2016.

**CITY OF NEW PORT RICHEY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016**

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. 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	Firefighters' Retirement System
6739 Adams Street	4901 Madison Street
New Port Richey, Florida 34652	New Port Richey, Florida 34652
(727) 841-4554	(727) 841-4533

City of New Port Richey Police Officers' Retirement System

At September 30, 2016, the Plan's membership consisted of the following:

Vested	10
Nonvested	28
Currently receiving benefits	38
DROP retirees	2
Terminated employees entitled to benefits but not yet receiving them	6

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, 2016**

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, two percent 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, 2016**

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 he 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 her 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.

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

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of October 1, 2015.

Total pension liability	\$ 25,010,695
Plan fiduciary net position	<u>23,075,102</u>
City Net Pension Liability	<u>\$ 1,935,593</u>

Plan Fiduciary Net Position as a percentage of total pension liability	92.26%
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Actuarial assumptions – Police Officers' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	4.00%
Salary increases	6.50%
Investment rate of return	8.00%
Discount Rate	8.00%

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.

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.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

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

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
International fixed	30%	1.80%
Large value	30%	4.90%
Large growth	30%	4.63%
Real estate	10%	6.00%

The discount rate used to measure the total pension liability was 8%. 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 8%, 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%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
City's net pension liability	<u>\$ 4,789,622</u>	<u>\$ 1,935,593</u>	<u>\$ (447,989)</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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
Balances at September 30, 2014	\$ 23,785,673	\$ 22,218,814	\$ 1,566,859
Changes for the year:			
Service cost	685,630	-	685,630
Interest	1,895,631	-	1,895,631
Differences between expected and actual experience	(18,648)	-	(18,648)
Contributions - employer and state	-	1,118,829	(1,118,829)
Contributions - members	-	97,124	(97,124)
Net Investment Income	-	1,036,070	(1,036,070)
Benefit payments, including refunds of member contributions	(1,337,591)	(1,337,591)	-
Administrative Expense	-	(58,144)	58,144
Net changes	<u>1,225,022</u>	<u>856,288</u>	<u>368,734</u>
Balances at September 30, 2015	<u>\$ 25,010,695</u>	<u>\$ 23,075,102</u>	<u>\$ 1,935,593</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, 2016, the City recognized pension expense of \$503,134. At September 30, 2016, 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	\$ -	\$ 383,199
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Police Pension Plan Investments	-	27,895
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	-
City and State Contributions Subsequent to the Measurement Date	984,731	-
Total	<u>\$ 984,731</u>	<u>\$ 411,094</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Police Officers' and Firefighters' Retirement Systems (continued)

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

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

Year Ended September 30,	Amount
2017	\$ (268,833)
2018	(227,752)
2019	(61,357)
2020	146,858
2021	-
Thereafter	-

City of New Port Richey Firefighters' Retirement System

At September 30, 2016, the Plan's membership consisted of the following:

Vested	7
Nonvested	15
Retirees and beneficiaries	22
DROP retirees	1
Terminated, entitled to benefits	8

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, 2016**

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 one-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, 2016**

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. An 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 percent 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, 2016**

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, 2015, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of October 1, 2014.

Total pension liability	\$ 12,241,858
Plan fiduciary net position	<u>10,632,212</u>
City Net Pension Liability	<u><u>\$ 1,609,646</u></u>

Plan Fiduciary Net Position as a percentage of total pension liability	86.85%
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Actuarial assumptions – Firefighters' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary increases	5.00%
Investment rate of return	8.00%

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	5.31%
International equity	15%	8.00%
Fixed income	30%	2.85%
Convertibles	5%	6.00%

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, 2016**

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	<u>\$ 2,852,471</u>	<u>\$ 1,609,646</u>	<u>\$ 563,934</u>

Changes in Net Pension Liability – Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2014	\$ 12,717,228	\$ 12,124,977	\$ 592,251
Changes for the year:			
Service cost	179,408	-	179,408
Interest	936,203	-	936,203
Changes in Excess State Money	153,093	-	153,093
Differences between expected and actual experience	(128,221)	-	(128,221)
Contributions - Employer and State	-	418,315	(418,315)
Contributions - Member	-	79,624	(79,624)
Net Investment Income	-	(325,210)	325,210
Benefit payments, including refunds of member contributions	(1,615,853)	(1,615,853)	-
Administrative Expense	-	(49,641)	49,641
Net changes	<u>(475,370)</u>	<u>(1,492,765)</u>	<u>1,017,395</u>
Balances at September 30, 2015	<u>\$ 12,241,858</u>	<u>\$ 10,632,212</u>	<u>\$ 1,609,646</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, 2016, the City recognized pension expense of \$513,970. At September 30, 2016, 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	\$ -	\$ 96,165
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Firefighter Pension Plan Investments	919,752	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	-
City and State Contributions Subsequent to the Measurement Date	377,865	-
Total	<u>\$ 1,297,617</u>	<u>\$ 96,165</u>

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

Year Ended September 30,	Amount
2017	\$ 191,760
2018	191,760
2019	191,759
2020	248,308
2021	-
Thereafter	-

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.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE H RETIREMENT PLANS (continued)

Defined Contribution Retirement Plan (continued)

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, 2016, 2015, and 2014, the City contributed approximately \$33,839, \$14,500, and \$27,600, respectively, to the Plan. Contributions made by the City were equal to the required contribution percentage.

NOTE I POSTEMPLOYMENT HEALTH CARE PLAN

The City has adopted the provisions of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," as of October 1, 2008. This statement provides for the determination and disclosure of the annual cost of providing other postemployment benefits (OPEB). The City provides other postemployment benefits in the form of the Retiree Health Care Program.

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 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.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE I POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Annual Other Post-Employment Benefit Cost and Net OPEB Obligation – The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that would be required to cover the normal cost of the plan each year on a pay-as-you-go basis assuming a 30-year amortization period. The following table shows the City’s annual OPEB cost and the amount expected to be contributed by the City towards this OPEB obligation:

	Year Ended September 30, 2016
Annual Required Contribution (ARC)	\$ 382,279
Interest on net OPEB obligation	62,391
Adjustment to ARC	(61,987)
Annual OPEB cost	382,683
Expected employer contribution	(108,186)
Increase in net OPEB obligation	274,497
Net OPEB obligation beginning of year	1,559,776
Net OPEB obligation end of year	\$ 1,834,273

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. The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the most recent three years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2016	\$ 382,683	\$ 108,186	28.27%	\$ 1,834,273
September 30, 2015	373,458	91,836	24.59%	1,559,776
September 30, 2014	350,641	75,232	21.46%	1,278,154

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Funding Status and Funding Progress

The actuarial accrued liability for other post employment benefits was \$2,891,614 and an actuarial value of assets of zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,891,614 as of the latest actuarial valuation date of October 1, 2013. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,191,415, and the ratio of the UAAL to covered payroll was 40.2%.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE I POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial assumptions relevant to the City's Plan include the following:

Contribution Rate	4.9%
Actuarial Valuation Date	October 1, 2013
Actuarial Cost Method	Entry Age
Amortization Method	Level percent, open
Remaining Amortization Period	30 years
Asset Valuation Method	Unfunded
Actuarial Assumptions:	
Investment Rate of Return *	4.00%
Projected Salary Increases *	4.00% - 8.38%
Payroll Growth Assumptions	3.00%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.50%
* - Includes Inflation at	3.50%

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, 2016 were \$321,892. 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.

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, 2016, 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.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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 fifty-five 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 January 19, 2017) 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 postclosure care as of September 30, 2016.

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 it's pro rata share of the estimated amount required to meet current-year losses and operating expenses. During the fiscal year ended September 30, 2016, 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, 2016.

Construction Commitments – As of September 30, 2016, the City's commitments with contractors totaled \$1,980,673 for a number of capital projects.

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE O FUND DEFICITS

The Redevelopment Fund has a negative fund balance of \$4,988,425 caused by the receipt in previous fiscal years of a repayable advance totaling \$8,866,530 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 could not be recorded as an Other Financing Source, the transfer to the Debt Service Fund contributed to the reported fund balance deficit at September 30, 2016. The City plans to monitor cash flows in this fund to reduce this deficit over time with increases in collected tax revenues as the assessed values of properties in the City increases.

NOTE P SUBSEQUENT EVENT

On February 10, 2017, the City issued \$787,000 of Water and Sewer Revenue Bond, Series 2017A. The proceeds of the Bond were used to purchase two utility systems. Interest accrues annually on the bond at a rate of 2.53% and is payable semi-annually on April 1 and October 1. Annual principal payments are due each October 1st in the amounts ranging from \$29,000 to \$63,000 beginning October 1, 2017 through October 1, 2031.

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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
TAXES				
Ad valorem	\$ 4,420,000	\$ 4,420,000	\$ 4,476,414	\$ 56,414
Franchise taxes	1,600,000	1,600,000	1,174,076	(425,924)
Communication services tax	658,250	658,250	651,949	(6,301)
TOTAL TAXES	6,678,250	6,678,250	6,302,439	(375,811)
LICENSES AND PERMITS				
Local business tax	196,000	196,000	129,060	(66,940)
Permits and Fees	315,700	315,700	275,428	(40,272)
TOTAL LICENSES AND PERMITS	511,700	511,700	404,488	(107,212)
INTERGOVERNMENTAL REVENUE				
Federal grants	675,530	675,530	491,445	(184,085)
State and local grants	256,250	256,250	92,343	(163,907)
State excise tax rebate - Fire Pension	160,000	160,000	124,429	(35,571)
State excise tax rebate - Police Pension	110,000	110,000	197,463	87,463
State revenue sharing	669,100	669,100	675,422	6,322
County occupational licenses	10,000	10,000	10,494	494
Mobile home license tax rebate	40,000	40,000	43,948	3,948
Municipality fuel tax refund	12,000	12,000	18,642	6,642
Half-cent sales tax	894,950	894,950	954,797	59,847
Alcoholic beverage licenses	28,000	28,000	31,760	3,760
Firefighters supplementary compensation	43,000	43,000	3,610	(39,390)
School district reimbursement for school resource officer	103,000	103,000	-	(103,000)
TOTAL INTERGOVERNMENTAL REVENUES	3,001,830	3,001,830	2,644,353	(357,477)
CHARGES FOR SERVICES				
Recreation	576,800	576,941	537,423	(39,518)
Public safety	105,800	173,800	163,610	(10,190)
Street lights	35,500	35,500	37,314	1,814
Other	83,300	83,300	54,957	(28,343)
TOTAL CHARGES FOR SERVICES	801,400	869,541	793,304	(76,237)
FINES AND FORFEITURES				
Court fines	1,222,300	2,259,912	2,556,924	297,012
Other fines	400,000	400,000	170,463	(229,537)
TOTAL FINES AND FORFEITURES	1,622,300	2,659,912	2,727,387	67,475
MISCELLANEOUS REVENUES				
Investment income	12,623	12,623	15,706	3,083
Contributions	16,000	16,000	8,953	(7,047)
Rents	4,200	4,200	4,530	330
Proceeds from sale of capital assets	-	-	4,437	4,437
Other	45,200	45,200	28,422	(16,778)
TOTAL MISCELLANEOUS REVENUES	78,023	78,023	62,048	(15,975)
TRANSFERS FROM OTHER FUNDS	19,404,152	19,404,152	18,609,357	(794,795)
AMOUNTS AVAILABLE FOR APPROPRIATION	31,585,955	33,203,408	31,138,888	(2,064,520)

(continued)

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
GENERAL GOVERNMENT				
Legislative - Nonclassified				
Personnel	\$ 20,030	\$ 20,030		\$ 20,030
Operating	316,160	266,160		266,160
Non-operating	1,770	51,770		51,770
	<u>337,960</u>	<u>337,960</u>	-	<u>337,960</u>
Executive				
Personnel	226,863	226,863		226,863
Operating	16,100	17,726		17,726
	<u>242,963</u>	<u>244,589</u>	-	<u>244,589</u>
Human Resources				
Personnel	130,208	130,208		130,208
Operating	372,149	372,149		372,149
	<u>502,357</u>	<u>502,357</u>	-	<u>502,357</u>
Financial Administration				
Personnel	778,505	752,897		752,897
Operating	218,845	175,286		175,286
Capital outlay	13,500	-		-
	<u>1,010,850</u>	<u>928,183</u>	-	<u>928,183</u>
Technology Solutions				
Personnel	200,990	194,990		194,990
Operating	269,420	278,917		278,917
Capital outlay	300,600	293,283		293,283
	<u>771,010</u>	<u>767,190</u>	-	<u>767,190</u>
City Clerk				
Personnel	69,280	69,280		69,280
Operating	48,860	54,343		54,343
	<u>118,140</u>	<u>123,623</u>	-	<u>123,623</u>
Economic Development				
Personnel	152,553	152,553		152,553
Operating	6,950	69,950		69,950
Capital outlay	-	-		-
	<u>159,503</u>	<u>222,503</u>	-	<u>222,503</u>
TOTAL GENERAL GOVERNMENT	<u><u>3,142,783</u></u>	<u><u>3,126,405</u></u>	<u><u>-</u></u>	<u><u>3,126,405</u></u>
PUBLIC SAFETY				
Police				
Personnel	5,215,785	5,626,919		5,626,919
Operating	1,552,449	2,229,127		2,229,127
Capital outlay	299,400	317,200		317,200
	<u>7,067,634</u>	<u>8,173,246</u>	-	<u>8,173,246</u>
Fire				
Personnel	2,156,248	2,094,368		2,094,368
Operating	253,150	315,030		315,030
Capital outlay	322,000	322,000		322,000
Debt service	-	-		-
	<u>2,731,398</u>	<u>2,731,398</u>	-	<u>2,731,398</u>
TOTAL PUBLIC SAFETY	<u><u>9,799,032</u></u>	<u><u>10,904,644</u></u>	<u><u>-</u></u>	<u><u>10,904,644</u></u>

(continued)

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Public Works Administration				
Personnel	\$ 295,841	\$ 297,449		\$ 297,449
Operating	103,300	99,932		99,932
Capital outlay	-	1,760		1,760
	<u>399,141</u>	<u>399,141</u>	-	<u>399,141</u>
Road and Street Facilities				
Personnel	311,859	305,751		305,751
Operating	314,450	320,558		320,558
Capital outlay	-	-		-
	<u>626,309</u>	<u>626,309</u>	-	<u>626,309</u>
Grounds Maintenance				
Personnel	333,212	343,011		343,011
Operating	358,365	358,566		358,566
Capital outlay	47,000	47,000		47,000
	<u>738,577</u>	<u>748,577</u>	-	<u>1,025,450</u>
CULTURE AND RECREATION				
Library				
Personnel	571,048	571,048		571,048
Operating	344,990	346,241		346,241
Capital outlay	109,920	109,920		109,920
	<u>1,025,958</u>	<u>1,027,209</u>	-	<u>1,027,209</u>
Recreation				
Personnel	503,303	503,303		503,303
Operating	342,176	345,469		345,469
Capital outlay	650,500	650,500		650,500
	<u>1,495,979</u>	<u>1,499,272</u>	-	<u>1,499,272</u>
Swimming Pool				
Personnel	227,519	227,519		227,519
Operating	141,610	133,867		133,867
Capital outlay	75,000	79,450		79,450
	<u>444,129</u>	<u>440,836</u>	-	<u>440,836</u>
TOTAL CULTURE AND RECREATION	<u>2,966,066</u>	<u>2,967,317</u>	-	<u>2,967,317</u>
TRANSFERS TO OTHER FUNDS	<u>12,534,972</u>	<u>12,534,972</u>	<u>12,013,955</u>	<u>521,017</u>
TOTAL CHARGES TO APPROPRIATIONS	30,671,644	31,765,833	12,013,955	19,751,878
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	1,418,978	1,453,242	19,124,933	17,671,691
FUND BALANCE - BEGINNING OF YEAR	<u>5,258,622</u>	<u>5,119,852</u>	<u>12,485,507</u>	<u>7,365,655</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,677,600</u>	<u>\$ 6,573,094</u>	<u>\$ 31,610,440</u>	<u>\$ 25,037,346</u>

(continued)

**CITY OF NEW PORT RICHEY, FLORIDA
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2016**

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	\$ 31,138,888
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(18,609,357)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 12,529,531</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 12,013,955
Difference - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(12,013,955)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ -</u></u>

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – REDEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 667,051	\$ 657,421	\$ 657,421	\$ -
Intergovernmental revenues	800,000	750,000	750,000	-
Fines and forfeitures	-	15	-	(15)
Miscellaneous	-	24,504	28,210	3,706
Transfers from other funds	17,336,457	12,013,955	12,013,955	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>18,803,508</u>	<u>13,445,895</u>	<u>13,449,586</u>	<u>3,691</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current				
General government	831,523	559,593	512,523	(47,070)
Capital outlay	2,302,600	963,563	1,012,331	48,768
Debt service				
Principal and interest	11,617,591	11,202,894	11,202,894	-
Transfer to other funds	1,118,627	719,845	719,845	-
TOTAL CHARGES TO APPROPRIATIONS	<u>15,870,341</u>	<u>13,445,895</u>	<u>13,447,593</u>	<u>1,698</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	2,933,167	-	1,993	1,993
FUND BALANCE - BEGINNING OF YEAR	<u>(35,355)</u>	<u>(44,455)</u>	<u>(4,990,418)</u>	<u>(4,945,963)</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,897,812</u>	<u>\$ (44,455)</u>	<u>\$ (4,988,425)</u>	<u>\$ (4,943,970)</u>

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

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 13,449,586
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(12,013,955)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,435,631</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 13,447,593
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(719,845)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 12,727,748</u>

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED SEPTEMBER 30, 2016**

Florida Retirement System Pension Plan

	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.016258868%	0.016311776%
City's Proportionate Share of the Net Pension Liability	\$ 4,105,377	\$ 2,106,885
City's Covered-Employee Payroll	\$ 5,723,954	\$ 5,213,944
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	71.72%	40.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.90%	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.

Retiree Health Insurance Subsidy Program (HIS)

	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.019728422%	0.017911774%
City's Proportionate Share of the Net Pension Liability	\$ 2,299,266	\$ 1,826,719
City's Covered-Employee Payroll	\$ 6,114,037	\$ 5,445,154
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	37.61%	33.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.97%	0.50%

Note: The Amounts Presented for Each Fiscal Year were Determined as of the Measurement Date (June 30).

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF RETIREMENT CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2016**

Florida Retirement System Pension Plan	2016
Contractually Required Contribution	\$ 394,410
Contributions in Relation to the Contractually Required Contribution	(394,410)
Contribution Deficiency (Excess)	\$ -
 City's Covered-Employee Payroll	 \$ 5,526,105
Contributions as a Percentage of Covered Employee Payroll	7.14%

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.

Retiree Health Insurance Subsidy Program (HIS)	2016
Contractually Required Contribution	\$ 99,131
Contributions in Relation to the Contractually Required Contribution	(99,131)
Contribution Deficiency (Excess)	\$ -
 City's Covered-Employee Payroll	 \$ 6,010,597
Contributions as a Percentage of Covered Employee Payroll	1.65%

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.

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

Florida Retirement System Pension Plan

	2016	2015
Contractually Required Contribution	\$ 394,410	\$ 383,864
Contributions in Relation to the Contractually Required Contribution	(394,410)	(383,864)
Contribution Deficiency (Excess)	\$ -	\$ -
 City's Covered-Employee Payroll	 \$ 5,526,105	 \$ 5,196,659
Contributions as a Percentage of Covered Employee Payroll	7.14%	7.39%

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.

Retiree Health Insurance Subsidy Program (HIS)

	2016	2015
Contractually Required Contribution	\$ 99,131	\$ 74,334
Contributions in Relation to the Contractually Required Contribution	(99,131)	(74,334)
Contribution Deficiency (Excess)	\$ -	\$ -
 City's Covered-Employee Payroll	 \$ 6,010,597	 \$ 5,427,103
Contributions as a Percentage of Covered Employee Payroll	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.

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

Reporting Period Ending	September 30, 2015 *	September 30, 2015 *
Measurement Date	September 30, 2014 *	September 30, 2014 *
Actuarially Determined Contribution	\$ 337,210	\$ 383,613
Contributions in Relation to the Actuarially Determined Contribution	265,222	383,613
Contribution Deficiency (Excess)	<u>\$ (71,988)</u>	<u>\$ -</u>
Covered Employee Payroll **	\$ 1,199,825	\$ 952,337
Contributions as a Percentage of Covered Employee Payroll	22.11%	40.28%

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.

** The Covered Employee Payroll figure was based on Pensionable Salary.

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 year 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.
Inflation:	3.0% per year
Salary Increases:	5% per year until the assumed retirement age
Interest Rate:	8% per year compounded annually, net of investment related expenses
Retirement Age:	Earlier of 1) age 41 and 21 years of service, or 2) age 51 and 11 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Termination Rates:	See tables below
Disability Rates:	See tables below. It is assumed that 75% of disablements and active Member d are service related.
Mortality:	RP-2000 Table with no projection
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***

	<u>September 30, 2015 *</u>
Total Pension Liability:	
Service Cost	\$ 685,630
Interest	1,895,631
Change in Excess State Money	-
Changes of benefit terms	-
Differences between Expected and Actual Experience	(18,648)
Changes of assumptions	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,337,591)</u>
Net Change in Total Pension Liability	1,225,022
Total Pension Liability - Beginning	23,785,673
Total Pension Liability - Ending (a)	<u><u>\$ 25,010,695</u></u>
 Plan Fiduciary Net Position:	
Contributions - Employer and State	\$ 1,118,829
Contributions - Employee	97,124
Net Investment Income	1,036,070
Benefit Payments, including Refunds of Employee Contributions	(1,337,591)
Administrative Expense	<u>(58,144)</u>
Net Change in Plan Fiduciary Net Position	856,288
Plan Fiduciary Net Position - Beginning	22,218,814
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 23,075,102</u></u>
 Net Pension Liability - Ending (a) - (b)	 \$ 1,935,593
 Plan Fiduciary Net Position as a percentage of Total Pension Liability	 92.26%
 Covered Employee Payroll *	 \$ 2,360,427
Net Pension Liability as a percentage of Covered Employee Payroll	82.00%

Notes to Schedule:

Most recent valuation date is October 1, 2014

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 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 –
POLICE OFFICERS’ RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Reporting Period Ending	September 30, 2016 *	September 30, 2015 *
Measurement Date	September 30, 2015 *	September 30, 2014 *
Actuarially Determined Contribution	\$ 1,118,829	\$ 1,183,428
Contributions in Relation to the Actuarially Determined Contribution	1,118,829	1,183,428
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll **	\$ 2,360,427	\$ 2,144,984
Contributions as a Percentage of Covered Employee Payroll	47.40%	55.17%

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.

** The Covered Employee Payroll figure was based on total payroll.

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 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:	4.0% per year
Salary Increases:	6.50%
Investment Rate of Return	8%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Members: RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with Blue Collar Adjustment and fully generational mortality improvements projected to each future payment date with Scale AA
Cost-of-Living Increases	None

**CITY OF NEW PORT RICHEY, FLORIDA
OTHER POSTEMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2016**

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c)
October 1, 2008	\$ -	\$ 2,286,182	\$ 2,286,182	0.00%	\$ 7,460,169	30.6%
October 1, 2010	-	2,798,243	2,798,243	0.00%	7,281,907	38.4%
October 1, 2013	-	2,891,614	2,891,614	0.00%	7,191,415	40.2%

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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, 2016**

	Street Improvement	Street Lights	Total Nonmajor Governmental Fund 2016
ASSETS			
Cash and pooled cash, cash equivalents, and investments	\$ 2,098,665	\$ 305,294	\$ 2,403,959
Receivables (Net of allowance):			
Accounts	-	-	-
Assessments	155,782	-	155,782
Due from other funds		3,854	3,854
Due from other governments	122,400	-	122,400
Total assets	<u>\$ 2,376,847</u>	<u>\$ 309,148</u>	<u>\$ 2,685,995</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 96,596	\$ 26,954	\$ 123,550
Accrued liabilities	-	-	-
Repayable advance to other funds	-	-	-
Unearned revenue	182,786	-	182,786
Total liabilities	<u>279,382</u>	<u>26,954</u>	<u>306,336</u>
FUND BALANCES			
Fund balances			
Nonspendable - Redevelopment properties held for resale	-	-	-
Assigned - other capital projects	2,097,465	282,194	2,379,659
Total fund balances	<u>2,097,465</u>	<u>282,194</u>	<u>2,379,659</u>
Total liabilities and fund balances	<u>\$ 2,376,847</u>	<u>\$ 309,148</u>	<u>\$ 2,685,995</u>

**CITY OF NEW PORT RICHEY, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2016**

	Street Improvement	Street Lights	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 742,954	\$ 407,870	\$ 1,150,824
Miscellaneous	96,844	-	96,844
Total revenues	<u>839,798</u>	<u>407,870</u>	<u>1,247,668</u>
EXPENDITURES			
General government	-	305,154	305,154
Capital outlay	1,518,271	-	1,518,271
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,518,271</u>	<u>305,154</u>	<u>1,823,425</u>
EXCESS OF REVENUES OVER EXPENDITURES	(678,473)	102,716	(575,757)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(420,930)	-	(420,930)
Total other financing sources (uses)	<u>(420,930)</u>	<u>-</u>	<u>(420,930)</u>
NET CHANGE IN FUND BALANCES	(1,099,403)	102,716	(996,687)
FUND BALANCES - BEGINNING OF YEAR	<u>3,196,868</u>	<u>179,478</u>	<u>3,376,346</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,097,465</u>	<u>\$ 282,194</u>	<u>\$ 2,379,659</u>

**CITY OF NEW PORT RICHEY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016**

	Pension Trust Funds		Total Pension Trust Funds
	Police Officer	Firefighters	
ASSETS			
Cash	2,620	21,713	\$ 24,333
Investments:			
U.S. government obligations	580,014	410,902	990,916
U.S. government agency obligations	3,729,242	756,330	4,485,572
Domestic corporate bonds and stocks	15,999,797	4,752,223	20,752,020
Real estate investment trust	2,714,443		2,714,443
Temporary investment funds	928,000	135,500	1,063,500
Pooled equity and fixed income funds		4,906,810	4,906,810
Total investments	<u>23,951,496</u>	<u>10,961,765</u>	<u>34,913,261</u>
Receivables:			
Accrued dividends and interest	32,198	19,221	51,419
Intergovernmental	-	124,429	124,429
Total receivables	<u>32,198</u>	<u>143,650</u>	<u>175,848</u>
Prepaid items	114,508	62,962	177,470
Equipment	341	-	341
Total assets	<u>24,101,163</u>	<u>11,190,090</u>	<u>35,291,253</u>
LIABILITIES			
Accounts payable	36,669	15,976	52,645
Total liabilities	<u>36,669</u>	<u>15,976</u>	<u>52,645</u>
NET POSITION			
Restricted for Pension Benefits	<u>24,064,494</u>	<u>11,174,114</u>	<u>\$ 35,238,608</u>

**CITY OF NEW PORT RICHEY, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

	Pension Trust Funds		Total Pension Trust Funds
	Police Officer	Firefighters	
ADDITIONS			
Contributions:			
Employer	\$ 984,731	\$ 272,482	\$ 1,257,213
Employee	105,320	94,075	199,395
State	197,463	124,429	321,892
Total contributions	1,287,514	490,986	1,778,500
Investment earnings:			
Net increase in fair value of investments	935,944	659,010	1,594,954
Interest and dividends	400,485	282,020	682,505
Other	3,636	126	3,762
Total investment earnings	1,340,065	941,156	2,281,221
Less investment expense	128,072	59,959	188,031
Net investment earnings	1,211,993	881,197	2,093,190
Total additions	2,499,507	1,372,183	3,871,690
DEDUCTIONS			
Benefits	1,436,944	755,538	2,192,482
Refunds of contributions	19,596	10,557	30,153
Administrative expense	53,575	64,186	117,761
Total deductions	1,510,115	830,281	2,340,396
CHANGE IN NET POSITION	989,392	541,902	1,531,294
Net position - beginning of year	23,075,102	10,632,212	33,707,314
NET POSITION - END OF YEAR	24,064,494	11,174,114	\$ 35,238,608

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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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 380,000	\$ 380,000	\$ 392,641	\$ 12,641
Intergovernmental revenue	35,645	35,645		
Miscellaneous revenue	360	360		
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>416,005</u>	<u>416,005</u>	<u>392,641</u>	<u>(23,364)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	-	-	14,210	14,210
Capital outlay	395,000	395,000	323,543	(71,457)
TOTAL CHARGES TO APPROPRIATIONS	<u>395,000</u>	<u>395,000</u>	<u>337,753</u>	<u>(57,247)</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	21,005	21,005	54,888	33,883
FUND BALANCE - BEGINNING OF YEAR	<u>(12,400)</u>	<u>14,730</u>	<u>124,590</u>	<u>109,860</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,605</u>	<u>\$ 35,735</u>	<u>\$ 179,478</u>	<u>\$ 143,743</u>

CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – STREET IMPROVEMENT FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 739,684	\$ 739,684	\$ 742,954	\$ 3,270
Miscellaneous	85,850	85,850	96,844	10,994
Transfers from other funds	4,065,000	-	-	
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>4,890,534</u>	<u>825,534</u>	<u>839,798</u>	<u>14,264</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital outlay	5,487,000	957,227	1,518,271	561,044
TRANSFERS TO OTHER FUNDS	420,930	420,930	420,930	-
TOTAL CHARGES TO APPROPRIATIONS	<u>5,907,930</u>	<u>1,378,157</u>	<u>1,939,201</u>	<u>561,044</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(1,017,396)	(552,623)	(1,099,403)	(546,780)
FUND BALANCE - BEGINNING OF YEAR	<u>495,300</u>	<u>1,280,700</u>	<u>3,153,245</u>	<u>1,872,545</u>
FUND BALANCE - END OF YEAR	<u>\$ (522,096)</u>	<u>\$ 728,077</u>	<u>\$ 2,053,842</u>	<u>\$ 1,325,765</u>

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

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,939,201
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(420,930)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,518,271</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,939,201
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(420,930)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,518,271</u>

CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 1,531,000	\$ 1,531,000	\$ 1,375,391	\$ (155,609)
Miscellaneous	500	500	206	(294)
Debt proceeds	24,660,000	11,265,000	11,265,000	
Transfers from other funds	916,667	458,834	458,834	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>27,108,167</u>	<u>13,255,334</u>	<u>13,099,431</u>	<u>(155,903)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt service				
Principal retirement	-	311,000	311,000	-
Interest and fiscal charges	916,637	209,640	204,074	(5,566)
Transfer to other funds	26,285,000	12,734,694	12,570,010	(164,684)
TOTAL CHARGES TO APPROPRIATIONS	<u>27,201,637</u>	<u>13,255,334</u>	<u>13,085,084</u>	<u>(170,250)</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(93,470)	-	14,347	14,347
FUND BALANCE - BEGINNING OF YEAR	<u>(704,880)</u>	<u>(704,880)</u>	<u>806,467</u>	<u>1,511,347</u>
FUND BALANCE - END OF YEAR	<u>\$ (798,350)</u>	<u>\$ (704,880)</u>	<u>\$ 820,814</u>	<u>\$ 1,525,694</u>

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

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 13,099,431
Differences - budget to GAAP:	
Transfers from other funds and debt proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(11,723,834)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,375,597</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 13,085,084
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(12,570,010)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 515,074</u>

**CITY OF NEW PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 2,005,000	\$ 2,005,000	\$ 2,186,944	\$ 181,944
Intergovernmental revenue	1,870,000	1,070,000	200,000	(870,000)
Miscellaneous	-	-	21,896	21,896
Transfers from other funds	4,566,000	-	-	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>8,441,000</u>	<u>3,075,000</u>	<u>2,408,840</u>	<u>(666,160)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital outlay	10,365,000	5,745,591	2,912,348	(2,833,243)
Transfer to other funds	1,460,817	1,369,150	1,094,022	(275,128)
TOTAL CHARGES TO APPROPRIATIONS	<u>11,825,817</u>	<u>7,114,741</u>	<u>4,006,370</u>	<u>(3,108,371)</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(3,384,817)	(4,039,741)	(1,597,530)	<u>\$ 2,442,211</u>
FUND BALANCE - BEGINNING OF YEAR	<u>(4,239,420)</u>	<u>(4,134,170)</u>	<u>4,494,563</u>	
FUND BALANCE - END OF YEAR	<u>\$ (7,624,237)</u>	<u>\$ (8,173,911)</u>	<u>\$ 2,897,033</u>	

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

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 4,006,370
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,094,022)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 2,912,348</u>

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, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:				
Net investment in capital assets	\$ 17,540,161	\$ 18,626,067	\$ 19,021,599	\$ 19,656,908
Restricted	3,416,917	3,618,120	3,368,339	3,854,717
Unrestricted	5,046,868	5,727,958	6,008,016	6,504,647
Total governmental activities net position	<u>\$ 26,003,946</u>	<u>\$ 27,972,145</u>	<u>\$ 28,397,954</u>	<u>\$ 30,016,272</u>
Business-type activities:				
Net investment in capital assets	\$ 38,972,706	\$ 35,649,923	\$ 39,193,944	\$ 38,412,817
Restricted	-	4,880,588	-	-
Unrestricted	18,160,750	18,217,655	21,946,034	23,127,036
Total business-type activities net position	<u>\$ 57,133,456</u>	<u>\$ 58,748,166</u>	<u>\$ 61,139,978</u>	<u>\$ 61,539,853</u>
Primary Government:				
Net investment in capital assets	\$ 56,512,867	\$ 54,275,990	\$ 58,215,543	\$ 58,069,725
Restricted	3,416,917	8,498,708	3,368,339	3,854,717
Unrestricted	23,207,618	23,945,613	27,954,050	29,631,683
Total primary government activities net position	<u>\$ 83,137,402</u>	<u>\$ 86,720,311</u>	<u>\$ 89,537,932</u>	<u>\$ 91,556,125</u>

2011	2012	2013	2014	2015	2016
\$ 20,746,105	\$ 21,304,827	\$ 24,341,556	\$ 20,724,327	\$ 21,994,422	\$ 26,028,231
4,370,155	3,819,762	4,653,007	5,215,107	8,704,016	6,162,908
5,571,785	6,132,718	3,227,510	10,506,974	1,505,257	1,296,375
<u>\$ 30,688,045</u>	<u>\$ 31,257,307</u>	<u>\$ 32,222,073</u>	<u>\$ 36,446,408</u>	<u>\$ 32,203,695</u>	<u>\$ 33,487,514</u>
\$ 37,304,052	\$ 38,714,222	\$ 38,895,570	\$ 40,710,853	\$ 43,049,853	\$ 43,046,655
-	-	-	2,785,560	3,151,358	3,478,157
25,564,859	24,855,298	25,837,383	13,665,199	10,009,905	9,702,040
<u>\$ 62,868,911</u>	<u>\$ 63,569,520</u>	<u>\$ 64,732,953</u>	<u>\$ 57,161,612</u>	<u>\$ 56,211,116</u>	<u>\$ 56,226,852</u>
\$ 58,050,157	\$ 60,019,049	\$ 63,237,126	\$ 61,435,180	\$ 65,044,275	\$ 69,074,886
4,370,155	3,819,762	4,653,007	8,000,667	11,855,374	9,641,065
31,136,644	30,988,016	29,064,893	24,172,173	11,515,162	10,998,415
<u>\$ 93,556,956</u>	<u>\$ 94,826,827</u>	<u>\$ 96,955,026</u>	<u>\$ 93,608,020</u>	<u>\$ 88,414,811</u>	<u>\$ 89,714,366</u>

CITY OF NEW PORT RICHEY, FLORIDA
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016

	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 3,714,219	\$ 3,373,917	\$ 3,225,682	\$ 3,054,628
Police	4,924,314	5,229,952	5,219,516	5,281,114
Fire	2,294,267	2,486,232	2,214,971	2,298,157
Protective inspections	496,604	596,680	612,726	612,311
Public works	1,911,277	1,941,794	2,026,155	2,013,057
Culture and recreation	2,641,070	3,238,780	3,332,231	3,392,098
Interest and fiscal charges on long-term debt	1,314,699	1,157,657	967,199	885,174
Total governmental activities expenses	<u>17,296,450</u>	<u>18,025,012</u>	<u>17,598,480</u>	<u>17,536,539</u>
Business-type activities:				
Water	4,802,523	5,866,765	4,841,000	5,345,600
Sewer	4,979,020	4,824,022	4,416,027	4,470,860
Reclaimed water	860,337	919,312	1,036,284	1,160,299
Stormwater utility	361,161	407,676	474,715	628,092
Total business-type activities expenses	<u>11,003,041</u>	<u>12,017,775</u>	<u>10,768,026</u>	<u>11,604,851</u>
Total primary government expenses	<u>\$ 28,299,491</u>	<u>\$ 30,042,787</u>	<u>\$ 28,366,506</u>	<u>\$ 29,141,390</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,518,448	\$ 1,521,610	\$ 1,560,094	\$ 1,804,241
Police	341,330	387,229	363,440	423,425
Fire	31,797	32,550	26,853	28,307
Protective inspections	357,831	188,705	164,295	164,824
Public works	719,462	752,679	765,109	854,986
Culture and recreation	336,265	388,844	421,710	412,934
Operating grants and contributions	294,243	270,981	153,503	569,413
Capital grants and contributions	247,542	547,057	89,770	359,021
Total governmental activities program revenues	<u>3,846,918</u>	<u>4,089,655</u>	<u>3,544,774</u>	<u>4,617,151</u>
Business-type activities:				
Charges for services:				
Water	4,320,749	4,927,486	4,663,749	4,211,668
Sewer	4,370,731	4,355,444	4,813,889	4,582,123
Reclaimed water	143,461	143,390	170,284	169,077
Stormwater utility	515,598	521,977	522,131	524,905
Operating grants and contributions	1,882,684	2,070,274	1,654,741	1,622,710
Capital grants and contributions	702,069	430,202	177,637	-
Total business-type activities program revenues	<u>11,935,292</u>	<u>12,448,773</u>	<u>12,002,431</u>	<u>11,110,483</u>
Total primary government program revenues	<u>\$ 15,782,210</u>	<u>\$ 16,538,428</u>	<u>\$ 15,547,205</u>	<u>\$ 15,727,634</u>
Net (Expense)/Revenue				
Governmental activities net expense	\$ (13,449,532)	\$ (13,935,357)	\$ (14,053,706)	\$ (12,919,388)
Business-type activities net expense	932,251	430,998	1,234,405	(494,368)
Total primary government net expense	<u>\$ (12,517,281)</u>	<u>\$ (13,504,359)</u>	<u>\$ (12,819,301)</u>	<u>\$ (13,413,756)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem	\$ 8,102,273	\$ 8,429,652	\$ 7,010,662	\$ 6,782,693
Franchise taxes	1,301,679	1,231,639	1,357,654	1,436,506
Utility taxes	1,292,154	1,275,909	1,330,281	1,547,618
Communication services tax	1,101,794	1,030,679	987,969	953,055
Half-cent sales tax	965,297	897,898	884,227	804,287
Local option gas tax	51,180	589,291	532,918	528,570
Infrastructure tax	1,433,219	1,320,105	1,131,126	1,186,900
State excise taxes - Public Safety	519,300	545,863	350,731	358,195
Other taxes	102,012	100,252	100,559	96,408
State revenue sharing	683,394	673,775	664,919	666,104
Investment income	730,660	197,684	48,200	125,127
Miscellaneous	34,977	42,094	80,269	52,243
Total governmental activities	<u>16,317,939</u>	<u>16,334,841</u>	<u>14,479,515</u>	<u>14,537,706</u>
Business-type activities:				
Local option gas tax	519,027	-	-	-
Impact fees (w/charges for Svcs water & sewer - 2015)	248,873	258,490	401,570	246,017
Investment income	892,299	893,880	717,764	608,070
Miscellaneous	19,670	31,342	38,073	40,156
Total business-type activities	<u>1,679,869</u>	<u>1,183,712</u>	<u>1,157,407</u>	<u>894,243</u>
Special Item:				
Loss from sale of property held for resale	-	(431,285)	-	-
Total primary government	<u>\$ 17,997,808</u>	<u>\$ 17,087,268</u>	<u>\$ 15,636,922</u>	<u>\$ 15,431,949</u>
Change in Net Position (Excluding Transfers)				
Governmental activities	\$ 2,868,407	\$ 1,968,199	\$ 425,809	\$ 1,618,318
Business-type activities	2,612,120	1,614,710	2,391,812	399,875
Total primary government	<u>\$ 5,480,527</u>	<u>\$ 3,582,909</u>	<u>\$ 2,817,621</u>	<u>\$ 2,018,193</u>

	2011	2012	2013	2014	2015	2016
\$	3,310,681	\$ 3,629,266	\$ 3,413,510	\$ 3,857,622	\$ 3,948,776	
	5,436,632	5,668,691	5,236,488	5,676,685	4,028,018	
	2,388,224	2,067,707	2,536,838	2,535,083	2,576,781	
	38,266	81,206	217,439	219,429	-	
	1,499,293	1,584,915	2,007,581	2,533,260	2,525,824	
	3,225,776	3,100,143	3,205,459	3,487,705	3,472,055	
	1,108,639	1,019,676	963,600	710,587	416,559	
	<u>17,007,511</u>	<u>17,151,604</u>	<u>17,580,915</u>	<u>19,020,371</u>	<u>16,968,013</u>	
	5,366,636	5,515,410	5,151,437	6,158,982	3,771,014	
	3,932,277	4,364,907	4,731,366	3,579,583	3,668,230	
	1,139,288	1,219,501	1,526,838	1,109,812	1,327,787	
	663,686	688,978	714,851	837,742	653,911	
	<u>11,101,887</u>	<u>11,788,796</u>	<u>12,124,492</u>	<u>11,686,119</u>	<u>9,420,942</u>	
\$	<u>28,109,398</u>	<u>28,940,400</u>	<u>29,705,407</u>	<u>30,706,490</u>	<u>26,388,955</u>	
\$	1,733,446	\$ 1,908,712	\$ 2,959,119	\$ 3,738,052	2,055,286	
	398,236	1,061,125	845,389	494,872	81,404	
	3,175	2,125	4,150	3,400	3,950	
	158,097	204,281	292,481	188,137	15,588	
	768,672	766,085	31,011	36,716	394,107	
	456,605	461,879	495,550	488,520	474,779	
	268,662	212,087	336,592	407,632	371,365	
	411,586	165,442	92,098	71,034	331,170	
	<u>4,198,479</u>	<u>4,781,736</u>	<u>5,056,390</u>	<u>5,428,363</u>	<u>3,727,649</u>	
	4,245,229	4,473,148	5,072,280	5,706,141	5,852,054	
	4,803,047	4,902,087	5,233,070	5,303,421	5,813,965	
	215,908	227,865	240,313	255,156	208,575	
	527,087	522,915	993,449	992,663	951,875	
	1,862,601	1,586,954	1,167,928	-	-	
	-	-	-	-	-	
	<u>11,653,872</u>	<u>11,712,969</u>	<u>12,707,040</u>	<u>12,257,381</u>	<u>12,826,469</u>	
\$	<u>15,852,351</u>	<u>16,494,705</u>	<u>17,763,430</u>	<u>17,685,744</u>	<u>16,554,118</u>	
\$	(12,809,032)	\$ (12,369,868)	\$ (12,524,525)	\$ (13,592,008)	\$ (13,240,364)	
	551,985	(75,827)	582,548	571,262	3,405,527	
\$	<u>(12,257,047)</u>	<u>(12,445,695)</u>	<u>(11,941,977)</u>	<u>(13,020,746)</u>	<u>(9,834,837)</u>	
\$	5,731,993	\$ 5,322,729	\$ 5,167,269	\$ 4,971,732	5,067,125	
	1,323,242	1,270,726	1,196,176	1,317,052	1,247,460	
	1,450,542	1,342,740	1,407,935	1,494,804	1,352,119	
	881,055	895,727	854,510	704,995	656,780	
	809,572	742,897	784,691	813,673	882,574	
	504,016	498,890	1,566,812	522,565	654,244	
	1,311,649	1,430,997	529,683	1,673,113	2,036,452	
	358,888	353,945	308,579	293,365	300,040	
	310,998	226,667	226,285	239,135	-	
	668,568	668,623	610,486	723,724	818,358	
	74,515	86,018	56,667	24,713	64,671	
	55,767	99,171	258,804	(9,794)	213,901	
	<u>13,480,805</u>	<u>12,939,130</u>	<u>12,967,897</u>	<u>12,769,077</u>	<u>13,293,724</u>	
	-	-	-	-	-	
	216,145	244,550	597,939	-	-	
	543,688	531,331	485,391	465,495	437,135	
	17,241	555	18,949	222,172	114,515	
	<u>777,074</u>	<u>776,436</u>	<u>1,102,279</u>	<u>687,667</u>	<u>551,650</u>	
	-	-	-	-	-	
\$	<u>14,257,879</u>	<u>13,715,566</u>	<u>14,070,176</u>	<u>13,456,744</u>	<u>13,845,374</u>	
\$	671,773	\$ 569,262	\$ 443,372	\$ (822,931)	\$ 53,360	
	1,329,059	700,609	1,684,827	1,258,929	3,957,177	
\$	<u>2,000,832</u>	<u>1,269,871</u>	<u>2,128,199</u>	<u>435,998</u>	<u>4,010,537</u>	

**CITY OF NEW PORT RICHEY, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:				
Reserved	\$ 61,066	\$ -	\$ -	\$ -
Unreserved	4,656,773	-	-	-
Nonspendable	-	103,527	149,233	122,878
Restricted	-	51,842	57,574	179,333
Committed	-	970,590	1,099,328	975,933
Assigned	-	-	-	-
Unassigned	-	3,166,481	2,750,898	3,986,510
Total general fund	<u>\$ 4,717,839</u>	<u>\$ 4,292,440</u>	<u>\$ 4,057,033</u>	<u>\$ 5,264,654</u>
All Other Governmental Funds:				
Reserved	\$ 7,228,415	\$ -	\$ -	\$ -
Unreserved:				
Special revenue funds	1,750,669	-	-	-
Debt service fund	132,311	-	-	-
Capital project fund	(659,639)	-	-	-
Nonspendable	-	3,132,399	3,131,301	3,217,840
Restricted	-	3,618,120	3,368,339	3,675,384
Assigned to:				
Redevelopment	-	1,795,328	2,196,911	1,647,685
Street improvement	-	1,478,933	1,780,031	1,429,713
Debt service	-	123,658	128,269	139,083
Capital project fund	-	-	-	5,204
Other Gov. fund	-	-	-	-
Unassigned (deficit)	-	(528,190)	(506,775)	-
Total all other governmental funds	<u>\$ 8,451,756</u>	<u>\$ 9,620,248</u>	<u>\$ 10,098,076</u>	<u>\$ 10,114,909</u>

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.

- (1) The significant increase in the reserved portion of all other governmental funds in fiscal year 2006 is primarily a result of acquiring \$3,817,469 of redevelopment property held for resale.
- (2) The significant increase in the special revenue funds unreserved fund balance in fiscal year 2006 is primarily a result of borrowing on the redevelopment revenue notes.
- (3) The significant decrease in the special revenue funds unreserved fund balance in fiscal year 2007 is primarily a result of expending the proceeds of the redevelopment revenue notes that were obtained in fiscal year 2006.

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
36,082	20,309	24,064	7,434,660	9,097,360	8,904,744
152,831	82,336	110,734	38,553	102,155	101,335
635,822	949,847	975,529	2,956,553	2,655,554	3,025,008
643,925	56,060	242,530	948,890	111,242	28,642
3,937,179	4,391,831	5,485,728	1,811,805	519,195	62,770
<u>\$ 5,405,839</u>	<u>\$ 5,500,383</u>	<u>\$ 6,838,585</u>	<u>\$ 13,190,461</u>	<u>\$ 12,485,506</u>	<u>\$ 12,122,499</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,206,723	3,206,723	3,206,723	3,241,550	-	-
4,217,324	3,737,426	4,542,273	-	8,677,376	6,097,506
1,004,950	289,074	-	-	-	-
1,318,441	1,974,567	2,580,844	3,116,725	-	-
137,109	130,682	145,272	268,111	-	-
12,701	10,057	41,175	4,908,443	-	-
-	-	-	124,590	-	-
-	-	(524,660)	(7,421,423)	(4,990,418)	(4,988,425)
<u>\$ 9,897,248</u>	<u>\$ 9,348,529</u>	<u>\$ 9,991,627</u>	<u>\$ 4,237,996</u>	<u>\$ 3,686,958</u>	<u>\$ 1,109,081</u>

CITY OF NEW PORT RICHEY, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues				
Taxes	\$ 13,282,300	\$ 13,877,275	\$ 12,350,610	\$ 12,435,341
Licenses and permits	428,835	337,750	335,235	316,072
Intergovernmental revenue	2,603,715	3,006,188	2,241,014	2,744,562
Charges for services	4,032,164	4,026,811	4,038,187	4,393,928
Fines and forfeitures	270,906	253,357	217,105	193,888
Miscellaneous revenue	1,083,102	362,432	211,359	405,646
Total revenues	<u>21,701,022</u>	<u>21,863,813</u>	<u>19,393,510</u>	<u>20,489,437</u>
Expenditures				
General government	3,830,970	3,415,073	3,223,566	3,077,625
Public Safety	8,527,599	9,044,927	8,572,021	8,661,533
Public Works	1,397,208	1,417,925	1,429,995	1,356,920
Culture and recreation	1,930,224	2,185,308	2,121,450	2,192,716
Capital outlay	10,386,524	2,385,139	1,881,079	2,139,263
Debt service:				
Principal retirement	877,928	1,210,622	957,867	988,766
Interest and fiscal charges	1,312,205	1,188,193	993,613	859,365
Total expenditures	<u>28,262,658</u>	<u>20,847,187</u>	<u>19,179,591</u>	<u>19,276,188</u>
Excess of revenues over (under) expenditures	(6,561,636)	1,016,626	213,919	1,213,249
Other Financing Sources (Uses)				
Proceeds from borrowing	200,000	17,415	-	7,000,000
Proceeds from sale of capital assets	30,991	140,337	15,000	11,205
Gain (loss) from sale of properties held for resale	-	(431,285)	13,502	-
Proceeds from issuance of refunded bonds	-	-	-	-
Redemption of refunded debt	-	-	-	(7,000,000)
Transfers in	3,888,892	4,348,791	4,129,732	3,420,488
Transfers out	(3,888,892)	(4,348,791)	(4,129,732)	(3,420,488)
Total other financing sources (uses)	<u>230,991</u>	<u>(273,533)</u>	<u>28,502</u>	<u>11,205</u>
Net change in fund balances	(6,330,645)	743,093	242,421	1,224,454
Fund balances - beginning of year	19,500,240	13,169,595	13,912,688	14,155,109
Prior Period Adjustment	-	-	-	-
Fund balances - end of year	<u>\$ 13,169,595</u>	<u>\$ 13,912,688</u>	<u>\$ 14,155,109</u>	<u>\$ 15,379,563</u>
Debt service as a percentage of noncapital expenditures	12.3%	13.0%	11.3%	10.8%

2011	2012	2013	2014	2015	2016
\$ 11,202,497	\$ 10,761,809	\$ 11,125,287	\$ 11,090,929	\$ 11,353,527	\$ 11,673,019
349,795	176,377	441,144	337,764	322,553	404,488
2,605,456	2,114,752	2,199,275	2,472,297	2,635,950	3,594,353
2,983,696	3,349,502	3,139,900	3,033,884	640,005	743,141
276,388	987,780	716,261	339,445	1,705,093	2,777,550
270,916	313,889	402,420	233,902	348,173	209,204
<u>17,688,748</u>	<u>17,704,109</u>	<u>18,024,287</u>	<u>17,508,221</u>	<u>17,005,301</u>	<u>19,401,755</u>
3,037,032	3,250,608	2,269,718	2,919,051	3,174,239	4,463,664
7,427,937	7,219,904	7,504,941	7,910,644	9,683,755	11,319,074
846,131	812,689	1,321,383	1,708,078	1,738,639	1,852,146
2,070,964	2,051,818	2,044,045	2,355,535	2,446,502	1,999,993
1,974,584	2,441,273	1,036,969	2,380,655	4,597,311	6,590,420
1,317,791	1,331,929	1,484,865	7,579,989	873,000	11,295,000
1,099,006	1,067,039	902,460	710,587	489,100	422,968
<u>17,773,445</u>	<u>18,175,260</u>	<u>16,564,381</u>	<u>25,564,539</u>	<u>23,002,546</u>	<u>37,943,265</u>
(84,697)	(471,151)	1,459,906	(8,056,318)	(5,997,245)	(18,541,510)
-	-	-	22,219	-	-
8,221	16,976	-	17,169,557	16,214	72,241
-	-	-	(8,572,040)	-	-
-	6,449,269	-	-	-	-
-	(6,449,269)	-	-	-	11,265,000
4,271,034	3,288,551	3,333,452	-	7,369,842	31,082,146
<u>(4,271,034)</u>	<u>(3,288,551)</u>	<u>(2,812,058)</u>	<u>-</u>	<u>(3,195,862)</u>	<u>(26,818,762)</u>
<u>8,221</u>	<u>16,976</u>	<u>521,394</u>	<u>8,619,736</u>	<u>4,190,194</u>	<u>15,600,625</u>
(76,476)	(454,175)	1,981,300	563,418	(1,807,051)	(2,940,885)
15,379,563	15,303,087	14,848,912	16,830,212	17,428,457	16,172,464
-	-	-	34,827	551,058	-
<u>\$ 15,303,087</u>	<u>\$ 14,848,912</u>	<u>\$ 16,830,212</u>	<u>\$ 17,428,457</u>	<u>\$ 16,172,464</u>	<u>\$ 13,231,579</u>
15.3%	15.2%	15.4%	35.8%	7.4%	37.4%

**CITY OF NEW PORT RICHEY, FLORIDA
PROGRAM REVENUE BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Charges for services:				
General government	\$ 1,518,448	\$ 1,521,610	\$ 1,560,094	\$ 1,804,241
Police	341,330	387,229	363,440	423,425
Fire	31,797	32,550	26,853	28,307
Protective inspections	357,831	188,705	164,295	164,824
Public Works	719,462	752,679	765,109	854,986
Culture and recreation	336,265	388,844	421,710	412,934
Total charges for services	<u>3,305,133</u>	<u>3,271,617</u>	<u>3,301,501</u>	<u>3,688,717</u>
Operating grants and contributions:				
General government	37,885	22,840	7,900	78,485
Police	186,511	217,915	105,565	465,407
Fire	25,813	-	-	-
Public Works	-	-	-	-
Culture and recreation	44,034	30,226	40,038	25,521
Total operating grants and contributions	<u>294,243</u>	<u>270,981</u>	<u>153,503</u>	<u>569,413</u>
Capital grants and contributions:				
Police	-	40,645	-	88,762
Fire	-	32,015	24,110	-
Public Works	237,338	67,387	40,952	128,451
Culture and recreation	10,204	407,010	24,708	141,808
Total capital grants and contributions	<u>247,542</u>	<u>547,057</u>	<u>89,770</u>	<u>359,021</u>
	<u>3,846,918</u>	<u>4,089,655</u>	<u>3,544,774</u>	<u>4,617,151</u>
Charges for services:				
Water	4,320,749	4,927,486	4,663,749	4,211,668
Sewer	4,370,731	4,355,444	4,813,889	4,582,123
Reclaimed water	143,461	143,390	170,284	169,077
Total charges for services	<u>9,350,539</u>	<u>9,948,297</u>	<u>10,170,053</u>	<u>9,487,773</u>
Operating grants and contributions:				
Sewer	1,882,684	2,070,274	1,654,741	1,622,710
Reclaimed water	-	-	-	-
Stormwater utility	-	-	-	-
Total operating grants and contributions	<u>1,882,684</u>	<u>2,070,274</u>	<u>1,654,741</u>	<u>1,622,710</u>
Capital grants and contributions:				
Water	188,610	105,320	85,749	-
Sewer	198,896	193,560	91,888	-
Reclaimed water	-	-	-	-
Stormwater utility	314,563	131,322	-	-
Total capital grants and contributions	<u>702,069</u>	<u>430,202</u>	<u>177,637</u>	<u>-</u>
	<u>11,935,292</u>	<u>12,448,773</u>	<u>12,002,431</u>	<u>11,110,483</u>
	<u>\$ 15,782,210</u>	<u>\$ 16,538,428</u>	<u>\$ 15,547,205</u>	<u>\$ 15,727,634</u>

2011	2012	2013	2014	2015	2016
\$ 1,733,446	\$ 1,908,712	\$ 2,959,119	\$ 3,738,052	\$ 2,055,286	
398,236	1,061,125	845,389	494,872	81,404	
3,175	2,125	4,150	3,400	3,950	
158,097	204,281	292,481	188,137	15,588	
768,672	766,085	31,011	36,716	394,107	
456,605	461,879	495,550	488,520	474,779	
<u>3,518,231</u>	<u>4,404,207</u>	<u>4,627,700</u>	<u>4,949,697</u>	<u>3,025,114</u>	
51,790	166,587	108,471	298,400	-	
195,725	37,617	210,665	69,782	63,731	
-	-	-	-	-	
-	-	-	-	-	
21,147	7,883	17,456	39,450	307,634	
<u>268,662</u>	<u>212,087</u>	<u>336,592</u>	<u>407,632</u>	<u>371,365</u>	
-	-	-	-	-	
-	-	-	-	-	
97,385	165,442	92,098	71,034	-	
314,201	-	-	-	331,170	
<u>411,586</u>	<u>165,442</u>	<u>92,098</u>	<u>71,034</u>	<u>331,170</u>	
<u>4,198,479</u>	<u>4,781,736</u>	<u>5,056,390</u>	<u>5,428,363</u>	<u>3,727,649</u>	
4,245,229	4,473,148	5,072,280	5,706,141	5,852,054	
4,803,047	4,902,087	5,233,070	5,303,421	5,813,965	
215,908	227,865	240,313	255,156	208,575	
<u>9,791,271</u>	<u>10,126,015</u>	<u>11,539,112</u>	<u>12,257,381</u>	<u>12,826,469</u>	
1,398,268	1,230,937	701,614	-	-	
464,333	356,017	466,314	-	-	
-	-	-	-	-	
<u>1,862,601</u>	<u>1,586,954</u>	<u>1,167,928</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>11,653,872</u>	<u>11,712,969</u>	<u>12,707,040</u>	<u>12,257,381</u>	<u>12,826,469</u>	
<u>\$ 15,852,351</u>	<u>\$ 16,494,705</u>	<u>\$ 17,763,430</u>	<u>\$ 17,685,744</u>	<u>\$ 16,554,118</u>	

CITY OF NEW PORT RICHEY, FLORIDA
TAX REVENUES BY SOURCE, GENERAL FUND – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Communications Service Tax	Total
2016	\$4,510,864	\$1,171,071	\$656,780	\$6,338,715
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
2008	6,061,548	1,231,639	1,030,679	8,323,866
2007	5,858,851	1,301,679	1,101,794	8,262,324

**CITY OF NEW PORT RICHEY, FLORIDA
RATIO OF UNASSIGNED FUND BALANCE TO GENERAL FUND BUDGET –
LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016**

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Communications Service Tax	Total
2016	\$ 4,091,916	\$ 1,174,076	\$ 651,949	\$ 5,917,941
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
2008	6,061,548	1,231,639	1,030,679	8,323,866
2007	5,858,851	1,301,679	1,101,794	8,262,324

**CITY OF NEW PORT RICHEY, FLORIDA
SPECIAL ASSESSMENT COLLECTIONS – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016**

Fiscal Year	General Fund Original Budget	Unassigned Fund Balance at Beginning of Year	
		Amount (1)	% of Budget
2016	\$ 45,839,085	\$ 519,195	1.1%
2015	20,229,720	1,811,805	9.0%
2014	17,684,110	5,485,728	31.0%
2013	16,637,400	4,391,831	26.4%
2012	18,227,000	3,937,179	21.6%
2011	16,084,690	3,986,510	24.8%
2010	16,039,040	2,750,898	17.2%
2009	17,257,820	3,166,481	18.3%
2008	17,259,300	3,792,853	22.0%
2007	16,263,310	3,237,026	19.9%

Note: (1) Amount includes the designation for minimum funding.

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, 2016**

Fiscal Year Ended September 30,	Just Value Residential Property	Just Value Commercial Property	Just Value Governmental Property	Just Value Institutional Property	Just Value Real Property
2016	\$ 417,863,916	\$ 167,477,041	\$ 98,677,708	\$ 43,629,871	\$ 727,648,536
2015	\$ 393,196,020	\$ 167,961,843	\$ 100,184,754	\$ 46,344,555	\$ 707,687,172
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
2008	824,802,018	263,929,735	60,110,879	85,972,538	1,234,815,170
2007	733,149,185	282,929,775	56,091,692	88,329,836	1,160,500,488

Source: Pasco County Property Appraiser

Just Value Tangible Personal Property	Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 83,208,411	\$ 810,856,947	\$ 276,170,720	\$ 534,686,227	9.5000
\$ 82,418,764	\$ 790,105,936	\$ 276,808,517	\$ 513,297,419	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
137,245,888	1,372,061,058	452,468,925	919,592,133	6.7840
146,804,416	1,307,304,904	444,616,719	862,688,185	7.0000

**CITY OF NEW PORT RICHEY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016**

Fiscal Year	City	Pasco County			Pasco County School Board			Total School Board
		Operating	Mosquito Control	Total County - Operating	Operating	Capital Outlay	School Bond	
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
2008	6.7840	5.4333	0.1448	5.5781	5.5220	1.5000	0.1860	7.2080
2007	7.0000	5.9880	0.1599	6.1479	5.6810	1.5000	0.2280	7.4090
2006	7.0000	6.6810	0.1936	6.8746	6.0130	1.5000	0.2850	7.7980

- 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

Southwest Florida Water Management District	Florida Coastal Rivers Basin	Pinellas Anclote River Basin	Total (1)
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
0.3866	0.1885	0.3701	20.1452
0.4220	0.2050	0.4000	21.1839
0.4220	0.2350	0.4000	22.3296

**CITY OF NEW PORT RICHEY, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS – CURRENT YEAR AND NINE YEARS AGO
YEAR ENDED SEPTEMBER 30, 2016**

Taxpayer	2016			2007		
	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)	\$ 12,548,963	1	2.35%			
Harbor View MHC LLC	8,459,624	2	1.58%			
Sunshine Lake Estates MHC LLC	7,459,624	3	1.40%	\$ 7,724,224	5	0.90%
New Port Richey Hospital, Inc.	4,759,652	4	0.89%	34,626,803	1	4.01%
Orchard Ridge Nursing Center (Gulfcoast Harborside Health)	3,574,156	5	0.67%	4,789,898	7	0.56%
Rajn Hotels LLC	2,931,628	6	0.55%			
Royal Five Hospitality, Inc.	2,415,689	7	0.45%			
S&D Giant Real Estate LLC	2,398,745	8	0.45%			
19 & Cross Bayou LLC	2,245,879	9	0.42%			
VS NP Richy LLC	2,145,874	10	0.40%			
Verizon Communications, Inc.				23,450,073	2	2.72%
New Plan Realty Trust (Southgate Shopping Plaza)				13,735,945	3	1.59%
Harborview Investors LLC (Harborview Trailer Park)				13,695,291	4	1.59%
Florida Power Corporation				7,564,307	6	0.88%
Sima Hotels, Inc.				4,687,292	8	0.54%
Florida - LTC Inc. (Clarion Hotel)				4,679,656	9	0.54%
Ryland Group, Inc.				4,451,199	10	0.52%
	<u>\$ 48,939,834</u>		<u>9.15%</u>	<u>\$ 119,404,688</u>		<u>13.84%</u>

Source: Pasco County Property Appraiser's Office

**CITY OF NEW PORT RICHEY, FLORIDA
PRINCIPAL PROPERTY TAX PAYERS – CURRENT YEAR AND NINE YEARS AGO
YEAR ENDED SEPTEMBER 30, 2016**

**CITY OF NEW PORT RICHEY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016**

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
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%
2008	6,238,513	6,054,273	97.05%	7,275	6,061,548	97.16%
2007	6,038,817	5,853,107	96.92%	5,744	5,858,851	97.02%

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, 2016**

Fiscal Year	Governmental Activities								
	Revenue Note Series 2000	Capital Leases Payable	Redevelopmt. Bond Anticipation Note	Redevelopmt. Refunding Rev. Note Series 2005A	Redevelopmt. Revenue Note Series 2005B	Redevelopmt. Taxable Rev. Note Series 2006C	Redevelopmt. Taxable Rev. Note Series 2010	Redevelopmt. Ref Taxable Rev. Bond Series 2012	Redevelopmt. Revenue Note Series 2016
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	-	-	-
2008	2,061,822	38,385	-	8,216,000	8,202,000	7,000,000	-	-	-
2007	2,295,869	62,854	-	8,546,000	8,531,000	7,275,691	-	-	-

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.

Business-type Activities					Refunding Revenue Bond Series 2012	Total	Percentage of Personal Income	Per Capita
Revenue Bonds Series 1991	Revenue Bonds Series 1996	Revenue Bonds Series 2007A	Revenue Bonds Series 2007B					
\$ -	\$ -	\$ -	\$ -	\$ 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	
-	-	4,054,320	7,950,000	-	37,522,527	0.27%	2,260	
-	-	4,446,650	-	-	31,158,064	0.23%	1,861	

**CITY OF NEW PORT RICHEY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED SEPTEMBER 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Pasco County School Board (1)	\$ 520,329,687	2.279%	\$ 11,858,768
City's direct debt			<u>17,879,490</u>
Total direct and overlapping debt			<u><u>\$ 29,738,258</u></u>
Ratios:			
Overall debt to 2014 / 2015 taxable valuation		5.79%	
Overall debt per capita	\$ 1,937.22		

Notes: (1) The City's share is calculated based on the ratio of the 2015 City Taxable Value of \$ 513,297,419 to the County's Taxable Value of \$22,522,061,000
roll forward above note

Source: Pasco County School Board

**CITY OF NEW PORT RICHEY, FLORIDA
 PLEDGED REVENUE COVERAGE – LAST TEN FISCAL YEARS
 YEAR ENDED SEPTEMBER 30, 2016**

Year	Public Service Tax	Revenue Note, Series 2000			Tax Increment Revenue	Redevelopment Revenue Notes		
		Principal	Interest	Coverage		Principal	Interest	Coverage
2016	\$ -	\$ -	\$ -	-	\$ 1,468,482	\$11,295,000	\$ 422,968	0.13
2015	-	-	-	-	\$ 1,275,820	\$ 873,000	\$ 489,100	0.94
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
2008	1,162,320	234,047	125,418	3.23	5,324,910	952,106	1,060,726	2.65
2007	1,188,282	221,319	138,399	3.30	4,865,995	633,000	1,170,896	2.70
2006	1,178,701	448,810	156,871	1.95	3,249,430	375,000	725,469	2.95

Note: The revenue bonds are secured by non ad-valorem revenues.

Utility Service Charges	Less: Operating Expenses	Less: Renewal and Replacement Requirement	Net Available Revenue	Revenue Bonds Series 2007A and 2012		
				Principal	Interest	Coverage
\$ -	\$ -	\$ -	\$ -	\$ 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
12,935,623	9,730,889	-	3,204,734	567,330	485,178	3.04
12,184,644	8,939,799	-	3,244,845	455,000	303,511	4.28
11,702,898	8,401,814	(5,486)	3,306,570	490,000	337,680	3.99

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, 2016**

Year	City		Pasco County				
	Population(1)	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2016	16,167	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%
2008	16,604	438,668	13,960,564,000	30,263	45.4	66,778	6.3%
2007	16,747	434,425	13,398,496,000	29,539	45.0	66,314	4.2%

N/A - Not available

Sources:

- (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, 2016**

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
North Bay Hospital/Morton Plant	720	1	10.79%	450	2	5.35%
Baycare Behavioral Health, Inc.	340	2	5.10%			
Madison Pointe Rehab & Health	186	3	2.79%	125	7	1.49%
Orchard Ridge Nursing Center	160	4	2.40%	142	5	1.69%
Med-Fleet Systems, Inc.	150	5	2.25%			
Cracker Barrel	136	6	2.04%			
Publix Supermarket #1020 (Southgate)	135	7	2.02%	146	4	1.74%
Heather Hills Nursing Home	131	8	1.96%	105	10	1.25%
Applicant Insight, Inc.	130	9	1.95%			
Southern Pines Nursing Home	130	10	1.95%	115	9	1.37%
Community Hospital				600	1	7.13%
Community Hospital Health Care				450	2	5.35%
Mobile Personal Services, Inc.				138	6	1.64%
Radiology Associates West Pasco				123	8	1.46%
	<u>2,218</u>		<u>33.24%</u>	<u>2,394</u>		<u>28.46%</u>

Note: (1) Does not include Government or non-profit agencies.

Source: City of New Port Richey Billing & Collection Division

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, 2016

Function/Program	Full-time Equivalent Employees as of September 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Legislative	5.0	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Executive	2.4	2.8	2.8	2.8	2.0	2.0	2.0	2.0	2.0	2.0
Technology Solutions (1)	3.0	3.0	3.0	3.0	-	-	-	-	-	-
Human Resources	1.8	1.8	2.9	2.6	2.0	2.0	2.0	2.0	2.0	2.0
Financial Administration	14.6	14.6	14.3	14.3	18.3	20.5	20.3	20.3	20.7	20.7
City Clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police:										
Supervision	3.8	3.8	2.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0
Support Services	14.8	14.8	13.6	12.6	11.9	11.9	11.9	9.8	10.8	10.8
Community Services	11.0	11.0	9.0	9.0	10.0	11.0	11.0	14.0	14.0	14.0
Patrol	28.7	28.7	26.7	26.7	26.9	22.9	24.9	24.9	23.9	22.9
Code Enforcement	2.0	2.0	1.0	1.0	1.0	2.0	4.5	4.5	4.5	4.5
Code Enforcement-Grant Funded	-	1.0	1.0	1.0	-	-	-	-	-	-
Red Light Cameras (2)	1.4	2.0	2.0	-	-	-	-	-	-	-
Fire:										
Supervision	3.0	3.0	3.0	2.7	2.8	3.0	3.0	3.0	3.0	3.0
Inspection	-	-	-	-	-	-	-	-	1.0	1.0
Firefighting	23.8	23.8	23.8	21.8	23.6	25.6	22.1	22.1	23.2	23.3
Development:										
Development Department	6.4	7.0	7.0	7.0	7.0	-	-	-	-	-
Redevelopment:										
Economic Development	2.0	2.0	2.0	-	-	-	2.0	2.0	4.4	5.8
Development Department	-	-	-	-	-	9.0	10.0	10.0	9.0	9.0
Public Works:										
Supervision	4.0	4.0	4.0	4.0	7.0	7.0	7.0	7.0	7.0	7.0
Road and Street Facilities	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	9.0	9.0
Water Production	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water Distribution	11.0	11.0	12.0	10.0	10.8	10.8	10.0	10.0	10.0	9.0
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	7.0	7.0	8.0	8.0	7.0	6.0	6.0	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	-	-	-	-	-	-	-	-
Stormwater	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0
Central Garage	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Culture and Recreation:										
Library	13.9	13.9	13.9	13.9	14.8	15.3	15.8	15.8	15.3	15.3
Playgrounds and Parks	16.5	16.5	16.8	16.8	15.8	16.8	17.8	17.8	20.7	17.9
Aquatics	4.0	4.0	5.3	5.3	6.3	6.3	6.4	6.2	7.8	4.5
	<u>223.1</u>	<u>225.6</u>	<u>214.6</u>	<u>205.0</u>	<u>210.2</u>	<u>213.1</u>	<u>218.7</u>	<u>220.4</u>	<u>229.3</u>	<u>222.6</u>

Source: City of New Port Richey Accounting & Budgeting Division

- (1) Previously part of Financial Administration
- (2) Made into a separate Division in FY13-14

**CITY OF NEW PORT RICHEY, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
YEAR ENDED SEPTEMBER 30, 2016**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police:										
Calls for service	28,461	28,230	27,274	19,471	19,664	22,253	25,370	28,772	30,176	30,346
Physical arrests	953	841	884	761	631	911	874	1,151	1,168	1,086
Parking violations	5	6	5	4	8	51	45	37	166	32
Traffic violations	1,649	1,462	2,048	1,211	1,187	2,560	2,350	2,911	3,644	4,005
Fire:										
Emergency responses	4,323	3,977	3,921	3,753	3,972	3,563	3,385	3,483	3,348	3,479
Fires extinguished	27	33	46	47	52	68	64	50	47	65
Inspections	1,000	1,100	1,088	1,155	1,124	1,086	1,616	1,181	1,088	1,137
Development services:										
Building permits	1,696	1,515	1,665	1,502	1,376	1,175	1,278	1,116	1,247	1,519
Building permit amount	32,809,997	16,400,350	14,606,289	18,606,369	12,090,800	6,092,700	10,575,127	28,810,687	11,688,390	20,294,509
Public works:										
Street resurfacing (miles)	-	-	-	-	-	4.050	4.866	0.658	-	-
Recreation:										
Daily attendance (1)	279,456	281,221	280,521	275,952	257,650	257,643	220,361	345,000	330,960	208,000
Memberships	2,275	2,269	2,254	1,768	1,531	1,674	1,648	2,034	1,542	1,478
Swimming pool admissions (2)	-	-	-	-	-	-	-	-	-	-
Library:										
Attendance (3)	491,256	490,920	471,581	488,847	517,655	443,211	422,388	-	-	-
Volumes in collection	165,487	157,964	141,152	113,859	97,134	95,467	80,116	83,596	82,168	130,478
Total volumes borrowed	754,260	734,425	652,164	323,256	339,504	395,630	349,679	236,034	214,873	229,237
Water:										
New connections	10	45	13	459	(260)	22	7	22	50	45
Avg.daily consumption(MG)	5.27	5.15	5.20	5.13	4.91	3.35	3.84	5.00	3.16	3.34
Sewer:										
New connections	150	20	8	893	(1,040)	7	12	19	20	18
Average daily flow (MG)	5.43	5.25	5.133	4.963	5.161	4.856	5.605	5.254	5.657	5.439
Miles of new sewer lines	-	-	-	0.610	-	-	-	2.038	-	-
Reclaimed water:										
New connections	(12)	19	224	9	(2)	5	5	(8)	51	27
Avg.daily consumption(MG) (Pasco County & City)	4.97	5.05	5.133	4.867	4.389	4.856	5.605	5.254	5.657	5.439
Avg.daily consumption(MG) (City only)	2.21	2.25	2.267	2.182	1.273	1.168	0.664	0.919	1.002	1.222

Notes:

N/A = not available
MG = million gallons

- (1) Daily attendance started being tracked in May, 2007, when the new facility opened.
- (2) A new Recreation/Aquatic Center was opened in 2007 and the swimming pool admissions are no longer tracked separately.
- (3) Attendance was not reported in this table prior to 2010.

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, 2016**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	75.72
Streetlights	2,726	2,726	2,718	2,714	2,704	2,704	2,704	2,689	2,679	2,679
Recreation:										
Number of parks	12	12	12	12	12	12	12	12	12	12
Acreage	172.43	172.43	158.50	158.50	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)	141.22	141.22	139.56	139.56	138.86	138.86	138.70	138.70	137.20	137.20
Fire hydrants	669	669	669	669	660	657	657	657	657	657
Storage capacity (MG)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Number of connections	16,560	16,550	16,505	16,492	16,033	16,293	16,271	16,264	16,242	16,192
Wastewater:										
Number of connections	13,750	13,600	13,580	13,572	12,679	13,749	13,742	13,730	13,711	13,691
Sanitary sewers (miles)	84.77	84.77	84.77	84.77	84.46	84.46	84.46	84.46	84.39	84.39
Forced Main (miles)	29.25	29.25	29.25	29.25	29.20	29.20	29.20	29.20	27.23	27.23
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	28.12	17.83	16.98	16.89	16.89	16.89	16.89
Number of connections	503	515	496	272	263	265	260	255	263	212

Notes:

N/A = not available
MG = million gallons

Source: All data provided by various City of New Port Richey departments

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2016**

State Grantor/Pass through Grantor/ Project Title	State CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	State Expenditures
Florida Department of Transportation				
State Highway Lighting, Maintenance	55.XXX	AN799	\$ -	\$ 35,644
Total Florida Department of Transportation				<u>35,644</u>
Florida Department of State				
<i>Passed through Division of Library and Information Services</i>				
State Aid to Libraries Grant	45.030	15-ST-72	-	26,181
<i>Passed through Division of Historical Resources</i>				
Historical Preservation Grant	45.032	MP501	-	918,391
Total Florida Department of State				<u>944,572</u>
Total Expenditures of State Financial Assistance			<u>\$ -</u>	<u>\$ 980,216</u>

**CITY OF NEW PORT RICHEY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1 GENERAL

The accompanying schedule of expenditures of state financial assistance presents the activity of all state grant activity of the City of New Port Richey (City). The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. All state financial assistance received from state agencies is included on this schedule.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented on an accrual basis of accounting. Amounts on this schedule are reported when the eligible expenditure has been incurred.

NOTE 3 EXPENDITURES OF STATE FINANCIAL ASSISTANCE

The City also expended \$506,557 of federal awards for the year ended September 30, 2016. However, a schedule of expenditures of federal awards is not required to be included because the City did not expend greater than \$750,000 throughout the fiscal year, as stipulated under 2 CFR 200 Uniform Guidance.



**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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated REPORT DATE. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2016-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2016-002 and 2016-003 to be significant deficiencies.

Compliance and Other Matters

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

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

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 on 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 result 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
January 15, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

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

Report on Compliance for the Major State Project

We have audited the City of New Port Richey, Florida's (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on the City's major state project for the year ended September 30, 2016. The City's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *Rules of the Auditor General* of the State of Florida for Local Governmental Entity Audits (Chapter 10.550). Those standards and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



Fort Myers, Florida
January 15, 2018

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Results

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes

Significant deficiencies identified not considered to be a material weakness(es)

Yes

Noncompliance material to financial statements noted?

No

Awards

State

Internal control over major projects:

Material weakness(es) identified?

No

Significant deficiencies identified not considered to be a material weakness(es)

No

Type of auditors’ report issued on compliance for major projects?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with –
2 CFR 200.516(a)?

No

Identification of Major Projects

Federal

Name of Project

CSFA 45.032

Acquisition, Restoration of Historic Properties

Dollar threshold used to distinguish between Type A and Type B projects:

\$300,000

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

SECTION II – FINANCIAL STATEMENT FINDINGS

2016-001: 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. These lingering reconciliation issues caused a significant delay in the external audit process and preparation of the City's Comprehensive Annual Financial Report (CAFR) for fiscal year 2016. Examples of accounts that were not reconciled timely include water & sewer revenues and receivables, customer deposits, capital assets, grant revenues, long term liabilities, and fund balance.

Cause

The City did not have responsible individuals and reliable processes in place to perform the necessary review and reconciliation procedures during the fiscal year 2016 closing process.

Effect

The City has not complied with Section 218.32, Florida Statutes, which requires that Florida local governments complete an annual audit and submit a financial report no later than 9 months after the end of its fiscal year.

Recommendation

Management should ensure that sufficient internal resources 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 and recognizes that there were many factors that delayed the Finance team from completing the closing process for fiscal year 2016, including the implementation of new accounting software, completion of an *Internal Revenue Service* audit, completion of a *Florida Retirement System* audit, and turnover in staff. The City is currently trying to fill two vacant positions that will be crucial in getting the closing process and audit completed in a more timely manner in the future.

2016-002: Preparation and Review of Cash Reconciliations

Significant Deficiency in Internal Control over Financial Reporting

Criteria

Reconciliations that occur over each of the City's cash accounts should include valid reconciling items that would generally arise due to timing or other similar circumstances.

Condition

Within the cash account for red light camera citations, the City's reconciliation process did not promptly address certain reconciling items, namely portions of the citation collections owed to the Florida Department of Revenue in fiscal year 2016, totaling \$649,743. This amount was eventually remitted in February 2017. Furthermore, the year-end bank reconciliation for the General Obligations cash account included a subtractive reconciling item totaling \$1,125,822, representing cash collections during the year that should have offset various accounts receivable balances upon receipt. Management eventually identified the corresponding receivable balances

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

months later during fiscal year 2017 and made correcting entries upon discovery. Thus, the reconciling item on the September 2016 bank reconciliation was not valid.

Cause

There were deficiencies in the City's preparation and review procedures over cash account reconciliations.

Effect

If errors exist within the cash reconciliations performed by the City that are not timely identified and corrected, there is increased risk that year-end account balances could be misstated.

Recommendation

For all account balance reconciliations that occur, the preparer should thoroughly examine all deposits in transit, outstanding checks, and other additive and subtractive reconciling items and validate the existence and accuracy of each. In addition, the individual(s) responsible for reviewing the reconciliations should have a clear understanding of the nature and timing of each reconciling item prior to approving the work performed.

Views of Responsible Officials

Cash reconciliations were being performed; however, management acknowledges that particular reconciling items were not timely addressed in the preparation process. The Finance team is currently evaluating both existing and future potential resources within the Department to identify the proper division of responsibility for both the preparation and review process, which will ensure that reconciling items on all account balance reconciliations are swiftly and accurately resolved.

2016-003: Investment Policy Compliance

Significant Deficiency in Internal Control over Financial Reporting

Criteria

The City's investment policy establishes investment requirements and allocation limits on security types, issuers, and maturities. The investment policy also requires that the Finance Director shall prepare a quarterly investment report for submission to the City Council, which will include a management summary and provide an analysis of the status of the current investment portfolio and transactions made over the past quarter.

Condition

At September 30, 2016, the City's investment in a local government investment pool and municipal investment trust fund exceeded the maximum allowable limit per policy. Additionally, the internal quarterly reporting requirements were not being met during fiscal year 2016. Quarterly investment reports were submitted to the City Council beginning in fiscal year 2017.

Cause

The City did not actively monitor compliance with its investment policy.

Effect

By not complying with its investment policy, the City is not compliance with Section 218.415, Florida Statutes, regarding investment compliance.

Recommendation

We recommend that the City either alter its investment allocation or modify its policy, as necessary, in order to align with its current investment diversification objectives. Furthermore, the City should establish a process for monitoring compliance with its investment policy.

**CITY OF NEW PORT RICHEY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

Views of Responsible Officials

The Finance Director now performs regular monitoring of the investment portfolio and presents quarterly performance reports to the City Council for review and approval. Management will also make a recommendation to the City Council to modify the investment allocation policy.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

None reported

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – MAJOR STATE PROJECTS

There were no prior year audit findings relating to State financial assistance.

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, 2016, and have issued our report thereon dated REPORT DATE.

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 Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated REPORT DATE, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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.

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our current year recommendations are listed in Appendix B to this Management Letter.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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
January 15, 2018

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2016**

APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
Finding Reference #	Comment	Cleared	Partially Cleared	Not Cleared
2015-001	Review of Transactions and Reconciliation of Account Balances			X (See current year finding 2016-001 within the Schedule of Findings and Questioned Costs)
2015-002	Payroll Processing	X		
2015-003	Compliance with Florida Statutes: Budget	X		
2015-004	Consideration of Information Technology Controls		X (See below)	
2014-01	Cash Account Balance		X (See current year finding 2016-002 within the Schedule of Findings and Questioned Costs)	
2014-03	Bank Reconciliations		X (See current year finding 2016-002 within the Schedule of Findings and Questioned Costs)	
2014-04	Review of Journal Entries	X		
2014-05	Financial Reporting			X (See current year finding 2016-001 within the Schedule of Findings and Questioned Costs)
2014-06	Investment Policy		X (See current year finding 2016-003 within the Schedule of Findings and Questioned Costs)	
MLC-3 (2014)	Improper Utility Rates Billed			X (See below)
MLC-4 (2014)	Inconsistent Rates Between Ordinance and Billing System			X (See below)
MLC-14 (2014)	Security Policies		X (See below)	

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2016**

APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS

MLC-3 (2014) Improper Utility Rates Billed

Condition: The City became aware it was improperly billing customers for water retail from fiscal year 2007 through the beginning of the fiscal year 2014. Despite the adjustment made after coming to such a realization in 2014, the City continued to improperly bill customers. As a result of utility rate testing, it appeared that all base rates and outside city limits wastewater consumption rates were understated by \$0.01.

Current Year Status: Corrective action has not been taken. During the course of our audit, we identified individual customer bills issued during fiscal year 2016 that contained inaccuracies due to incorrect utility rates incorporated in the calculation of customer charges.

Management's Response: The City's current accounting system limits the entering and annual updating of utility rates to a manual process, which, unfortunately, can result in human error. This issue will be resolved with the implementation of the City's new accounting software system, which will provide for annual updates to be performed automatically. In the meantime, a review and verification process is being designed and implemented to ensure utility accounts are properly billed.

MLC-4 (2015) Inconsistent Rates between Ordinance and Billing System

Condition: The City issued Ordinance No. 2014-2030 to update utility rate charts and clarify the billing system. The reclaimed water section of this ordinance contains rate amounts from fiscal year 2007. However, the City bills customers using the current year rate, which has increased 4% annually from the numbers disclosed in the ordinance.

Current Year Status: Corrective action has not been taken. See current year status reported at MLC-3.

Management's Response: The City's current accounting system limits the entering and annual updating of utility rates to a manual process, which, unfortunately, can result in human error. This issue will be resolved with the implementation of the City's new accounting software system, which will provide for annual updates to be performed automatically. In the meantime, a review and verification process is being designed and implemented to ensure utility accounts are properly billed.

MLC-14 Security Policies (2014) – Low

Condition: Currently, the IT department does not maintain formal IT policies or procedures. An IT policy would assist the City with outlining IT responsibilities, objectives, and ensures consistency when personnel changes occur. Without policies and procedures in place, the City does not have guidelines to enforce rules and as such, employees cannot be held accountable.

Current Year Status: The City has policies for acceptable use of internet, email, social usage, passwords, physical security, data ownership, and voice communications/voicemail. The City has also developed policies and procedures relating to mobile devices and an information security policy, and they were provided in draft format. The City has not yet prepared a formal technology strategic plan document.

Management's Response: The Technology Solutions Department is currently drafting a strategic plan that is in the process of being completed.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2016**

APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Finding 2015-004: Consideration of Information Technology Controls

Condition: The following conditions represent opportunities to improve general controls over the information systems supporting the financial reporting system:

- The City currently does not maintain a formal and ongoing risk assessment process and approach that focuses on external penetration testing to assess any potential security and/or access weaknesses.
- User accounts for Active Directory and the financial application, Naviline, are not formally validated on a periodic basis to ensure only current employees and approved business partners have active user accounts.
- The City accepts credit card payments as a merchant. Any entity that processes, stores or transmits cardholder data is required to be compliant with the Payment Card Industry Data Security Standard (PCI DSS). The City is not fully aware of all of the compliance requirements under the standard and therefore may not be compliant with the PCI DSS.

Current Year Status: Documentation was provided evidencing that the City is monitoring its active directory accounts and staff accounts are disabled upon termination. A Network Assessment report was provided that actually represents an external vulnerability scan and not a external network penetration test. The City also conducted a meeting with a PCI Qualified Security Assessor (QSA) in order to understand the scope of the City's PCI DSS requirements and is in the process of completing a self-assessment.

Management's Response: The Technology Solutions Department will undergo an external penetration test in the near future. Furthermore, we are currently working on addressing the items identified in the PCI compliance questionnaire.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2016**

APPENDIX B – RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

2016-004: Analysis of Uncollectible Accounts

Criteria

The City maintains an allowance for doubtful accounts that is netted against accounts receivable balances derived from certain charges for services, fines, and fee revenue in which collection is less than assured.

Condition

The City's estimate of the allowance for doubtful accounts balance relating to uncollected water and sewer customer accounts has not changed in multiple years.

Cause

The City does not have a formal process in place to periodically reassess and measure the allowance estimate based on customer collection activity or other pertinent factors.

Effect

Without a reliable estimate of the allowance, the City's water and sewer utility receivable and charges for services revenue balances could be misstated.

Recommendation

We recommend that the City devise a reliable method to calculate an allowance estimate relating to residential and commercial utility receivables based on relevant inputs. The City should enact a policy that stipulates the frequency by which the allowance analysis should be conducted (at least annually).

Management's Response

Management concurs with the finding and will develop a methodology to evaluate the allowance balance for water and sewer utility receivables and adjust accordingly as part of its annual financial closing process.

2016-005: Inventory Procedures

Criteria

City management is responsible for establishing and maintaining controls surrounding the proper recording and handling of inventory items.

Condition

As a result of year-end audit procedures over inventory parts within the general fund, water & sewer fund, and internal service fund, we identified numerous discrepancies between the number of items counted and the number of items reported on the inventory listing within the City's accounting system as of September 30, 2016. We also observed certain inaccuracies in the counts performed by City personnel based on the results of our test counts on a sample basis.

Cause

There is not a clear delineation of responsibilities associated with counting procedures and reconciling and recording book-to-physical adjustments.

Effect

The City's inventory balances could potentially be misstated as of September 30, 2016.

Recommendation

At the conclusion of the City's inventory procedures, differences between quantities reported on count sheets and reported within the system should be promptly reconciled and balances adjusted within the system as necessary. Management should conduct necessary oversight activities to ensure that these reconciliation procedures are being performed timely and accurately.

**CITY OF NEW PORT RICHEY, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2016**

APPENDIX B – RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

Management's Response

Management within Finance and Public Works will collaborate to devise a more reliable process to ensure that a more accurate inventory count takes place and that the amounts counted and verified are properly updated within the inventory system. Potential solutions to be considered include mandating recounts by separate internal count teams or outsourcing the operation of the year end inventory procedures.

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, 2016. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 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.

Our examination disclosed material noncompliance with requirements set forth in Section 218.415, Florida Statutes, applicable to the City's investment of public funds during the year ended September 30, 2016. The City is not in compliance with certain requirements of its investment policy.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
January 15, 2018

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